

8 May 2019

Ms Kate Kidson
Principal Adviser, Listings Compliance
ASX Limited
Melbourne

By email: kate.kidson@asx.com.au

Dear Ms Kidson

Re: Your letter dated 6 May 2019

I refer to the above-mentioned letter and respond as follows:

1. No.
The forecast net operating cash surplus for the June 2019 quarter is \$119,000. This is made up of receipts from customers of \$2,486,000 and outflows of \$2,367,000.
The negative operating cash flow in the March 2019 quarter was partly due to some costs continuing to be incurred in relation to the Anywhere business which was sold last October. HT8 has recently eliminated the tenancy costs from four warehouses and has substantially reduced its cost base subsequent to the Anyware disposal.
HT8 continues to sell down the surplus Anyware inventory and this should result in cash inflows of \$500,000 in the near term.
2. HT8 has sought and agreed increased credit limits and extended payment terms from its suppliers. The Company expects to be able to continue to operate based on its operating cash flows and therefore, the board does not consider that raising additional finance is necessary.
3. The Company expects that operating cash inflows will exceed its cash outflows in the June 2019 quarter and beyond. Accordingly, the positive operating cash flows plus its current cash resources will allow the company to be able to continue its operations and to meet its business objectives.
4. HT8 is in compliance with the ASX Listing Rules and, in particular, Listing Rule 3.1.
5. HT8's responses to the above questions have been authorised by Garrison Huang with delegated authority from the board.

Yours faithfully
Garrison Huang
CEO



6 May 2019

Reference: ODIN01430

Mr Brett Crowley
Company Secretary
Harris Technology Group Ltd

By email only

Dear Mr Crowley

Harris Technology Group Ltd ('HT8'): Appendix 4C Query

ASX refers to HT8's Appendix 4C quarterly report for the period ended 31 March 2019 lodged with the ASX Market Announcements Platform and released on 30 April 2019 (the 'Appendix 4C').

ASX notes that HT8 has reported:

- negative net operating cash flows for the quarter of (\$639,000);
- cash at the end of the quarter of \$503,000; and
- estimated cash outflows for the next quarter of (\$2,367,000).

It is possible to conclude, based on the information in the Appendix 4C, that if HT8 were to continue to expend cash at the rate indicated by the Appendix 4C, HT8 may not have sufficient cash to continue funding its operations.

Request for Information

In view of that, ASX asks HT8 to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

1. Does HT8 expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has HT8 taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does HT8 expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that HT8 is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.
5. Please confirm that HT8's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of HT8 with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that HT8 considers may be relevant to ASX forming an opinion on whether HT8 is complying with Listing Rule 12.2 that a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9.30 AM AEST Thursday, 9 May 2019**.

If we do not have your response by then, ASX will have no choice but to consider suspending trading in HT8's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, HT8's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market. Your response should be sent to me by e-mail at ListingsComplianceMelbourne@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to HT8's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that HT8's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in HT8's securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Kind regards

Kate Kidson

Principal Adviser, Listings Compliance (Melbourne)