

— MANAGEMENT DISCUSSION SECTION

Operator: Good day, everyone, and welcome to today's Chindex International Fourth Quarter Earnings Conference Call. Today's call is being recorded. At this time, I would like to turn the conference over to your host, Miss. Roberta Lipson.

Roberta Lipson, Chief Executive Officer and President

Good morning, ladies and gentlemen. I am Roberta Lipson, CEO of Chindex International. It's my pleasure to welcome you all to this conference call in which we will discuss the Chindex International fiscal year 2008 fourth quarter and year-end results. As in the past, we have pre-recorded our initial comments, which will be filed by a live Q&A session.

Joining me today on the call is Larry Pemble, our CFO. Before we proceed with the summary of operating results for the period and an update on recent events, I will ask Larry to read the Safe Harbor statement. Then we will turn to Q&A.

Larry, will you proceed with the Safe Harbor statement, please?

Lawrence Pemble, Executive Vice President and Chief Financial Officer

Yeah. Thank you, Roberta, and good morning everyone. Statements made in this conference call relating to plans, strategies, objectives, economic performance and trends and other statements that are not description of historical facts may be forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934 as amended (the "Exchange Act").

Forward-looking information is inherently subject to risks and uncertainties, and actual results could differ materially from those currently anticipated due to a number of factors, which include but are not limited to the factors set forth in documents filed by us with the Securities and Exchange Commission from time to time, including without limitation our Annual Report on Form 10-K and interim reports on Form 10-Q. Forward-looking statements may be identified by such terms as may, will, should, could, expects, plans, intends, anticipates, beliefs, estimates, predicts, forecasts, potential or continue or similar terms or the negative of these terms. Although, we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We have no obligation to update these forward-looking statements.

Roberta Lipson, Chief Executive Officer and President

Thank you, Larry. We announced our March 31, 2008 results in a press release this morning, which included our full income statement, balance sheet and divisional results for the year and the fourth quarter period. Assuming you have had a chance to review the press release and to refer to the specific numbers, as usual I use this call to summarize operational results for the period and give updates on the current and upcoming issues in each division of the business.

Our consolidated performance for the year was strong. We reported 23% consolidated top-line growth. Income from operations increased by 80%. However, primarily due to non-recurring items in the fourth quarter, which I'll explain below, the increase in net income was a more modest 34%. In addition, the effects of our new share issue resulted in basic earnings per share of \$0.32 versus

\$0.29 per share in the previous year. We believe that this is not completely reflective of our ongoing trend of substantial top and bottom-line growth.

Our consolidated performance for the fourth quarter fiscal 2008 was impacted by several unusual adjustments. We reported 40% consolidated top-line growth and a net loss from operations of \$2.7 million, primarily due to a one-time interest charge related to the accounting for our JPMorgan convertible bonds. Larry will have additional comments on this in a moment. We exceeded our objectives for the Healthcare Services Division in fiscal 2008. We expected to continue strong same-store growth in revenues and increased profitability. And our annual results reflected this with a strong 37% increase in revenue and 106% increase in operating income and 29% increase in expenses year-on-year.

Our fourth quarter results showed operating profits of over \$2.3 million on revenues of \$17.5 million. Revenue growth was a 36% increase over the prior period. The increase in operating income was 41%. Expenses increased by 36% quarter-on-quarter and we continue to improve against expected operating standards for hospitals of our size and staffing models.

We believe strongly in the exciting future for United Family Healthcare in China, and as such we completed a major strategic investment program with JPMorgan, IFC and DEG during the year, which will provide us with a total of \$105 million in financing. These funds will be used to expand the reach of the United Family Healthcare network including two new joint venture hospitals, one in Beijing and one in Guangzhou, to better meet the growing demand of our Chinese market.

Since our last call, we have been moving forward with both projects. There are many steps in the process of securing the necessary government approvals to build a foreign invested hospital in China. Over the last 90 days, we have moved well along the way toward the establishment of our joint ventures. A critical component of that process is securing the government's approvals for land use rights in these locations. Land rights have already been secured in Guangzhou for a choice location and are close to completion in Beijing for a location equally as favorable.

As you might imagine, this is a complex process, and we are working closely with our intended joint venture partners in each city to expedite the approvals. We are also moving forward with preliminary design work on each facility and I will continue to have operating updates for you each quarter.

