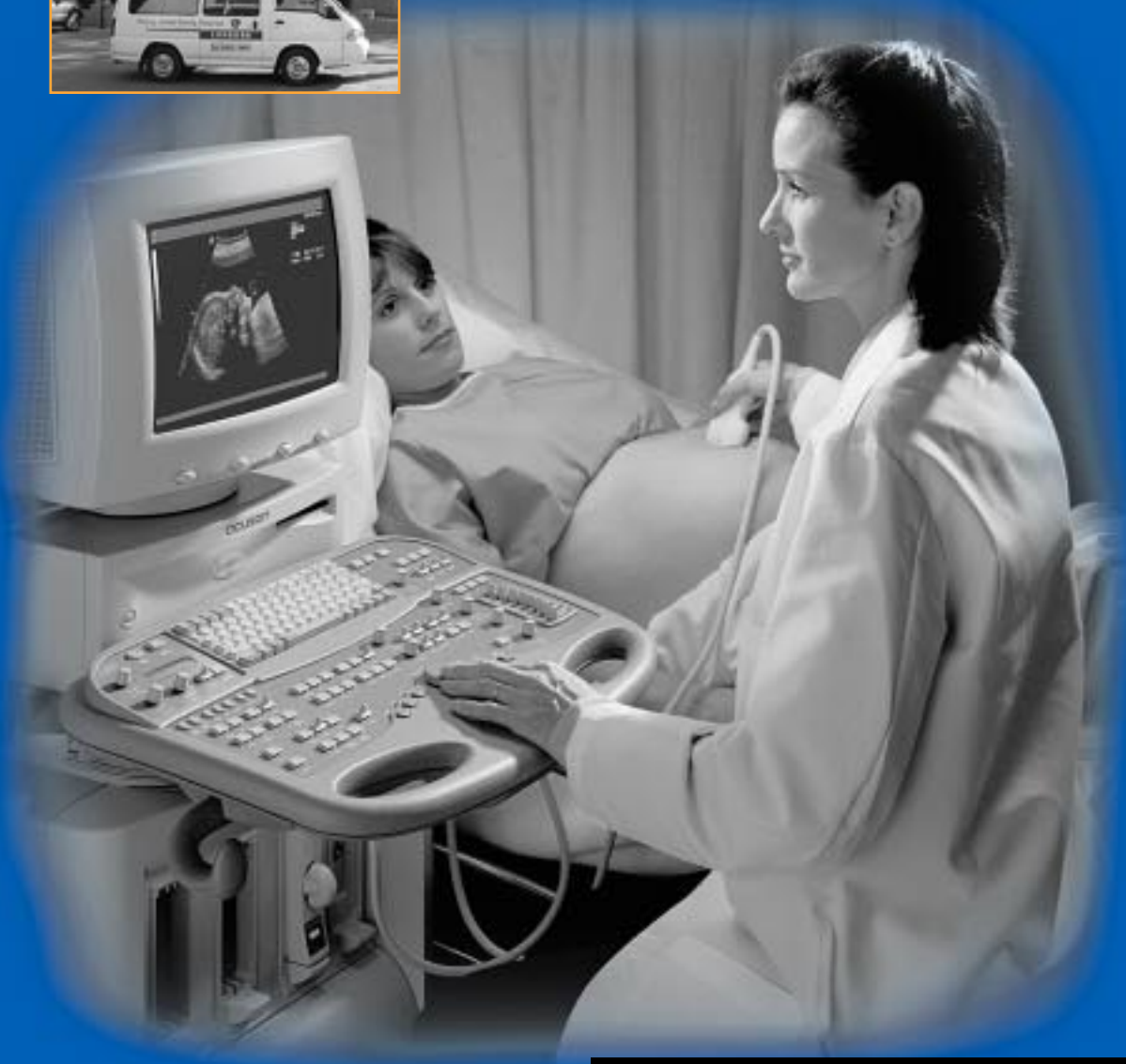




CHINDEX
INTERNATIONAL, INC.

