



**Statistics**

Nasdaq symbol: CHDX  
 Recent price range: \$44 - \$6.6  
 Recent price (8/31/00): \$11.5  
 Fiscal year ends: December 31

**Corporate Backgrounder/August 2000**

Market capitalization: \$9.8 million  
 Average daily volume: 27,500  
 Shares outstanding: 791,313

**Market Makers:**; Herzog, Heine, Geduld; Island System Corporation; Newby and Company, Sherwood Securities Corp.; Spear, Leeds & Kellogg

<b>Six Months 2000-1999/Full Year: 1999-1998</b> <i>(000's omitted except per share and shares outstanding figures)</i>	Six months ended		Twelve months ended	
	<u>6/30/00</u>	<u>6/30/99</u>	<u>12/31/99</u>	<u>12/31/98</u>
Total revenue	\$16,502	\$22,645	\$37,128	\$21,610
Net income/(loss)	(\$ 233)	\$1,123	\$392,000	(\$ 2,039)
Net income/(loss) per share	(\$0.29)	\$1.42	\$0.49	(\$2.58)
Weighted average shares outstanding	790,435	790,313	790,313	790,313

**Business Summary**

With nearly 20 years of “on-the-ground” presence in China, **Chindex** is an American company led by American executive management that is focusing its efforts exclusively on continuing its growth as the premiere American healthcare company in China. Chindex pioneered privatized healthcare services in China today, and has built a one-of-a-kind independent marketing, sales and support organization and infrastructure to provide exclusive representation and access to the Greater Chinese marketplace for certain Western manufacturers of medical equipment and selected healthcare products. Leveraging its unique position as a gateway for Western companies in China, Chindex is also developing a network of international-standard health care facilities within China to service the medical needs of an emerging class of more affluent Chinese, as well as a growing expatriate community. Focusing exclusively on the rapidly expanding Greater Chinese marketplace, including Hong Kong, the Company’s national sales and technical support staff operates from its office in Beijing and regional offices in Shanghai, Guangzhou, Tianjin and Hong Kong. Chindex has a variety of characteristics which significantly benefit its operations, including its status as a U.S. corporation doing business in China, its ownership of Chinese corporations doing business in local currency from Tianjin and Shanghai, and its Hong Kong subsidiary.

With a core business of marketing and distributing medical instrumentation in China, Chindex is investing in its future in two potential multi-billion dollar markets: 1) Distribution and logistical services supplying healthcare products to the hospital and retail pharmacy markets in China; and 2) Healthcare services – the establishment of Western-style hospitals in China itself. These new businesses form the basis of the company’s long-term revenue diversification strategy.

Chindex offers a wide range of marketing, sales and technical services, including logistics services, to its clients. The Company’s clients include Acuson, Becton Dickinson, Johnson & Johnson, C.B. Fleet, Tyco/Kendall Healthcare Products Corporation, Steris, and the Cosmetique Active International division of L’Oreal. The opening of Beijing United Family Hospital, in 1997, was the result of a cooperative venture between Chindex and a corporation under the Chinese Academy of Medical Sciences. It is the only foreign invested, private hospital operating with approval of the Chinese government.

In 1995, to increase the Company’s overall market access in China, Chindex established its first foreign subsidiary, Chindex Holdings International Trade (Tianjin) Ltd., located in the Tianjin Free Trade Zone in China. A related subsidiary, Chindex Shanghai International Trading Co., Ltd., was opened in the Waigaoqiao Free Trade Zone of Shanghai in mid-1998. These subsidiaries offer the Company an ability to import, warehouse and sell products directly to Chinese customers for local currency rather than through state-owned intermediaries. In early 1996, the Company established itself in the Hong Kong market through the formation another foreign subsidiary, Chindex Hong Kong Limited. Chindex Hong Kong provides Western manufacturers with market representation and distribution services for that market.

**Outlook**

The demand for international-standard healthcare services in China is increasing due to a growing Chinese middle class and the influx of Western people, influences and concepts, along with the increasing ability of Chinese citizens to afford, as well as demand, better healthcare services. Chindex is a recognized pioneer in the field of private healthcare services provision in China. Chindex is also well positioned to represent additional Western manufacturers of healthcare equipment and consumables in China. The Chindex growth plan is to capitalize on its longstanding expertise and unique knowledge of the inner workings of the Chinese marketplace and its expertise in administering U.S. government backed financing programs to continue to grow its traditional business of importing specialized medical equipment. As a private hospital corporation in China, Chindex plans to continue its entry into healthcare services by opening additional Western-style hospital facilities. Chindex’s private hospitals will target the more than 20 million young, affluent Chinese families in the major urban centers in China. Studies have shown this quickly expanding demographic segment in China has a large and growing level of disposable income, creating an exceptional growth potential for the Chindex program. Additionally, the Company will continue to grow its product distribution capabilities making use of its Shanghai and Tianjin subsidiaries. As its next generation of expansion, Chindex has already begun to design and initiate market entry strategies in home healthcare and over-the-counter healthcare products sold through China’s vastly underdeveloped retail pharmacy networks.

