

Harris Technology Group Limited
ASX:HT8

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ASX and Media Release

Chairman's address to shareholders at 2017 Annual General Meeting

Good afternoon. My name is Andrew Plympton, Chairman of Harris Technology Group Limited. On behalf of the Company, I welcome you to our 2017 Annual General Meeting.

I would like to take this opportunity to address shareholders on the Group's activities and progress during the 2017 financial year. I will then invite our CEO and Managing Director Garrison Huang to deliver a presentation to shareholders on our 2018 strategy and key initiatives.

The 2017 financial year commenced with our achievement of a major milestone, as we completed the acquisition of Anyware Corporation Pty Ltd, a distributor of business technology equipment and owner of the Harris Technology online retail business.

Following completion of the Anyware acquisition, our main focus has been on integrating and consolidating the diverse businesses of the merged entity, and implementing post-merger optimisation initiatives. As part of this strategy, we have rationalised warehouse and office locations, improved and developed IT systems, undertaken brand and product category reviews of previous underperforming businesses, and discontinued old product ranges.

During the financial year, the Board also undertook a review of the Group's strategy and operations, to ensure that the Company remains positioned to adapt to the challenges of changing market conditions. I am pleased to report on a summary of the main initiatives implemented during the year following this strategic review.

As part of the review, the Board determined to focus its resources on the core offering of distribution and online retailing of business technology equipment, including by divesting non-core assets and rationalising and consolidating existing core businesses to improve operational efficiencies. The Group's "Your Home Depot" business, an online retailer of kitchen appliances and homeware products, was identified as a non-core business, and accordingly the Board took the decision to divest this business in May 2017.

The Board also decided to execute its expansion strategy through organic growth and exploring suitable acquisitions to complement its core business offering. In line with this strategy, in November last year the Company acquired Audion Innovision Pty Ltd, an Australian distributor of audio, video and multimedia accessories to conventional channel distributors, dealers and major retail chain stores nationwide.

A key determination made by the Board during the review was that continued innovation is vital to sustainable growth, as innovation will better position the Company to retain its competitive edge in a challenging retail market. Accordingly, the Board decided to invest in developing more efficient supply chain strategies, including a Manufacturer-To-Consumer (M2C) business model that will deliver cost and consumer benefits from cross border direct shipments, whilst having the benefit of a local consumer facing presence. Our CEO Garrison Huang will elaborate on our M2C strategy during his presentation.

Our business strategy and operating model has undergone a positive overhaul during the 2017 financial year, and we believe that the building blocks are now in place for us to achieve growth in earnings by creating a differentiated offering for customers, and capitalising on growth in emerging markets.

I would like to thank all shareholders for their continued support of the Company, and thank my fellow Board members and all of the Company's management, staff and contractors for their efforts over the year.

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