U.S.-China Industrial Exchange, Inc.



1999 ANNUAL REPORT

At the Forefront of Healthcare Development in China

医疗卫生产品

HEALTHCARE PRODUCTS

Since 1981 Chindex has been the premier American supplier of western medical technologies to the Chinese healthcare markets. Having gained market leadership through cutting edge product offerings, dedication to customer service and innovative government-backed financing programs, Chindex today is the leading independent American supplier of medical equipment in China.

Chindex serves hospital, retail pharmacy and logistics services markets through its unique nationwide distribution network for consumable and other healthcare products. Its rapidly expanding product offerings in interventional cardiology, personal care products and logistics services to many major medical consumables manufacturers will provide substantial new revenue sources for the company in the years to come.

• CAPITAL MEDICAL EQUIPMENT



• HOSPITAL, RETAIL PHARMACY, LOGISTICS



医院事业

HEALTHCARE SERVICES

Chindex pioneered privatized healthcare in China in 1997 with the opening of its Beijing United Family Hospital, still the only foreign-invested hospital operating with Chinese government approval.

Chindex leads the healthcare services industry. Through its commitment to quality international standard services, it has set a new standard of excellence in China. Future Chindex Healthcare Network hospitals will continue this leadership role in major metropolitan areas of China as the company expands its penetration into the emerging affluent populations in the Chinese healthcare market.



- BEIJING UNITED FAMILY HOSPITAL
- CHINDEX HEALTHCARE NETWORK

Our Mission

PROSPER AS A CROSS-CULTURAL
COMPANY BY PROVIDING LEADING
EDGE TECHNOLOGIES, QUALITY
PRODUCTS AND SERVICES TO
GREATER CHINA'S PROFESSIONAL
COMMUNITIES WITH PRIDE.

Dear Shareholder:

Our profitable results for 1999 cap a two year turnaround program at Chindex. During the year we not only achieved record revenues, up 72% from 1998, but returned to healthy profitability as well. Our position as the premier American healthcare company in China has been well established over the last 18 years. All our healthcare businesses performed well during the year and our new business units contributed significantly to our profitable results for the first time.

For the year ended December 31, 1999, we reported a net profit of \$392,000, or \$0.49 per share. This compares to a net loss of \$2,039,000 or \$2.58 per share in 1998. Total revenues were \$37.1 million for the year, compared to \$21.6 million in 1998. Our Balance Sheet at year end continued to be strong with cash and cash equivalents of approximately \$4.9 million.

It was a tremendously exciting year in all aspects of our business.

In our healthcare products segment, we completed shipments of nearly \$12 million of capital medical equipment under our second round of loan financing guaranteed by the U.S. Export-Import Bank (Ex-Im). We also signed a Letter of Intent for our next round of Ex-Im-backed financing. This third round program will be for the export of up to \$30 million. We expect the first \$12 million tranche of shipments under this program to be delivered during fiscal 2000. We have now successfully established government loan programs as an ongoing component of our capital medical equipment business. We are still one of only two American companies to have completed such loan programs in China.

We continued our aggressive expansion into interventional cardiology this year. In June we announced an exclusive agreement with Trex Medical Corporation for the distribution of its cardiac catheterization laboratories. With a sales price ranging up to \$1.4 million, these systems are ideally-suited to our loan financing programs. Trex systems are included in both our second and third rounds of loan financing.

Our healthcare products distribution business grew substantially during the year. This growth was spread over three distinct markets—hospital, retail pharmacy and third-party logistics.

The hospital business unit broadened its product base from infection control and critical care to include high-tech consumable products for the interventional cardiology market. We announced a marquee agreement with the Guidant Corporation in July.

*Our profitable results for 1999
cap a two year turnaround
program at Chindex.*

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OUR INVESTMENT IN
NEW BUSINESSES IS
PAYING OFF. WE SEE
CLEARLY THE
TREMENDOUS
GROWTH POTENTIAL
ON THE HORIZON AS
THESE BUSINESSES
BEGIN TO MATURE.



