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PARTICIPANTS

Corporate Participants

Roberta Lipson – President, Chief Executive Officer & Director
Lawrence Pemble – Chief Operating Officer & Director

Other Participants

Gregg Hillman – Analyst, First Wilshire Securities Management, Inc.
Russell Kramp – Financial Advisor, UBS

MANAGEMENT DISCUSSION SECTION

Operator: Welcome to the Chindex International First Quarter Fiscal 2012 Conference Call. This call is being recorded. I will now turn the call over to your host, Roberta Lipson, the CEO; and Larry Pemble, the COO of Chindex. Please go ahead.

Roberta Lipson, President, Chief Executive Officer & Director

Thank you. Welcome to Chindex International's First Quarter 2012 Conference Call. Joining me on the call today is Larry Pemble, our Chief Operating Officer and former Chief Financial Officer. Before we proceed with the summary of operating results for the period and an update on recent events, I'll ask Larry to read the Safe Harbor statement. I'll make some brief comments, and Larry will review the financial results. Then we'll turn to Q&A.

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

Lawrence Pemble, Chief Operating Officer & Director

Yes. Thank you, Roberta, and good morning, everyone. Please note that this call will contain forward-looking statements made under the Safe Harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements involve inherent risks and uncertainties. As such, our results may be materially different from the views expressed today. A number of potential risks and uncertainties are outlined in our public filings with the SEC, including in our Form 10-Q for the quarter ended March 31, 2012, which will be filed today. Chindex does not undertake any obligations to update any forward-looking statements except as required under applicable law.

Roberta Lipson, President, Chief Executive Officer & Director

Thanks, Larry. We announced our quarterly financial results on Wednesday after the market closed. An earnings release is now available on the company's website. We'd like to begin by calling attention to how we are starting to see positive contributions from our existing and newly expanded facilities, as well as our geographic expansion efforts.

In the past few quarters, our financials reflected much of the upfront costs required for executing our growth plans. In the first quarter of 2012, we are pleased to see signs of how those efforts are paying off. Adjusted EBITDA for the period more than doubled, year-over-year, to $5.5 million. This is off of revenue that grew 34%, year-over-year, to $32.5 million. As we move forward, we intend to build upon such momentum.

As previously disclosed, facility expansions at our metropolitan base in Beijing have played a key role. Existing service lines have continued to experience strong growth with proportional revenue contribution across the various service lines remaining relatively stable. In particular, the existing high growth areas such as Ear, Nose, Throat, Ophthalmology and Pediatrics have achieved unprecedented growth rates after expansion construction completes – after expansion construction completed – was completed at our flagship Beijing United Hospital.

Since the second half of 2011, patient volume has been accelerating in the New Hope Oncology Center, which has begun to regularly see patients for chemotherapy and adjunct cancer care. Throughout 2012, we believe the positive impact of our expansion will become increasingly evident. Last quarter, we announced plans to introduce several pieces of unique and state-of-the-art equipment to our facilities. We are pleased to now confirm that the equipment has already arrived. Beijing United will be making use of new advanced imaging equipment including an MRI, dual-source CT and catheterization laboratory and a fully equipped hybrid operating room that includes an integrated on-suite intraoperative CT and angiography equipment for hybrid cardiac surgeries. The New Hope Clinic will be operating a state-of-the-art radiation therapy suite, one of only two of its kind in China. The installation of the radiation treatment suite is in process, and is currently being calibrated. The Radiation Therapy Department and the new Hybrid OR will begin surgeries and treatments later this summer.

In coming quarters, we will open more in-patient wards and expand into promising new surgical offerings in neurology and cardiology. As these advanced, state-of-the-art services attract more patients, we expect neurosurgery, cardiovascular care, orthopedics, sports medicine and ambulatory oncology therapy, to become important growth drivers. In effect, we are offering a broadening suite of acute care programs across increasingly diverse and sophisticated service offerings which are building a solid foundation for sustainably high revenue per-patient performance.

