CONCORD HEALTHCARE GROUP CO., LTD.

美中嘉和醫學技術發展集團股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock code: 2453)

Terms of Reference of the Audit Committee under the Board of Directors

Chapter I General Provisions

Article 1 To improve the internal control and audit system of Concord Healthcare Group Co., Ltd. (the "**Company**"), strengthen the audit and supervision of the Board on internal control and financial information, and to protect the interests of all the shareholders, the Company sets up the Audit Committee (the "**Audit Committee**" or "**Committee**") under the board of directors (the "**Board**") and lays down these terms of reference, pursuant to the Company Law of the People's Republic of China (the "**Company Law**"), the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), the Corporate Governance Code as set out in Appendix C1 of the Listing Rules, the Articles of Association of Concord Healthcare Group Co., Ltd. (the "**Articles of Association**"), and other relevant regulations.

Article 2 The Audit Committee is a specific working body set up by the Board in accordance with the Articles of Association. Its main responsibilities are to review the Company's accounting policies, financial position and financial reporting procedures, communication and coordination between internal and external audits, to inspect the internal control system and supervise its implementation, to carry out inspection and supervision on the Company's internal audit work, internal audit system and its implementation, to guide the work of internal audit department, to give their opinions on the appointment of external audit institutions, to guide and oversee the work of external auditors, to carry out annual audit for the Company, make judgment on the truthfulness, completeness and accuracy of the financial information, to conduct risk assessment on major investment projects being operated by the Company, and to provide opinions and improvement suggestions to the Board as to the matters relating to the internal control, risk and compliance of the Company.

Article 3 The Committee shall be responsible to the Board and report its work to the Board.

Chapter II Composition

Article 4 Members of the Committee shall comprise non-executive directors only. The Committee shall comprise no less than three members, and at least one of whom is an independent non-executive director with appropriate professional qualifications, or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules. The majority of the Committee members must be independent non-executive directors of the Company. The chairman of the Committee must be an independent non-executive director.

Article 5 The members of the Committee shall be elected by the Board with reference to the recommendations and taking into comprehensive consideration the directors' expertise and will as well as the needs of the Board. No former partner of external audit firm currently responsible for auditing the Company' s accounts shall be allowed to serve as a member of the Committee within two years from the following date (whichever is later):

(1) the date on which he/she ceases to be a partner of such external audit firm;

(2) the date on which he/she ceases to have any financial interest in such external audit firm.

Article 6 The Committee shall have a chairman (convener) who shall be an independent non-executive director. The chairman shall be responsible for leading the work of the Committee. Where the chairman cannot perform his/her duties, another member who is an independent non-executive director shall be appointed to perform duties on his/her behalf. If no such member is appointed by the chairman, an independent non-executive director shall be elected by more than half of the members of the Committee to act for the chairman. The chairman of the Committee shall be elected from the members of the Committee and the appointment of the elected person as chairman shall be reported to the Board for approval.

Article 7 The term of office of the Committee shall be the same as that of the Board. A member may serve consecutive terms if re-elected upon expiry of his/her term. If any member ceases to be a director of the Company, or a member who shall serve as an independent non-executive director no longer has the independence required by the Company Law, the Articles of Association and the Listing Rules within his/her term of office, he/she shall be automatically disqualified as the member of the Committee. The Committee members may resign by submitting a written resignation report to the Board prior to the expiry of his/her term of office, provided that the resignation report shall state clearly the reason for resignation and the matters requiring the attention of the Board. Where a member of the Committee loses his/her position as a Committee member or is approved for resignation, the vacancy shall be filled by a member elected by the Board in accordance with provisions set forth above in Articles 4 to 6. The resigning member shall continue to perform his/her duties until the member elected through by-election assumes the office.

Article 8 The Committee may have a secretary to assist with the work of the Committee. The audit department of the Company and its department head or other departments or personnel of the Company designated by the Committee from time to time shall undertake the relevant work of the secretary of the Committee.

The secretary of the Committee shall be mainly responsible for collecting and providing particulars in relation to the regulatory policies of the People's Republic of China, the Company's financial information and internal control, providing the Committee with advice, organizing business routines and meetings and preparing relevant meeting documents.

Chapter III Duties and Authorities

Article 9 The main duties and authorities of the Committee include:

(I) To propose the engagement or replacement of the external audit firm:

1. to make recommendation to the Board on the appointment, reappointment and removal of an external audit firm, to approve the remuneration and the terms of engagement of the external audit firm and any questions of its resignation or dismissal.