During the third quarter, we made significant progress on other development projects in the Healthcare Services Division. New clinic facilities for two new United Family outpatient centers in the Pudong side of Shanghai and in Guangzhou are now well into construction stage and expected to open in the late summer. These new facilities are exciting and significant expansions of the United Family Healthcare network in both markets. The Wuxi United Family International Healthcare Center, which is our first experiment in contract management, opened at the very end of this last fiscal year. We view this facility as both a further expansion of our footprint in Eastern China, a feeder clinic which would be new inpatient business to our Shanghai hospital, as well as an opportunity to explore the model of United Family Management of non-owned facilities. It's too early to assess the ultimate potential for this business model at this point, but so far things are going well.

We speak often of the wide variety of opportunities that present themselves in healthcare these days in China. It's not unusual for me to review two or three potentially interesting project concepts each month. In order to be able to move quickly to respond strategically to new and interesting potential, we commenced the shelf registration in the U.S. last month. This will allow us to accelerate the fund raising process for such projects at some points in the future when the opportunity and time is right. At this point, we do not have any specific plans that can be reported to you, but we are considering a wide variety of options.

Moving on now to the Medical Products Division. As we have reported previously, it's been a very tough period in the fourth quarter for Medical Products Division. In the quarter, we reported revenues of 17.2% to - 17.2 million, a 45% increase from the prior year, but a loss on operations of \$1.6 million. Although, we had very strong sales in imaging products, particularly ultrasound, we were unable to take to revenue a significant portion of a current U.S. Export-Import Bank finance loan project due to product delivery and registration issues. In addition, we had charges to the period related to inventory valuation adjustments, which impacted results negatively. Furthermore, there was no contribution from the da Vinci product due to continued delays in market entry registration.

For the fiscal year, we reported revenues of \$64.2 million, an 11% increase from the prior year and a 26% increase in expenses and a loss on operations of 2.6 million. We have been recording an upbeat message for the trend for Medical Products over the past year. And in spite of our disappointing results in the first quarter, I must be frank when I tell you that we remain bullish on this business potential. We have experienced losses in recent times, but have strong projections for future performance based on our existing product platforms and the recovering market for medical devices in China in general and the government's specific commitment to increased investment in this sector, and most importantly, the final issuance of the new product licenses for which we have been waiting so long.

Ultrasound sales were an area of substantial growth for the division this year, and I believe reflective of the abilities of the team to perform when all product licenses are in place. Revenues increased substantially faster than the market, a full 57% year-on-year, which is reflective of our impressive gains in market share. Based on our expectations for the market improvements and opportunities that faced us, we have recently opened regional field sales and service offices in Shandong and Sichuan provinces with additional expansions planned for Shaanxi and Liaoning in the coming months. Projecting our corporate presence into regional markets not only solidifies our local presence in those markets, but compared with remotely servicing those regions it's more cost effective as well.

We were hopeful of being able to announce the receipt of the registration for the da Vinci robot on our call today. But unfortunately, it has not yet been received. As most of you know, the registration process for the da Vinci surgical robot system has been ongoing now for more than one year. We are still expecting the approval in the near future and look forward to incremental revenue contributions from da Vinci sales in China in the current fiscal year.

We also tried hard to shift the \$5.2 million U.S. Export-Import Bank backed contracts in the fourth quarter, but were impacted by various delays in product delivery and in one case the expiration of a product registration, which did not come to light until very late in the process. As a result, we will ship the remaining \$2 million of this contract in the current year's first quarter. As this is the first contract to be executed under the new U.S. Ex-Im bilateral government lending umbrella, we are testing the whole process and overcoming the bureaucratic hurdles in the new Ex-Im program process and fully expect that future contracts will execute much more rapidly. As we have mentioned in previous calls, the future we see in government-backed financing programs for both U.S. and German source funds is very exciting.

We are currently in the process of finalizing contracts for approximately \$15 million of KfW Bank bids awarded earlier this year to us as well fitting tenders for an additional \$8 million in U.S Export-Import deal. We have identified an initial \$40 million future U.S. Ex-Im projects and €50 million in future KfW projects, which we expect to be let for tender over the next year and in which we'll participate for bidding.

One of our strategic development goals in the Products Division is to expand our loan programs to be able to take advantage of government financing facilities from other countries. We are looking at opportunities based on Scandinavian and other European programs right now.