Over 2012, we believe that growth in new services, on top of steady demand for existing services, will continue to lead revenue – to lead to revenue growth in the mid-20s. We are also encouraged by the results of our geographic expansion. Tianjin United, which opened in December 2011, is now staffed and equipped for regular operations, and is beginning to build up its revenue contribution to the group. We are confident that the Tianjin market has strong potential with its large and growing patient base.

Overall, we have strong faith that the demand for private healthcare services in key markets has tremendous growth potential. Our ambitious build-out plans are well-timed to coincide with – to coincide with this demand, as well as supportive government policies.

Now, let's turn our attention to our other facilities and new development projects. As we have stated previously, our timelines are based on expected government approval timeframe. The healthcare environment in China today is licensing and approval-heavy. Past experience has taught us to keep in mind that there is potentially a significant difference between paper guidelines and their practical applications. Therefore, we provide general timelines for expected completion and we'll provide updates as appropriate on the progress we make.

To update investors on our progress this quarter, in Beijing, as I mentioned earlier, we have some exciting new equipment coming online at our New Hope Oncology Center. We expect our radiation therapy suite, including a state-of-the-art linear accelerator and precision radio surgery system to be installed soon and to begin treating patients by the summer. We expect to see this center's patient flow greatly ramp up over the 2012-2013 period.

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The United Family Rehabilitation Hospital in Beijing will be the first UFH standard rehab facility in China. Since our last call, we completed the design process and have broken ground on construction. We plan for safe operations, implementations from 2012 to 2014. Once completed, we intend for the facility to operate with a flexible capacity of up to 150 licensed beds.

In Shanghai, our new off-site dental clinic in Puxi continues to see growing patient volume. We also continue to see a rapid increase in patient volumes at the international division of Huashan Pudong Hospital which we operate though a shared management agreement and look forward to the continued expansion of services there.

With the extra capacity and service offerings of UFH facilities located in the large and increasingly affluent residential districts of Shanghai so great long-term potential. In Tianjin, our 26 licensed bed facility started seeing patients after its opening in late December 2011. Service offerings will continue to expand further in phases through 2012. In Guangzhou, our new hospital facility remains on track. Our partner continues to make progress on land clearing and basic construction. We will keep investors informed about the project's development.

We also continue to evaluate new opportunities for United Family expansion and will update you as these projects go into development. Overall, we remain focused on our plans to bring UFH-branded quality care to more customers across more service offerings and then a growing array of promising metropolitan markets. We are encouraged by the results we are already seeing.

And now, I'll turn the call back to Larry to review those financial results in more detail, Larry?

Lawrence Pemble, Chief Operating Officer & Director

Thanks, Roberta. For the three-month period ended March 31, 2012, our revenue was $32.5 million, an increase of 34% over the prior year period, Historically the first quarter has been the slowest of the year in terms of patient flow due to the New Year's observations according to both the western calendar and the Chinese lunar calendar filling in the quarter. Also February is the year's shortest month for calendar days. Nevertheless, we are pleased to have seen year-over-year growth as well sequential growth over the previous quarter.

On the cost side, development and start-up expenses were $3.2 million in the quarter. In Beijing, this included expenses for the expansion of the Beijing United Campus and lease and development expenses for the Beijing Rehabilitation Hospital project.

Outside of Beijing, it included expenses related to our new Tianjin Hospital and the expansion of our Pudong facilities in Shanghai. Salary and compensation expense rose by 26% to $18.5 million due to the additional human resources we added for the new Tianjin facility and to staff our Beijing and Shanghai expansions.

Our key operating metric, adjusted EBITDA, was approximately $5.5 million, more than double the amount of the previous year. Adjusted EBITDA margin increased to 17%, which is the high-end of our general mid-teens target. We were especially proud of this performance as we believe it is the best metric for evaluation of our profitability. This measure focuses on fundamental financial health by excluding the impact to development and startup expenses related to new and pending hospitals and clinics and equity and earnings of unconsolidated affiliates.

Including all expenses, income from operations for the first quarter of 2012 was $625,000. Our quarterly results also include $614,000 of non-cash stock compensation expense compared to $1.2 million in the prior-year period, $214,000 of unrealized foreign exchange gains primarily due to the appreciation of the renminbi against the U.S. dollar. Depreciation and amortization of $1.7 million

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compared to $1.1 million in the first quarter of 2011. This quarter's higher figure is the result of equipment we have purchased for new and expanded facilities.

