

**Transcript of
Chinadex International, Inc. (CHDX)
Fiscal Year 2008 First Quarter Results
August 8, 2007**

Vcall
601 Moorefield Park Dr.
Richmond, VA 23236

Phone: 888-301-5399
Fax: 804-327-7554

info@vcall.com
www.vcall.com
www.investorcalendar.com

Presentation

Operator

The first question comes from Julie Chen from Brean Murray. Please go ahead.

<Q>: Hi, good morning, Roberta and Larry.

<A>: Hi, Julie.

<A>: Hi, Julie.

<Q>: In terms of healthcare services, could I get a clarity in terms of the gross margin, you improved the gross margin in terms of health services. Would you be able to sustain if for the up and coming quarters for the fiscal year 2008 or will you get due to the capital expansion projects as currently going on for that segment?

<A>: Julie, I think what you're seeing is an improvement in the efficiencies of our operation as we gain more and more experience and certain economies of scales in our existing facilities. There's not going to be a big change in that in 2008, and I think we'll continue to see the effects of those -- of those elements through the year.

<Q>: In terms of seasonality, particularly for the month of August in China, is that going to be another how do you say dent for the up and coming quarter just out of curiosity or has the healthcare insurance product benefit started to kick in based on the popularity of the brand going forward?

<A>: That's a great question, and I'm happy to report that we've seen much less seasonality this summer than we ever have before, and the move of August, that's usually the worst month, but it's been extremely busy at both facilities.

<Q>: Thank you. In terms of healthcare services product at the last conference call you mentioned about finding price points to provide viable options to the local Chinese population. That activity still going on?

<A>: We're still working on the insurance product price point if that's what you mean. There is no other page -- well, we are looking at pricing but I don't think you're going to see anything that -- we're always looking at pricing but I think what you're referring to is the insurance product price that we're trying to put together a product that's priced in a more popular way and more attractive to more people, excluding the international coverage that we had originally included. And that's an ongoing project. They haven't -- the new product hasn't come out yet, but it's a work in progress that is going forward.

<Q>: Thank you. I have one for question on OPEX. The G&A expenses increased for this quarter compared to the last quarter. Could you give some clarity as to what has happened and could you also provide insight in terms of how should we look at the G&A expenses moving forward for the year?

<A>: Julie, this is Larry. I think that we have general increases, I think there's some details in the queue as to the increase on the period both in terms of the operating



divisions and the company level expenses in terms of compensation, travel. I mean, it's all the usual things. Obviously we had a down period in the products division during the quarter, but I think there's nothing unusual about the increases in G&A and they're itemized quite clearly in the cue.

<Q>: So is a percentage moving forward what it should be or is it just a one time event? For the change?

<A>: Well, I think we've -- yeah, I think it's pretty much what it should be, what it -- what you can expect it in going forward, yeah, I think it's pretty harmonized now.

<Q>: Okay. Thank you very much.

Operator

Next question comes from what [Hamid Corsed] from BWS Financial. Go ahead.

<Q>: Good morning. Could you elaborate on the timeframe where you would recognize the revenue from the contracts you've announced so far?

<A>: You're talking about the PLA contracts, the intuitive surgical, is that what you're talking about?

<Q>: Yes.

<A>: Well, the intuitive surgical should be shipping in the very, very near future. The PLA contracts are -- is a supply agreement that goes over -- it's for the year's period, but the specific quantity that has been awarded might shift in a group or fairly bunched up, but the arrangement is that it's more hospitals in that system want to buy at that price over that year, they can also buy at the price over the year. So the PLA contract will probably be spread over a longer period intuitive surgical sale will happen in the very near future and the XM 5.2 million dollar project, the banking agreements probably will be signed within the month and no reason shipments shouldn't come very shortly after that.

<Q>: Now, the -- before hitting the soft patch in the medical products division you guys have been on a pace of about one Davinci system being placed a quarter. Do you see a return to that rate?

<A>: We see some really lively interest, I don't want to project the specific rate of sales it's -- we definitely see a pickup in the intuitive surgical interest and activity.

<Q>: Okay. Thank you.

Operator

The next question comes from [Russell Anoth] from Gotham Holdings. Please go ahead

<Q>: Hi, Roberta, Larry.

<A>: Hi.

<Q>: Hello. Hi. So earnings power looks like it's pretty immense, operating earnings on the healthcare side were about 18 percent in the quarter, correct?

<A>: Uh-huh.

<Q>: Okay. So if you get the medical product side and healthcare services side moving concurrently, right it would seem like the company should be earning somewhere 20, 30 cents a share a quarter.

I mean, can you take a stab at where you think the September quarter comes out on the capital equipment side at this point?

<A>: I'm sorry, are you asking us to take a stab at the coming quarter?

Vcall

601 Moorefield Park Dr.
Richmond, VA 23236

Phone: 888-301-5399

Fax: 804-327-7554

info@vcall.com

www.vcall.com

www.investorcalendar.com



<Q>: Yeah, on the capital equipment side, do you think we should be looking back as these things start to kick in, do you think we're going back to 14, 15, 16 million dollars in revenue up from 11 in the last two quarters in the capital equipment side?

<A>: Well, what you see for the last two quarters is sort of slow paced normal run of the mill sales and I think we've given a lot of information about some of the new pickup in sales that will be happening in the near future based on these agreements that have been signed in the last two weeks.

<Q>: Right.

<A>: And so further conjectures, I mean you can draw your conclusions that certainly things are looking up and exactly where it comes out really you have the numbers, so you can do the math yourself. It's kind of difficult for us to say an exact number for the future, but there's a lot of information now out there, Russell, so I think that you're on the right track.