2. to review and monitor the independence and objectivity of the external audit firm and the effectiveness of the audit process in accordance with applicable standards; the Committee shall discuss with the external audit firm the nature and scope of audit and the relevant reporting obligations before the audit commences.

3. to develop and implement policy on engaging an external audit firm to supply non-audit services. For this purpose, external audit firm includes any entity which is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Committee shall report to the Board, identifying and making recommendations on any matters for which action or improvement is needed.

4. The Committee shall meet with the external audit firm at least once a year without the executive directors and other senior management members present (other than those invited by the Committee) to discuss matters relating to the cost of auditing, any issues arising from auditing, and any other matters that the audit firm wishes to raise.

(II) To review the financial information of the Company and its disclosure:

1. to monitor the integrity of financial statements and annual reports and accounts, as well as the interim reports and quarterly reports (if prepared for publication) of the Company, and to review the significant financial reporting comments contained in them. In reviewing these reports before submission to the Board, the Committee should focus particularly on:

   (1) any changes in the accounting policies and practices;

   (2) areas involving significant judgement;

   (3) significant adjustments resulting from audit;

(4) the going concern assumptions and any qualifications;

(5) compliance with accounting standards;

(6) external disclosure of the Company; and

(7) compliance with the Listing Rules and legal requirements in respect of financial reporting.

2. For the purpose of item 1 above:

(1) the Committee shall consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or external audit firm; and

(2) members of the Committee shall liaise with the Board and the senior management of the Company. The Committee must meet, at least twice a year, with the Company's external audit firm.

(III) To supervise the financial reporting system, risk management and internal control systems of the Company:

1. to review the Company's financial controls, and review the risk management and internal control systems.

2. to discuss the risk management and internal control systems with the management to ensure that the management has performed its duties to establish effective systems. The discussion shall include the adequacy of the Company's resources, staff qualifications and experience in accounting and financial reporting functions, and the adequacy of training programs for staff and budgets.

3. to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings.

4. to act as the main representative between the Company and the external audit firm and be responsible for monitoring the relationship between the two sides. to ensure that the work of the Company's internal audit department and external audit firm is coordinated; that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness.

5. to review the financial and accounting policies and practices of the Company.

6. to review the external audit firm's management letter, any material queries raised by the external audit firm to management about accounting records, financial accounts or systems of control and management's response.

7. to ensure that the Board will provide a timely response to the issues raised in the external audit firm's management letter.

8. to review the following arrangements set up by the Company: employees of the Company may raise concerns, in confidence, about possible improprieties in financial reporting, internal controls or other matters. The Committee shall ensure that proper arrangements are in place for fair and independent investigation and for appropriate follow-up action in respect of such matters.

9. to develop and review the corporate governance policies and practices of the Company, and make recommendations to the Board.

10. to review and monitor the training and continuous professional development of directors and senior management members.

11. to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements.

12. to supervise the work of internal audit department of the Company and provide comments and suggestions on the appraisal and replacement of the head of the internal audit department of the Company.

13. to monitor against any possible improprieties of the employees of the Company in financial reporting, internal control or other matters.

14. to review the Company's compliance with the Corporate Governance Code and its disclosure in the Corporate Governance Report included in the annual report.

(IV) To report to the Board on matters above.

(V) To consider other topics as defined by the Board.

(VI) The Audit Committee is responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating the internal and external audit as well as internal control. The following matters shall be submitted to the Board for consideration, subject to the approval of more than half of all the members of the Audit Committee:

1. disclosure of financial information and internal control evaluation report in financial and accounting reports and periodic reports;

2. engagement or dismissal of the accounting firm in charge of the audit matters of the Company;

3. engagement or dismissal of the chief financial officer;

4. changes in accounting policies and accounting estimates or correction of major accounting errors for reasons other than changes in accounting standards;

5. other matters as stipulated by laws, administrative regulations, the China Securities Regulatory Commission and the Articles of Association.

(VII) Other matters authorized by the Board and other relevant requirements on the duties and authorities of the Committee as amended from time to time in accordance with the relevant laws and regulations, the Listing Rules and other rules of the place where the Company's securities are listed.

Chapter IV Rules of Procedures

Article 10 Regular meetings of the Committee shall be held at least twice a year and a notice of meeting shall be given to all members three days prior to the meetings; however, this notice period may be waived with the consent of all members.