Provision for taxes of $1.3 million in the three-months ended March 31, 2012 compared to a provision for taxes of $787,000 in the three-month ended March 31, 2011. As we have previously noted, our tax provision is heavily impacted by the tax accounting rules which do not allow us to take the benefit of net operating losses and development in startup entities such as Tianjin United and Beijing Rehab until they begin to demonstrate their profitability potential.

In this quarter, we recorded a provision of $1.2 million. If we had recognized the benefit of startup entities, this number would have been reduced by approximately $775,000. We have detailed the nature of these taxes in our Note 8 of our 10-Q filing with the SEC. In the future, as our development entities mature and demonstrate future profitability sufficient to utilize the net operating losses generated in these startup periods, we will be able to recognize the accumulated tax benefits to our earnings.

We also recognized equity and income for Chindex Medical Limited of just under $100,000 in the quarter. As it was last year, the first quarter was the lowest budgeted quarter for the Medical Device business as there are both Western and Lunar New Year holidays to accommodate along with waiting through the beginning stages of purchasers' annual budgeting cycles for large capital equipment.

Our net loss in the period was $531,000, or $0.03 per diluted share, compared to a net loss of $1.2 million, or $0.08 per diluted share in the prior-year period. We remind investors that Chindex is a story of both growth and economies of scale. During our expansion period, we must incur costs in order to build a solid platform to support future revenue growth.

Over the long term, the new hospitals, clinics and service offerings we are creating now will lead to higher patient traffic and greater revenue per patient. Ultimately, this should lead to lower fixed costs in proportion to revenue, as well as an increasing adjusted EBITDA margin over the long term.

As of March 31, 2012, our unrestricted cash, cash equivalents and investments were $43.6 million, which included $39 million in cash and equivalents and $4.6 million in current investments.

Our upcoming 12-month capital expenditure plan totals up to $40 million with up to $34 million for new hospital development programs and up to $6 million for existing facilities, maintenance and organic development. Our patient service receivables increased to approximately $15.5 million for the first quarter 2012, in line with our revenue growth for the period. PP&E increased to approximately $72.5 million.

For the remainder of 2012, we would like to reiterate our financial guidance for the year. For the top line, we expect to see year-over-year revenue growth rate in the mid-20s with annual revenue growing to between approximately $140 million to $145 million. We will continue to see significant development expenses. We expect the full 2012 development expenses will remain in line with what we spent in 2011, approximately $7.5 million to $8.5 million. For adjusted EBITDA, we expect margins in the mid-teens range.

That concludes my comments on our financial results. I'll now turn the call back over to Roberta.

Roberta Lipson, President, Chief Executive Officer & Director

Thanks, Larry. In closing, we would like to again emphasize that Chindex offers a unique combination of consistency and growth. The steady profitability and demand across our existing facility locations provides consistency. While our aggressive services and facilities' expansion efforts generate growth and allows us to continue our leadership as the largest and best-known premium healthcare services brand in China.

We are confident that private premium hospital services in China underpinned by strong demographic trends, represents a high-return market. With the company's proven track records, well-allocated capital and a trusted healthcare brand, we believe Chindex and its United Family Hospital network is well equipped to capitalize on our unique positioning in China's healthcare industry.

That concludes our prepared remarks. Let's open the call to Q&A. Operator?

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QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Our first question comes from Gregg Hillman with First Wilshire Securities. You may begin.

<Q – Gregg Hillman – First Wilshire Securities Management, Inc.>: Yeah. Good morning. You have said the operating rooms – when are you going to start to operate in, like, for cardiac surgeries, for example, to use the expensive...

<A – Roberta Lipson – Chindex International, Inc.>: Well, I'm happy to say – hi, Gregg. I'm happy to say that we had our second dry run, and the first surgery is being scheduled for later this month for cardiac surgery.

<Q – Gregg Hillman – First Wilshire Securities Management, Inc.>: Okay, that's encouraging. And also, do the hospitals – do you include pharmacy in any of the hospitals?