<Q>: Okay. Thank you both.

<A>: Thank you.

Operator

The next question comes from John Chen from Global Hunter Securities. Please go ahead.

<Q>: Hi, Roberta, Larry, thank you for taking my call. I just have one really quick question on medical products. What is the expected growth this year for the medical product division?

<A>: Expected growth from the prior year you mean

<Q>: From the prior year, yes. You mentioned last year you grew with 7 percent. What's the expected growth?

<A>: I think if you go -- if you look at the historical trend on the division, I think over time we've seen the growth rates in the mid teens and our -- there are several components involved now. I think our expectation is to get back to that general level, and I think we've got the -- particularly with the reauthorization of the XM program, the US XM program and I think that's a reasonable expectation.

<Q>: So it's safe to assume that this year will probably hit the low teens?

<A>: In terms of a growth rate, yes. This is the -- this is the historical trend, I mean, so I think that that's our expectation.

<Q>: Okay. And then just one quick thought on that, do you guys have any thoughts on you know the potential heads-up event for this division and when will we expect to see that materialize?

<A>: I think we're starting to see it all right. I mean, the fact part of what's been missing in our lives for the last two years or more has been this financing facility from the US government which we see now is back and alive again, so we're thrilled about that, and that's going to certainly help us release some of the pent up -- some categories of the pent up demand.

The fact that we see such a revived -- such a lively interest and so much discussion going on on the Davinci means that folks are starting to be willing to make large purchase decisions again.

So although, you know, medical equipment imports were not up significantly for the first half of the year over the previous year, but the action that we're seeing that will

Vcall

601 Moorefield Park Dr.
Richmond, VA 23236

Phone: 888-301-5399
Fax: 804-327-7554

info@vcall.com
www.vcall.com
www.investorcalendar.com



signal future growth seems to be coming alive again and as I say this financing facility in and of itself will mean a lot to us.

<Q>: Okay. Thank you both.

<A>: You're welcome.

Operator

(Operator instructions). The next question comes from Andy Gold, Gold Capital Ventures. Please go ahead.

<Q>: Hi, guys. Question, I know you run the gamut of the KFW deal. Is that tendering process still going on for additional -- I know you guys continue to ship under that scenario, but wasn't there some large stuff floating around for that at one point?

<A>: Yes, Andy, there's a number of tenders that we expect to see led this month and next month of quite a substantial value from KFW, some CDC, the projects for equipping the Chinese CDCs in various provinces and these are projects we've also been working on over quite a long time, and they finally announced that they'll be letting the tenders for a number of those CDC projects, there's some hospital projects as well over the next few months.

<Q>: That was significant in nature like the previous things or --

<A>: Yes, they are significant and large projects.

<Q>: Okay. Also on the PLA deal, there's obviously a minimum of 15, you know, there's a hundred or two hundred different hospital institutions. Wouldn't that seem like a small amount relative to the amount of hospitals we have involved over a period?

<A>: There are, but not every hospital buys high year-end ultrasound every year, so is that particular institution obsoleting or adding to their capacity in any given year, not every hospital will buy a, you know, \$200,000 ultrasound machine every year.

<Q>: Right, and the one IRCG machine you did to a PLA institution or no?

<A>: It was, the first one in Beijing went into 301 army hospital.

<Q>: Right. So they are probably currently looking at additional systems for some of their other facilities?

<A>: The PLA and also the civilian hospitals. We have lots of interest from both the guys in green and also the guys in white, so yeah, PLAs interested and civilian hospital.

<Q>: Do you have a break even point on your medical equipment business, is it -- is there some level of revenue where we see a, you know, not such a drag on obviously the medical services side. Is there a point where we can get both of the businesses operating in tandem?

<A>: Andy I hope that with these government finance projects coming along and with the intuitive units that look like we'll start shipping on a little bit more of a regular pace, I think that we're -- we will pass that point in the very near future.

<Q>: And last question, what's the gross margin on the RSIG machine sells for what, million and a half or so?

<A>: No, probably significantly over two with -- and sometimes even more than that, depending on how many years of service they buy at once and how many cases worth of consumable is that one.

<Q>: And the gross margins on that run at higher than your formal margins for equipment?

<A>: No in the normal range.

Vcall

601 Moorefield Park Dr.
Richmond, VA 23236

Phone: 888-301-5399

Fax: 804-327-7554

info@vcall.com

www.vcall.com

www.investorcalendar.com



Transcript:
Chinadex International Inc.
Fiscal Year 2008 First Quarter Results
August 8, 2007

<Q>: In the normal range. Okay. All right. Thank you.

<A>: You're welcome.

Operator

Your next question comes from Al Klein from Brenner Securities. Go ahead.

<Q>: Good morning. My questions have been answered. I just want to say hello. How are you?

<A>: Well, hello, Al, it's always a pleasure to hear from you.

<Q>: Thank you.

Operator

There are no further questions. Please continue.

<A>: Okay. Well, if there are no further questions I'd like to thank everybody for joining the call this morning, and it was a pleasure to have a chance to tell you about some of the fun things that are going on here in China and look forward to speaking to you again next quarter.

Operator

Ladies and gentlemen, this concludes the conference call for today. Thank you for your participation and have a nice day.

Vcall

601 Moorefield Park Dr.
Richmond, VA 23236

Phone: 888-301-5399
Fax: 804-327-7554

info@vcall.com
www.vcall.com
www.investorcalendar.com