Article 11 An extraordinary meeting of the Committee may be convened by the chairman or members representing more than half of the Committee. A notice of extraordinary meeting shall be given to all members at least one day prior to the meeting; however, this notice period may be waived with the consent of all members.

Article 12 The Committee members shall attend the meetings in a serious and responsible manner and clearly express their views on the proposals considered. In case a member is unable to attend a meeting of the Committee in person, he/she shall appoint another member in writing as a proxy to vote on his/her behalf, and the member giving the proxy shall bear legal responsibility in relation thereto.

A power of attorney shall state the name of such proxy, the relevant matters, scope of authorization and validity period, and shall be signed or sealed by the appointer. The member attending a meeting on behalf of other member shall produce such power of attorney and exercise the rights within the scope of authorization.

Article 13 If a member of the Committee fails to attend two consecutive meetings of the Committee (either by himself/herself or his/her duly appointed proxy), such member shall be deemed to have failed to perform his/her duties. The Committee shall propose to the Board to remove such member.

Article 14 A meeting of the Committee shall only be held when more than half of its members are present. The meetings shall be held by way of physical meetings in principle, or by way of telecommunication or circulation of written proposal, provided that the members are able to freely express their views and the procedures are in compliance with relevant regulatory requirements.

By way of telecommunication means more than half of the members attend the meeting via telephone, video or other means of communications; by way of circulation of written proposal means the members decide on proposal with separately served considerations or circulated served considerations.

Article 15 Meetings shall be convened and chaired by the chairman of the Committee. The chairman of the Committee may appoint another member who is an independent non-executive director to chair the meeting if he/she is unable to attend the meetings. If no such member is appointed by the chairman, an independent non-executive director shall be elected by more than half of the members of the Committee to chair the meeting.

Article 16 The Committee shall vote by a show of hands or by way of a poll, and each member is entitled to one vote. Resolutions at a Committee meeting may only be passed by more than half of its members.

Article 17 The Committee shall adopt the abstention policy. A member shall abstain from a meeting if the matter considered thereat is related to his/her connected party. Where more than one matter is discussed at a meeting, a member shall abstain from discussion only on the matter for which he/she shall be subject to abstention.

Article 18 Directors and senior management members of the Company who are not the members of the Committee may be invited to attend the Committee meetings when necessary.

Article 19 Minutes of each Committee meeting shall be recorded by the office of the Board or other departments designated by the Board and shall contain the details of the matters considered and decisions made by the Committee at the meeting. Attending members shall have the right to request for the addition of explanatory notes to their speeches in the minutes, including any concerns raised or dissenting views expressed by members. Draft version of the minutes of Committee meetings shall be sent by the office of the Board or other departments designated by the Board to all members of the Committee for their comments within a reasonable time after the meeting and then final versions of minutes shall be sent to all directors. Minutes shall be signed by members of the Committee attending the meeting. The minutes as the archives of the Company shall be permanently kept by the duly appointed secretary of the meeting (usually the secretary of the Company).

Article 20 Resolutions passed at the meeting of the Committee and the voting results thereof shall be reported in writing to the Board.

Article 21 The Committee members present and other attendees have the obligation of maintaining the confidentiality of the matters discussed at the meeting and shall not disclose any relevant information without authorization.

Article 22 The office of the Board or other departments designated by the Board shall be responsible for submitting proposals, organizing meetings, overseeing the implementation and feedback of the resolutions of the Committee and liaising and coordinating with the Committee and the secretary of the Committee. The Committee shall be provided with sufficient resources to perform its duties and the relevant departments of the Company shall cooperate accordingly.

Article 23 The convening procedures, and voting methods, and resolutions passed by the Committee meeting shall comply with the relevant laws, regulations, the Articles of Association and the provisions of these Working Rules.

Chapter V Supplementary Provisions

Article 24 The "above" as mentioned in these Terms of Reference shall be inclusive of the relevant figure; while "over" or "more than" shall be exclusive of the relevant figure.

Article 25 These Terms of Reference shall come into force from the date of consideration and approval by the Board.

Article 26 For matters not covered in these Terms of Reference or in the event of any inconsistency between these Terms of Reference and the provisions of laws, regulations, rules, regulatory documents, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, the provisions of laws, regulations, rules, regulatory documents, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association shall prevail.

Article 27 These Terms of Reference shall be interpreted and amended by the Board of the Company.