<A – Roberta Lipson – Chindex International, Inc.>: Yes, all our hospitals have pharmacy.

<Q – Gregg Hillman – First Wilshire Securities Management, Inc.>: Okay. Well, it's a really great quarter.

<A – Roberta Lipson – Chindex International, Inc.>: I'm glad you liked it. We appreciated it, too.

<A – Lawrence Pemble – Chindex International, Inc.>: We think so, too, actually.

<A – Roberta Lipson – Chindex International, Inc.>: Yeah.

<Q – Gregg Hillman – First Wilshire Securities Management, Inc.>: Well, congratulations.

<A – Roberta Lipson – Chindex International, Inc.>: Thank you.

Operator: Thank you. [Operator Instructions] I'm showing we have a follow-up question from Gregg Hillman with First Wilshire Securities. You may begin.

<Q – Gregg Hillman – First Wilshire Securities Management, Inc.>: Yeah. In Tianjin, are the people in the beds currently – in Tianjin or have – what was the population, I guess, or the number of beds that they use currently?

<A – Roberta Lipson – Chindex International, Inc.>: Right now it's probably – I think it's about half and half if you're talking about Chinese versus expats. But I suspect it's – we expect Tianjin is going to be much higher numbers of the local population in terms of proportion. That's because there are less expats living in Tianjin altogether.

<Q – Gregg Hillman – First Wilshire Securities Management, Inc.>: And the number of beds that are currently being utilized, overall, in the hospital?

<A – Roberta Lipson – Chindex International, Inc.>: Utilization, it's still pretty low. It's still each – it's single digits each night.

<Q – Gregg Hillman – First Wilshire Securities Management, Inc.>: Okay.

<A – Roberta Lipson – Chindex International, Inc.>: But the place just opened. It's kind of in line with our expectations in terms of the third month after opening, or the third month after opening in-patients.

<Q – Gregg Hillman – First Wilshire Securities Management, Inc.>: Okay. And do you have plans for any more expensive like operating suites in Shanghai?

<A – Roberta Lipson – Chindex International, Inc.>: You mean increasing the breadth of services that we're operating?

<Q – Gregg Hillman – First Wilshire Securities Management, Inc.>: Yes.

<A – Roberta Lipson – Chindex International, Inc.>: Well, in the Puxi Hospital, there's just no room for more operating rooms. So, we'll be able to make better utilization on the ones we have. They're not completely utilized. There's room for more surgery and increasingly complex surgeries as well there, but there's no room for more operating rooms. Hopefully, as we expand in Pudong, we'll be able to put some more sophisticated operating rooms into action, but the two operating suites in – I'm sorry, the three operating suites that we have now in Shanghai still have capacity and they're pretty high-end operating suites, so they can do most any surgery.

<Q – Gregg Hillman – First Wilshire Securities Management, Inc.>: Okay. Thanks. And finally, Larry, can you just talk about your fixed and working capital requirements necessary to support your business plan in, like, three-to-five-year time horizon?

<A – Lawrence Pemble – Chindex International, Inc.>: Well, I think that we've probably talked before about doing – like a common size income statement and you get these general ranges of the costs and expenses associated with operations and we know, for example, now, we're running extremely high on compensation expense. And so, the reason is because we've just opened the new facility in Tianjin. And so, we would expect to see, as a percentage of revenue, we would expect to see that compensation expense at 50% or even slightly lower for existing operations. And similarly, the same basic analysis applies down the income statement for the other expense category.

So, right now, we know that we're running high on the consolidated income statement and that's kind of the – although we don't break out fixed versus variable in the adjusted EBITDA analysis, of course, that's netting all of that out is the relevance of the adjusted EBITDA table because that gets you to – that strips out the impact of Tianjin and other development and start-up of operations to where you get the kind of a pure 17% overall number on essentially maturing continuing operations.

<Q – Gregg Hillman – First Wilshire Securities Management, Inc.>: But getting back to your, basically, requirements for fixed and working capital and financing them, do you have any – can you share any further thoughts about your ability? Are you going to be able to just borrow money to expand from this point and not issue additional equity? Or just...