Many of you have expressed your concern about the recent earthquake disaster. From a business perspective, any impact will be very short term, as the medical community focuses on recovery. For those directly involved, however, the scars will take years to heal and the lives of the survivors will take time to rebuild. We feel privileged that as a healthcare company in China we were able to expand quickly with help, including volunteer rescue workers among our clinicians as well as being able to deliver needed relief supplies that were specifically requested by the local authorities in the frontlines immediately following the quake. The supplies were paid for through an outpouring of generosity by our employees for which the company provided matching donation funds. We have numerous employees based in Sichuan Province and I am happy to report that they and their immediate families all came through in safety.

I'd like to conclude by saying that our continued strong consolidated performance is the result of our well-developed national brand recognition for both the Chindex and the United Family Hospital brands, mature management team and first mover advantage in both of our divisions. This puts us in an excellent provision to reap the benefits of being the pioneering market leader in the accelerating China Healthcare market in the fastest growing economy in the world.

This concludes my update. Before opening to Q&A, Larry will now give an update on finance related issues.

Lawrence Pemble, Executive Vice President and Chief Financial Officer

Thank you, Roberta. The 10-K will be filed by next Monday. At March 31, 2008, we have \$80 million in cash and as – at the end of the period we have received \$60 million as a result of the JPMorgan and IFC transactions. As we reported last quarter, we have finalized loan agreements with both IFC and DEG for future borrowings of up to 45 million. As of the balance sheet today, we have not drawn any of these funds.

A few additional comments on the 03/31 balance sheet. Equipment receivables are down due to delays in shipments on our loan project at period-end and collections of the large da Vinci sale at the end of the prior year. Patient receivables have increased due to increased revenues in the Healthcare Services Division. Merchandise inventory is up due to stock goods unable to ship at quarter-end as well as a reclassification of demonstration assets into inventory from PP&E. The decrease in deferred tax assets and our effective tax or – annual tax rate for the year resulted from a valuation allowance booked on assets in the U.S. entities resulting largely from the tax impact of our fourth quarter results.

AP and accrued expenses are up slightly. Short-term debt decreased as we paid off the current portion of vendor financing and because of fluctuations in working capital lines in the United States. Long-term debt is composed of the JPMorgan note, the original IFC's M&D based financing and vendor financing. APIC reflects the cash from the issuance of our common stock and the beneficial conversion feature of the convertible note and stock option exercises in the period.

On the income statement, as Roberta mentioned, we had some adjustments booked in the fourth quarter, which accounted for our loss in the period. These included the interest expense related to the JPMorgan convertible bond, final expenses related to the settlement of a legal case involving a construction dispute with the contractors that our hospital in Shanghai, valuation adjustments related to certain ageing merchandise inventory, and as mentioned above, the valuation allowance placed on our deferred tax assets in the United States.

Roberta, that concludes my comments on the finance side.

Roberta Lipson, Chief Executive Officer and President

Thanks, Larry. That concludes the pre-recorded portion of our call. And we will now open up for live Q&A.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions]. And we will take our first question from Hamed Khorsand with BWS Financial. Please go ahead.

<Q – Hamed Khorsand>: Good morning, excuse the background noise. First question I have was regarding the Medical Products Division. It's been a year and it looks like you've had good turn from an inventory standpoint, but you continue to incur losses. How will that affect your pricing power going forward, if you are selling at basically a loss?

<A – Roberta Lipson>: Right. I think that the way to look at is – we are not selling at a loss on a gross profit perspective, and the platform that we've invested in and the expenses relating to our sales force are based on being able to have our full product portfolio available for sales. And as we mentioned, there are several products for which we are waiting for the final market entry registration and haven't had the benefit of being able to reap revenues from that part of our product portfolio. And so it's not a matter of losses. The losses will be absorbed as the volume of sales increase through that – through those channels for which the expenses are already in place.

<Q – Hamed Khorsand>: Okay. The U.S. Import-Export contracts that you have gone through specifically this past quarter, what have you – I wonder if you believe that it will lead to a more expedited turnaround in getting new contracts?

<A – Roberta Lipson>: Well, there are specifically issues with duty free – duty exemption from the Chinese government, which are based on U.S. Ex-Im guarantees, which are also based on country of origin. And because some of the goods turned out came from Europe, we needed to set up a mechanism for cross guarantees between the European policy banks and the U.S. Ex-Im banks. And during the quarter those provisions were put in place so that we can call on them on an ongoing basis. That's one thing that's going to help going forward and smoothes the shipping cycle time for those projects. The other thing is part of the revenues that were delayed were also due to project – product registration issues.

<Q – Hamed Khorsand>: Okay.