## Recent Developments

1. In late August, Chindex declared a ten percent stock dividend on the Company's outstanding Common Stock. The stock dividend is payable on Sept. 27, 2000 to shareholders of record as of the close of business on Sept. 13, 2000. The stock dividend will not apply to, and no dividend has been declared with respect to, the Company's Class B Common Stock.
2. In mid-August, Chindex announced its second quarter and six month results including the first profitable quarterly results for its unique private hospital venture in Beijing. Revenue for the second quarter was \$9.5 million with net income of \$116,000 or earnings per share of \$0.15. This compares to revenue of \$13.2 mil with net income of \$817,000 or earnings per share of \$1.03 for the same period. Revenue for this year's six-month period was \$16.5 mil with a net loss of \$233,000 or a loss per share of \$0.29. This compares to revenue of \$22.7 mil with net income of \$1.1 mil or earnings per share of \$1.42 for the same period last year.
3. In June, Chindex announced it has signed an agreement with BD [Becton Dickinson Asia Limited, Hong Kong, a company wholly owned by Becton, Dickinson and Company, headquartered in New Jersey (NYSE: BDX)] to provide them with a full range of logistics services in China. Chindex began importing and distributing BD products under the agreement in May of this year.
4. In May, Chindex announced results for its first quarter ended March 31, 2000. Revenue for the first quarter of 2000 was \$7.0 million with a net loss of \$349,000, or a loss per share of \$0.44. This compares to revenue of \$9.4 million with a net profit of \$306,000, or earnings per share of \$0.39 for the first quarter of 1999.
5. In April, Chindex announced that it signed a commercial contract with China National Instruments Import & Export Corporation (INSTRIMPEX) for the export of over \$12 million of U.S. medical equipment to various hospitals throughout China, based on financing to be guaranteed by the Export-Import Bank of the United States. The commercial contract is the first tranche of a \$30 million project to export U.S. medical equipment to China, and additional contracts are expected to be signed later this year.

## Financial Highlights

### Fiscal year ends:

#### December 31

(000's omitted except  
per share figures)

	<u>FY1999</u>	<u>FY1998</u>	<u>FY1997</u>	<u>FY1996</u>	<u>FY1995</u>
Total Sales and Service Revenue	\$37,128	\$21,610	\$23,849	\$22,060	\$13,002
Net income (loss)	\$392	(\$2,039)	(\$4,648)	(\$576)	\$317
Earnings (loss) per share	\$0.49	(\$2.50)	(\$5.88)	(\$1.21)	\$0.75
Weighted average shares	790,313	790,313	790,313	476,125	423,750

### Balance sheet data:

#### December 31, 1999

	<u>12/31/99</u>
Working capital	\$7,907
Total assets	\$24,384
Cash and cash equivalents	\$4,948
Long term liabilities	\$91
Total stockholders' equity	\$12,587

## Corporate Information

### HEADQUARTERS OFFICE:

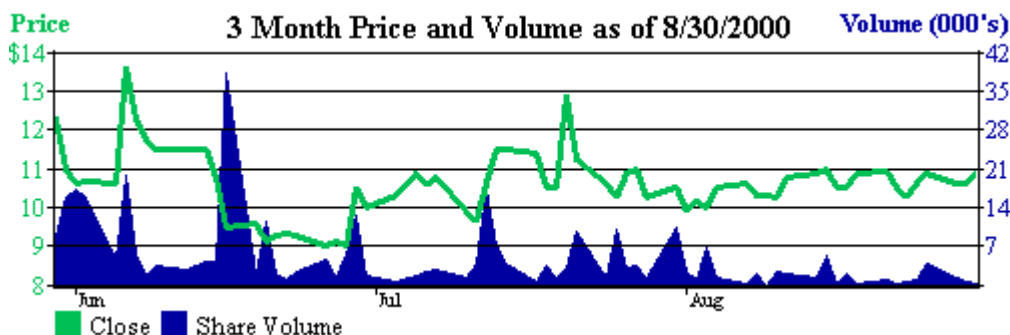
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### AUDITORS:

Ernst & Young LLP  
Vienna, VA

### OFFICERS:

Roberta Lipson Chairperson, President & CEO	Elyse Beth Silverberg Executive VP	Lawrence Pemble Executive VP Finance	Robert C. Goodwin, Jr. Executive VP Operations & General Counsel
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Source of data: NASDAQ/AMEX

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