<A – Lawrence Pemble – Chindex International, Inc.>: Yeah. So, I mean, we've talked before I think about the – our debt position now is extremely low. And we are in the process of kind of repositioning our balance sheet and increasing our leverage significantly. And we – in order to build hospitals, we've also quoted general ranges of the cost to build our primary care facilities in terms of the range per bed and as opposed to rehab and those things.

So, we know that those costs will require additional financing. We have a variety of options both debt, although, obviously, we would prefer to use debt solutions and project finance solutions rather than continue to issue any new equity. And I think that will be our focus over the coming periods is to increase our leverage to facilitate our current plans over the next several quarters.

<Q – Gregg Hillman – First Wilshire Securities Management, Inc.>: And what is that range in terms of the cost per bed as your royalty fund?

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<A – Lawrence Pemble – Chindex International, Inc.>: Well, it's not well. Well, in general terms, we know that indigenous primary care facilities run about $400,000 to $600,000 per bed, and our rehab facility is somewhere between $200,000 to $400,000, so roughly half of that, or something in that neighborhood.

<Q – Gregg Hillman – First Wilshire Securities Management, Inc.>: Okay. And then finally, just in terms of analyst coverage from a company, do you think that's going to – do you have any thoughts on that or whether that might occur?

<A – Lawrence Pemble – Chindex International, Inc.>: Continually hopeful. There's been a lot of change in the industry. If you follow the people who are focused – no, the analysts who focus on healthcare in China, they have been moving around a lot lately. So, we hope that they will – many of them follow us quite closely. And hopefully, before long, they'll settle down enough to actually issue some research on us.

<Q – Gregg Hillman – First Wilshire Securities Management, Inc.>: Okay. Thanks very much for both of your comments.

<A – Lawrence Pemble – Chindex International, Inc.>: Thank you.

Operator: Thank you. [Operator Instructions] I'm showing no further questions at this time. I would now like – I'm sorry. I'm showing we have a question from Russell Kramp with UBS Financial. You may begin.

<Q – Russell Kramp – UBS>: Good morning.

<A – Lawrence Pemble – Chindex International, Inc.>: Good morning.

<Q – Russell Kramp – UBS>: I have two questions. One is relating to the Chindex medical joint venture. Can you add any more color – that was formed a few years ago. I was seeing that as great promise. Can you give us a little bit more sense of where you think that's going to play out for you?

<A – Lawrence Pemble – Chindex International, Inc.>: Sure. Sure. Well, I'm not sure if you're aware, but I also served as the CFO of that joint venture or...

<Q – Russell Kramp – UBS>: That's great.

<A – Lawrence Pemble – Chindex International, Inc.>: ...look out after our interest in that venture along with other senior Chindex executive people. But, yeah – so, we don't talk in great detail about the CML activity on this call, but there's some substantially more information in our filings. As a significant subsidiary, we had structured a disclosure about CML.

But on the operational level, I have to say that we – CML continues to grow pretty rapidly in both areas of the business. It was a formation of the traditional Chindex Distribution business where we have the right to distribute Western imported products here in China, and we've continued to do that and accumulate some significant new agencies.

If you remember this story, one of the big issues there was the time it took to register very high-priced capital equipment here for sale in China. And we've – it's been one of the difficulties that we experienced in that business over a long period of time. That hasn't abated but what I can tell you is that CML has – is in the process of registering some very significant new technologies that it will begin to distribute here in China in exactly the same way as that business did when it was our Medical Products division of Chindex International.

Now, on the manufacturing side, so that was the one side of the business and the other side was the manufacturing platform that was invested by the Fosun side of the venture. And that also continues to grow very steadily and increased its manufacturing presence. So, we're now into the second operating year of that entity.

So, as you might anticipate that the first year was – from an operational standpoint, kind of settling down everything and getting everybody kind of oriented and growing in the same direction and all of that. And we are now in the process of looking a little further out into the future as to what that venture might do in terms of not so much new product offerings but in terms of longer-term growth strategies, in terms of perhaps some kind of acquisition strategy and things like that. If you do much research into the majority owner of that entity being Fosun Pharma, you know that they are a company that grows quite aggressively through acquisition.