<A – Roberta Lipson>: So there were products that the registration should have been finished, but because of delays in SFDA they still weren't – we weren't able to ship.

<Q – Hamed Khorsand>: All right. Thank you.

Operator: And our next question comes from Julie Chen with CRT Capital Group. Please go ahead.

<Q – Julie Chen>: Follow-up on the Healthcare product distribution side. In terms of moving forward, are you looking at improving your Medical Products business, the gross margin aspect of it? Right now, we are seeing a decline in certain trends. Are you looking at improving it down the line or is there a scale factor? Where is the break-even point for that business?

<A – Roberta Lipson>: I am sorry, Julie. The question was on GPM?

<Q – Julie Chen>: The question is on the Medical Products side of the business, just to follow-up on the question earlier, are you – is the company looking at improving the gross margin for the business itself? If we look at the past fiscal year gross margin declined starting from the second --.

<A – Roberta Lipson>: No, it did well for the year as a whole. It was 26 point something, well within our historical trends.

<Q – Julie Chen>: So the question is, as you move forward, is there a way to improve it in order to achieve profitability or is there a break-even point you have to reach in order to scale --?

<A – Roberta Lipson>: No. Julie, actually this is the profitability story. It doesn't have to do with the gross profit margin, which we've have consistently said forever has been around 25%. This, some quarters it's up a couple of points, some quarters it's down a couple of points. Q4 was 23, but for the whole year we were at over 26%. The story is not for gross profit margin, the story is volume against our fixed costs. That sales – that national sales channels, the network has a certain set of costs associated with it that's not easily flexed up and flexed down, and because we could not pump the full volume of sales through that, is what was the issue with profitability. It's not a matter of improving gross profit margin, which has gone as high as 27, as low as 22, 23 for particular quarters, but on average over 25 years – it's always been 25%.

<Q – Julie Chen>: So, let me just ask the question in a different way. Where is that break-even point in order you to leverage the volume against the fixed costs that you mentioned for this segment of the business?

<A – Lawrence Pemble>: Hi, Julie, it's Larry. Well, I think if we're looking at \$2.6 million loss on 64 million in revenue at a 26% GP, I mean we can do the math to get to the break-even point on an annualized basis, or if we have one similarly to the quarter we have 1.6 loss on revenue of 17 million. So you do the math and then it's – somewhere north of 19 million is the break-even point.

<Q – Julie Chen>: In terms of the non-routine year-end adjustments based upon the earlier recorded statements, if I did my tally correctly, there are actually three components. One is financing, the other is the inventory adjustments and the third part is the settlement of legal disputed for the Shanghai hospital. Is it possible to get the associated dollar amount that when would each non-routine year-end adjustment --?

<A – Lawrence Pemble>: Yeah. There is – Julie, on the K there is discrete disclosure about all of that.

<Q – Julie Chen>: And we will have to wait until Monday to get the number?

<A – Lawrence Pemble>: Yeah.

<Q – Julie Chen>: All right. So let me move on. Can you give a little bit of clarification in terms of the timing? You talked about future, future you are looking at \$40 million for the U.S. Ex-Im -- Import Bank, potential government-backed financing moving for this business. You also talked about a 50 million dollar euro from KfW. In terms of timing, are we looking at next year, and then fiscal year 2009 for this two potential activities to occur?

<A – Roberta Lipson>: Julie, yeah, I can explain that. Those are tenders that will be let most likely through our fiscal '09. There is no assurance that we will win all of those tenders because there are at least two other companies that are – that have the eligibility in each of those businesses to participate in bidding. That doesn't mean all of it will ship in fiscal '09. Some of it might be back toward the end and shipments will occur certainly some over '09, some through '010 – through fiscal 2010.

<Q – Julie Chen>: Right. Thank you. That was what I needed to know. Thank you very much.

<A – Roberta Lipson>: Pleasure.

Operator: Our next question comes from Lewis Fan with Brean Murray Carret. Please go ahead.

<Q – Lewis Fan>: Hi, thanks for taking my call. Actually my call is kind of like a follow-up to the previous caller. Basically, it seems like for this quarter the SG&A expenses was basically quite a bit higher than expected. So can I – so I assume that the legal dispute in Shanghai Hospital was part of that item, right. But in addition to that, can you give us a little more color on that, anything else that has contributed to this higher SG&A expenses?

<A – Roberta Lipson>: Lewis, are you talking about for MPD or the Healthcare Products Division or are you talking overall?

<Q – Lewis Fan>: Overall.

