

DEEJ partners with 111 for direct sourcing of traditional medicines

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DEEJ will provide exclusive customized products to 111



111, Inc., a leading integrated online and offline healthcare platform, has announced the signing of a strategic cooperation agreement with Dong-E-E-Jiao Co., Ltd., a leading company principally engaged in the research, development, production and sale of traditional Chinese medicines of Ejiao and Ejiao series products in China.

DEEJ has selected 111 as its strategic omni-channel and direct sourcing partner, and will provide exclusive customized products to 111. This cooperation will further enrich 111's product offerings to better serve an increasing customer demand for more variety, and promote 111's platform by further focusing on a "customer-centric" model.

A traditional Chinese medicine with a long history in China, Ejiao is used to treat a variety of conditions. As the leading brand in China's Ejiao industry, DEEJ enjoys strong market awareness and brand influence. It is now a high-tech innovation company with synthetic drugs, health supplements and biologics, with total assets of more than RMB10 billion.

Dr. Gang Yu, Co-Founder and Executive Chairman of 111, stated: "With the launch of the country's 'Healthy China' strategy, China's medical and healthcare service has been increasing its focus on a 'health-centric' management model. Driven by this trend, nutritional supplements and healthcare products will have a greater market demand. Our cooperation with DEEJ is built upon our strategic plan for the foreseeable future, and both parties are highly complementary and will jointly develop an integrated online and offline market for these products."

Mr. Yufeng Qin, President of DEEJ, said, "DEEJ has built an extensive network of offline retailers in China since our establishment 60 years ago. We are fully embracing the online healthcare retail trend through our new strategic cooperation with 111. With the implementation of the new *Drug Administration Law*, we can expect online distribution and retail channels to become more even prominent. We are happy to have this opportunity to be pioneers in the online and offline development of retail traditional Chinese medicine."

On August 30, the National Healthcare Security Administration (NHSA) issued its *Guidance on Improving the Policies on "Internet+" Healthcare Service Pricing and Medical Insurance System Payment* to encourage the healthcare industry to rely on the new "Internet+" model to improve cost efficiency, undergird innovation and better meet the requirements of the different layers of the healthcare industry. "Internet+" pricing will be included in the existing healthcare service pricing

management system, and "Internet+" medical services meeting certain criteria would be paired public medical insurance payment system in accordance with the principle of fair online and offline pricing. NHSA is restructuring competition in the national healthcare market by encouraging service providers to "buy nationwide and sell nationwide." The growth in the online medical market will have a significant impact on companies like 111 as it builds an integrated online and offline healthcare platform in compliance with the new regulatory framework.