And so, I think we might expect that along down the line, CML will adopt that kind of growth strategy in addition to continuing on and kind of growing through expanded operations but to also grow through acquisitions. So, that's kind of an operational overview.

And then, in terms of how it will impact our – the equity pickup that we show on Chindex International, I think we've said previously that we expect this because it's continuing to be a growth and registration year for the CML entity, we expect our equity pickup to be something along the same lines that it was last year, somewhere – a significant contribution to earnings on the Chindex International level, but not significantly greater than it was last year.

<Q – Russell Kramp – UBS>: Thank you. The other question is around how you source the pharmaceuticals that you use in the facility in China. My concern is in terms of what I'm reading and people I speak to is around the prevalence, and maybe that's a strong word, of counterfeit pharmaceuticals particularly in China but in other countries? And I'm wondering, one, what's your experience of that is, if you had any; and two, whether all of your pharmaceuticals are sourced from – either Europe or the United States?

<A – Roberta Lipson – Chindex International, Inc.>: Right. Well, first of all, let me tell you that this has been a concern of ours from the get-go, and so we built some pretty robust systems in terms of supply chain management for pharmaceuticals. And our chief pharmacist for the network is a U.S.-trained Ph.D. pharmacist, and she keeps a pretty tight hand on making sure that we only source from, number one, either the most reputable distributors or directly from the source. And our preferences for purchase are first, imported products where they are available and registered; secondly, joint ventures with major pharmaceutical companies that – or local production of major multinational pharmaceutical companies; and thirdly, only when the product isn't available from any other source from trusted local manufacturers.

And that's when we can really be sure that it's not gone through many hands. It might be only through one main distributor, but we really keep a very close eye on being able to trace the sources of the pharmaceuticals that we use. And secondly, no, we've never had a problem.

<Q – Russell Kramp – UBS>: You haven't had any problems?

<A – Roberta Lipson – Chindex International, Inc.>: Never.

<Q – Russell Kramp – UBS>: So, the question I've got because I'm hearing a lot of more anecdotal evidence out of China in terms of adverse – I'm going to call it adverse events based on people using counterfeit pharmaceuticals. Again, it sounds to me...

<A – Roberta Lipson – Chindex International, Inc.>: It's a serious problem.

<Q – Russell Kramp – UBS>: But it sounds epidemic. At least I'm getting a sense that it's epidemic and it's under the radar. And it sounds to me like what you're telling me is that by sourcing things, certainly not locally from major international pharmaceuticals not based there, that you've largely – you've avoided all those incidents.

<A – Roberta Lipson]Roberta Lipson>: But what we do – we don't import pharmaceuticals ourselves. We do source from local major distributors. But that import – that we're the first stop of importation. And, yes, it's a huge – counterfeit pharmaceuticals are a huge problem in China not because it's something you encounter every day but because there have been some really seriously bad incidents in the country.

But you see, the problem comes from the chaotic distribution system and where there are two or three or four hands changed from the manufacturer until the hospital actually gets hold of the drug. And in most cases, there's a lot of potential for counterfeit coming into the supply chain. So, sourcing is really important. Also, part of the – yeah, the problems happen more so also in rural areas or in the cases where the pharmaceuticals change hands many times, or in cases where there's corruption in the purchase process. So, definitely it's problem. It's not so much under the radar. The Chinese government is very well aware of this issue and is very focused on solving the problem.

<Q – Russell Kramp – UBS>: Thank you. Thank you.

<A – Roberta Lipson – Chindex International, Inc.>: You're quite welcome.

Operator: Thank you. Our next question from David Stein with [indiscernible] (33:44). You may begin.

<Q>: How you doing? What is the update on the closing of the JV with Fosun?

<A – Lawrence Pemble – Chindex International, Inc.>: The legal process that needed to occur related to the second closing of the joint venture has been recently – it took, I guess you would have to say, a predictable amount of time from a China operation standpoint. But that has – all of those formalities have now been completed fairly recently ago and, yeah, so that's – that has been finally consummated.