<A – Roberta Lipson>: Right. Well, partially on the Medical Products Division, we're gearing – we have geared up for the product approvals to be in place for the da Vinci and to really be able to hit the ground running on that.

<Q – Lewis Fan>: Okay.

<A – Roberta Lipson>: We full well expected to have the approval this quarter. It's now kind of leaked into next quarter, but I don't know, short of another earthquake I don't see what could keep it from happening.

<Q – Lewis Fan>: Okay.

<A – Roberta Lipson>: And – yeah, so I think that's a good deal of the explanation right there.

<Q – Lewis Fan>: Okay. My next question is about the interest expense. Obviously, we have this 3 million charge. So can we assume the entire 3 million basically is related to the conversion of the JPMorgan convertible bond or do we have something else there?

<A – Lawrence Pemble>: Not – substantially, but not entirely. Yeah, most of that, and on a 12-month basis we are looking at 3.5 million, so substantially – the vast majority of that is the impact of the beneficial conversion yield.

<Q – Lewis Fan>: Okay, great. Yeah, that's all my questions. Thank you.

Operator: Our next question comes from [inaudible]. Please go ahead.

<Q>: Yeah. Hi, Roberta and Larry.

<A – Lawrence Pemble>: Hello.

<Q>: You haven't talked about the laser situation in a long time. You are using it in your hospitals very profitably, are you selling it to others?

<A – Roberta Lipson>: Yeah. Laser sales are going on okay, but actually also another one of those areas where we are crippled by product registration, because the newest lasers, the Alex, which really is I think the leading product in the U.S. is still waiting on registration, and that's also at the end of the process. We are expecting to see that happened also – happen also within this coming quarter.

<Q>: How about it's use in your hospitals?

<A – Roberta Lipson>: Well, we are also not allowed to use products that aren't yet finished being registered. So we have the older products that we are using and it's great, and we have lots of customers for it, very well received.

<Q>: Thank you.

Operator: [Operator Instructions]. And we'll take our next question from [inaudible]. Please go ahead.

<Q>: Good morning. My questions are regarding the da Vinci. I am curious as to the number of procedures that are taking place monthly at the one installed at the Red Army Hospital.

<A – Roberta Lipson>: I wish I can remember the exact number of cases that were done this year, but let me give you a little color on it. The original team that was using the robot at the 301 Army Hospital was cardiology team, which is a little bit unusual that – that hospitals lead with cardiology on the robot. And the number of cases that were done by that group was a record number of cardiologists – cardiology cases that was done in any first year of robot use for cardiology. So the really great thing about that is the surgeon had a huge number of cases, and I am really sorry, the numbers are escaping me now, to present and since presented them at conferences all over the world and all over China, which has been made for great publicity for us and got a lot of other specialists in other hospitals salivating and wanting to get going on it as well. Since then we've trained two more teams, just last month the OB/GYN team and the urology team. And so we're also expecting the number of cases in general to go up. But I really – you know what, send me an e-mail, so I have your contacts and I'll send you the specific number.

<Q>: Thank you. The other question is, since that system is already installed, are your registration problems on a province-by-province basis, since it seems to be accepted nationally, I am confused though?

<A – Roberta Lipson>: Right. Well, I can understand that it's confusing. Often in China the military gets special differentiation on many things, and this is the Central Military Hospital where the leaders of China receive their healthcare. And it would be hard to say that they got the exemption just because of that, but also often you are allowed to bring in one unit, which is used partially for the technical assessment of the product. And so the expert's team came around, and when they evaluated the product for registration they did a technical analysis by observing the use of the product in that hospital. So it's a one-time exemption. It's not a province-by-province situation. Once we have approval, it will be approved for the use in all of China. The exception to that is that Hong Kong autonomous Special Administrative Region has a separate regulatory regime than the rest of the mainland and they don't require special product registration. So we've been able to sell freely in Hong Kong since the beginning.

<Q>: Thank you very much.

Operator: And there are no further questions from the phone lines at this time. I would like to turn the conference back over to Ms. Roberta Lipson for additional or closing remarks.

Roberta Lipson, Chief Executive Officer and President

Well, if there are no other questions then I will just say good-bye until hopefully the next time you'll hear from us is our press release announcing the da Vinci registration in China, and I am looking forward to be able to share that news with you shortly. Other than that I have no further comments, and wishing you all well for the rest of the quarter.

Operator: Ladies and gentlemen, that does conclude today's conference call. Thank you for your participation. You may now disconnect.

Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2008. CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.