Chindex Executive Management
Clockwise from top left:
Robert C. Goodwin, Jr., Roberta Lipson,
Lawrence Pemble, Elyse Beth Silverberg

The retail pharmacy unit continued to pioneer the strategy of distributing imported personal care brands in China. We began development of this business with a major multinational client in the Shanghai area in mid-1998. In 1999 we increased our product range and penetrated new regional markets such as Beijing and northeast China. Now we will begin to add new brands and products to the pipeline. In November we announced an agreement with C.B. Fleet to distribute their Summer's Eve brand of feminine hygiene products. We are expecting to announce major new relationships in the coming months as we continue discussions with several brand owners in the personal healthcare product field.

The third party logistics unit provides logistics and distribution services to an increasing list of clientele, including Tyco Healthcare. Our services have gained the attention of many other multinational companies and we will be taking on major new clients in the coming year.

Our healthcare services segment surpassed our expectations this year. In its second full year of operations, our private hospital, Beijing United Family Hospital, showed impressive growth. It accounted for 11 % of our consolidated revenues. It is still the only licensed and operating foreign-invested hospital in China. During the year the hospital began to broaden its scope of services to the Beijing community. Early in the year we announced the first major expansion with the opening of a Dental Clinic. We delivered more than 100 babies in our facility in 1999. We are quite proud of the contribution we have made to the quality of healthcare available to the Beijing community through our investment in privatized service. We knew when we began development of our hospital concept in 1995 that private healthcare in China would be a "winner." We are now even more convinced of that and we expect that this segment of our business will provide significant earnings to the company in the years to come. We have already begun the next phases of expansion at Beijing United as well as future growth programs in other major cities in China.

As we enter the new millennium, we are beginning to see the benefits of the investment strategy we have steadfastly executed over the past several years. We have managed a dramatic turnaround in our annualized performance over the past two years. Our investment in new businesses is paying off. We see clearly the tremendous growth potential on the horizon as these businesses begin to mature.

We have established ourselves as a unique American company, at the very forefront of the development of the healthcare industry in China. As China prepares to enter the WTO, we are well poised to reap the benefits of our strategic positioning. We are very proud to see that our commitment to building shareholder value through long-term investment in the Chinese healthcare market is showing positive, profitable results.

On behalf of the Board of Directors and management, I would like to express our appreciation to all of our shareholders, employees, principals and partners for their ongoing support.

Chindex is a unique American company, at the very forefront of the development of the healthcare industry in China.

Roberta Lipson
President and Chief Executive Officer

Board of Directors

Roberta Lipson
*Chairperson of the Board of Directors
 Chief Executive Officer and President
 Chindex International, Inc.*

Elyse Beth Silverberg
*Executive Vice President and Secretary
 Chindex International, Inc.*

Lawrence Pemble
*Executive Vice President Finance and
 Business Development
 Chindex International, Inc.*

Robert C. Goodwin, Jr.
*Executive Vice President Operations,
 Treasurer and General Counsel
 Chindex International, Inc.*

A. Kenneth Nilsson
*Chairman and Chief Executive Officer
 Eureka Group, Inc.*

Julius Y. Oestreicher, Esq.
*Partner
 Oestreicher and Ennis*

Corporate Executives

Roberta Lipson
President and Chief Executive Officer

Elyse Beth Silverberg
Executive Vice President and Secretary

Lawrence Pemble
*Executive Vice President Finance and
 Business Development*

Robert C. Goodwin, Jr.
*Executive Vice President Operations,
 Treasurer and General Counsel*

Form 10-KSB Availability:

The Company will provide to any beneficial owner of its stock, without charge, a copy of its annual report on SEC form 10-KSB upon written request to the Corporate Offices.

Listing:

Nasdaq® symbol: "CHDX"

Company Information:

To obtain materials about our Company please contact the Corporate Offices or check the Company website at www.chindex.com

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