<Q>: But which part of the exchange of the stock and the – I guess, that's been done already?

<A – Lawrence Pemble – Chindex International, Inc.>: So, okay. So, you're talking about another issue. So, there were two things, they are related. The first was the second closing of the JV and that has...

<Q>: Right.

<A – Lawrence Pemble – Chindex International, Inc.>: .. and that has been finished. Then the related issue is at the – I think what you're referring to is the – then the purchase by Fosun Pharma of an additional subscribed amount of equity from Chindex International, is that correct?

<Q>: Right.

<A – Lawrence Pemble – Chindex International, Inc.>: That, yeah, that part has not occurred yet. We – it is in process but has not happened yet, so I can't give you – if you're looking to when does the dilution hit the – hit the weighted average, I can't give you that date. We know because it's a prescribed value that it's approximately an additional million shares. So, that was part of the original share purchase agreement.

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<Q>: Right. That will happen, just you don't know when.

<A – Lawrence Pemble – Chindex International, Inc.>: We don't know exactly when, correct.

<Q>: Okay. And at the end of the year, you have the JPMorgan equity that has to – [indiscernible] (35:53) was it around $17 or something a share?

<A – Lawrence Pemble – Chindex International, Inc.>: We have – yeah. So, on the balance sheet, there's a convertible debt note which is convertible to mandatory conversion upon certain operational triggers which is still some time out. I wouldn't expect that for [audio gap] (36:13).

<Q>: Another what?

<A – Lawrence Pemble – Chindex International, Inc.>: [indiscernible] (36:17) – and then that converts, and that's at a predetermined price. That's another additional 800,000 shares.

<Q>: Right. Okay. And most...

<A – Lawrence Pemble – Chindex International, Inc.>: But I would not expect that this year.

<Q>: You don't expect that this year?

<A – Lawrence Pemble – Chindex International, Inc.>: This year. No.

<Q>: Okay. And as far as the health insurance, you had said in the last call that by August 1, you'll hear something. Any update on that, accepting health insurance in China?

<A – Roberta Lipson – Chindex International, Inc.>: No. All I can say is that we keep being promised that this is going to happen by the government, but because it's extremely bureaucratic and the power to make it happen is in the hands of various separate agencies that I can't tell you exactly when that's going to happen. I'm sorry. We're still given encouragement by the government, but it still has not happened.

Operator: Thank you. [Operator Instructions] We have a follow-up question from Russell Kramp with UBS Financial. You may begin.

<Q – Russell Kramp – UBS>: Yeah. Hi. Another question. There's been a great deal written about Westerners going basically to Asia for elective and, in some cases, non-elective surgeries. Have you experienced any of that, people wanting to come into your facilities because they perceive the economic – potentially economic benefit?

<A – Roberta Lipson – Chindex International, Inc.>: Right. Well, I have to say that generally this medical tourism from the U.S. and Europe does not come to China. It goes to India. It goes – there's some cases – frankly, I think there's more written about it than actually exists. As I understand, the, for example, hospitals in Thailand and in India that publish their numbers about medical tourism will publish numbers that include all of their international patients including long-term residents, expats living in the country. So, those numbers are really hard to get your arms around. We have people that travel to Beijing for healthcare from all over China and also from Mongolia and Kazakhstan and the Russian Far East, Siberia and Korea – and North Korea. So, we do have, what, people traveling for elective and non-elective procedures to United Family. It's not a huge part of our revenues. I'd say probably something under 10%, but it does exist but not coming from North America. It's too far and we're not – our prices aren't that much lower than prices in North America to make it worthwhile to people to come for economic reasons.

<Q – Russell Kramp – UBS>: Thank you.

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Operator: Thank you. I'm showing no further questions at this time. I would now like to turn the conference back over to Roberta Lipson for closing remarks.

Roberta Lipson, President, Chief Executive Officer & Director

Well, thank you very much, everybody, for attending the call today, and we'll see you either next quarter or before.

Operator: Ladies and gentlemen, this concludes today's conference. Thank you for your participation. Have a wonderful day.

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