

LOGISTICS



The logistics segment benefited from growing eCommerce trends. We continued to expand and enhance our global eCommerce logistics network by strengthening our integrated, end-to-end logistics value chain.

Collaborations and alliances with key partners were strengthened and new infrastructure and services were launched during the year, improving our solutions for warehousing and fulfilment, last mile delivery and freight.

BEING FUTURE-READY

Our collaboration with Alibaba was strengthened by the completion of Alibaba's S\$86.2 million investment in Quantum Solutions International (QSI). This joint venture enables us to grow and enhance our eCommerce logistics capabilities in Southeast Asia and Oceania, and better serve the region's rapidly growing online

retail markets. The collaboration focuses on fortifying QSI's end-to-end eCommerce logistics network, and building scale for future profitability.

With the building blocks already in place, QSI continued to develop scale across the Asia Pacific. We developed innovations for QSI's eCommerce fulfilment solutions, enhancing efficiency and productivity for valued customers.

The S\$182 million investment in our Regional eCommerce Logistics Hub, opened by Singapore's Deputy Prime Minister and Coordinating Minister for Economic and Social Policies, Mr Tharman Shanmugaratnam, on 1 November 2016 reflects SingPost's commitment to the development of a robust eCommerce logistics network. Singapore's regional connectivity makes this hub ideally positioned to be a centre for eCommerce as it leverages on the nation's unique geographic and infrastructural advantage.

Our Regional eCommerce Logistics Hub which has a total built-up area of 51,358 square metres, consolidates and integrates our warehousing and delivery capabilities





From left: Mr Law Chung Ming (Group Director of IE Singapore), Mr Mervyn Lim (Covering Group CEO of SingPost), Mr Simon Israel (Chairman of SingPost), Mr Tharman Shanmugaratnam (Deputy Prime Minister and Coordinating Minister for Economic and Social Policies), Mr Justin Chen (Director of SingPost and Vice President of Alibaba Group), Mr Sam Ang (CEO of Quantum Solutions) and Ms Carol Chong (Director of EDB), at the official opening of SingPost's Regional eCommerce Logistics Hub

in one building. At this facility, we provide customers with an integrated, end-to-end solution, from the front-end eCommerce platform to delivery. This integration enables a faster turnaround time, as well as provides the capacity for larger volumes. Automation is a major feature of the Regional eCommerce Logistics Hub, increasing overall productivity and efficiency.

The Regional eCommerce Logistics Hub processes parcels for delivery within Singapore and those to be shipped to destinations worldwide. Most importantly, it has been designed to be scalable, allowing new technologies to be retrofitted into our operations flow in the building, and other upgrades to meet the needs of the future.

In Australia, CouriersPlease has moved into a new 11,500 square metres purpose-built facility in Brisbane

to facilitate the growth in volumes. This new warehouse will play an important role in our foray into eCommerce logistics, hence leading us through our transformation.

BUILDING OUT OUR LAST MILE DELIVERY SERVICES

CouriersPlease in Australia strengthened its position as a leading eCommerce service provider in the country. Working closely with QSI, CouriersPlease supports QSI's last mile delivery in Australia.

CouriersPlease continued to invest in providing Australian consumers with a compelling delivery experience. Its new Delivery Choices POPPoint Network consists of POPStation parcel lockers and POPShop retail outlets (in conjunction with our partner, HUBBED) located in convenient locations. Delivery Choices was launched to provide recipients with on-demand delivery options via SMS or email. These new services have enhanced

CouriersPlease's eCommerce ecosystem to provide customers with seamless access to their parcels.

We innovated new services for our POPStations. Adding to parcel collection, eCommerce returns, payment collection, and parcel posting through our online service ezy2ship, we launched Singapore's first islandwide open parcel locker service – Rent-a-POP. The service provides a cost-effective last mile delivery option with end-to-end tracking to retailers, marketplace sellers and consumers. It dovetails with the burgeoning sharing economy while optimising resources, as sellers and consumers may rent a POPStation locker to deliver their parcels conveniently 24/7, by themselves. Since the inception of POPStation, we have seen how smart lockers have been adopted by retailers and consumers for the parcel delivery flexibility they offer for today's busy lifestyles.

STRENGTHENING OUR FREIGHT SERVICES

Our freight forwarding arm, Famous Holdings continued to fortify its services by providing strong business-to-business distribution services. Despite the global downturn and depressed freight rates, our subsidiaries in Rotterdam and Japan have grown to be leading consolidators in their respective countries. Our New Zealand subsidiary has also been gaining position for outbound air freight, and its growth is well recognised in New Zealand's air freight market. We will continue to expand our global network and improve our services for our eCommerce activities globally.

Going forward, tight operating margins and intense competition are likely to prevail in the logistics industry. We will continue to boost our productivity through ongoing process improvement and innovation.

