

111, Inc. Signs Online Healthcare Project Strategic Framework Agreement with the Kunshan Health Commission

SHANGHAI, Jan. 04, 2019 (GLOBE NEWSWIRE) -- 111, Inc. (NASDAQ: YI) ("111" or the "Company"), a leading integrated online-offline healthcare platform, announced today the signing of a strategic framework agreement with the Kunshan Health Commission of Kunshan City, Jiangsu Province in China, to co-develop an online healthcare and pharmaceutical operations service platform ("Operations Service Platform"). With online hospitals as a stepping stone, the Operations Service Platform represents an opportunity for both parties to jointly build an internet "healthcare, pharmaceutical, healthcare insurance" closed loop ecosystem and to explore new online healthcare opportunities in China.

Joint implementation of the Operations Service Platform

Facing problems surrounding the Chinese healthcare sector, including disproportionate distribution of healthcare resources, inequitable drug pricing, inefficient healthcare services and inadequate regulatory supervision, the Chinese government has continued to strengthen reforms and encourage Internet healthcare, in an effort to realize its goal of healthcare overhaul.

Kunshan, one of the first Chinese pilot "smart cities", has continued to upgrade its IT infrastructure and has been recognized as one of China's top 50 IT-oriented cities over the past few years. The Kunshan Health Commission developed its online healthcare system in collaboration with other government departments to integrate online and offline services, institute preventative medicine, and improve management and follow-up, in order to increase convenience and safety for consumers in the healthcare sector.

Under the terms of the agreement, 111 will establish offline medical outlets in Kunshan and leverage them to launch its online hospital business, integrating its nationwide network of 2,000 medical professionals and rapidly expanding its team of online doctors. Concurrently, 111 will leverage its strong pharmaceutical supply chain management system which consists of 1 Drug Mall, 1 Clinic, and over 130,000 pharmacies, to build an innovative integrated healthcare and pharmaceutical services ecosystem, and to launch the Operations Service Platform pilot initiative in conjunction with the Kunshan Health Commission.

In addition, 111 will leverage its core strengths of smart supply chain management, cloud-based solutions, big data analytics, healthcare expertise and pharmaceutical supply service infrastructure to deliver online services through the Operations Service Platform to healthcare institutions and pharmaceutical wholesalers and retailers within Kunshan.

Supported by its online hospitals and the local internet and IT infrastructure, 111 will work with the Kunshan Health Commission to roll out the Operations Service Platform nationwide. Both parties will work to break down barriers in the healthcare, pharmaceutical and healthcare insurance sectors by focusing on personalized healthcare through the Operations Service Platform.

111 will establish its online healthcare business' headquarters and implement its "smart healthcare" vision in Kunshan. The Company believes that the Operations Service Platform will become a national online healthcare benchmark within five years and part of 111's online pharmacy retail and wholesale business in East China.

The Kunshan Health Commission announced that it will give priority to 111 for online hospital permits and will support the Company in the areas of family doctors and electronic recordkeeping. 111 will also be connected with key healthcare resources in the Yangtze River Delta to enhance Kunshan's online hospitals national impact and competitiveness.

111 will launch multiregional layout for online hospitals

As the Chinese online healthcare leader, 111 is the industry's first publicly traded company following its listing on NASDAQ Stock Exchange in September 2018.

111's development of its online hospitals began and closely tracks the development trajectory and models rolled out by the Chinese government. Using actual experience gained from its Kunshan online hospitals, 111 will consolidate its online healthcare strategies in building its Operations Service Platform and replicating it.

Dr. Gang Yu, Co-Founder and Executive Chairman of 111, stated that, "Kunshan has a clear geographical advantage and a well-established urban IT infrastructure. 111 will leverage its extensive technology and industry experience to explore innovative online healthcare business models in conjunction with the Kunshan Health Commission, to provide patients with safe, convenient and efficient healthcare services, in order to address the problems of healthcare service availability and high drug prices in China."

Currently, 111 operates a closed-loop online healthcare ecosystem based on online B2C pharmacy "1 Drugstore", which has over 15 million registered users, online hospital "1 Clinic" and online B2B pharmacy "1 Drug Mall", which serves over 130,000

pharmacies.

About 111, Inc.

111, Inc. (NASDAQ: YI) (“111” or the “Company”) is a leading integrated online and offline healthcare platform in China. The Company provides hundreds of millions of consumers with better access to pharmaceutical products and healthcare services directly through its online retail pharmacy and indirectly through its offline pharmacy network. 111 also offers online healthcare services through its internet hospital, 1 Clinic, which provides consumers with cost-effective and convenient online consultation and electronic prescription services. In addition to providing direct services to consumers through its online retail pharmacy, 111 also enables offline pharmacies to better serve their customers. The Company’s online wholesale pharmacy, 1 Drug Mall, serves as a one-stop shop for pharmacies to source a vast selection of pharmaceutical products. The Company’s new retail platform, by integrating the front and back ends of the pharmaceutical supply chain, has formed a smart supply chain, which transforms the flow of pharmaceutical products to pharmacies and modernizes how they serve their customers.

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Source: 111, Inc.

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