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 Remuneration and Appraisal Committee under the Board of Directors

Chapter I General Provisions

Article 1 To further improve the remuneration management policy of directors and senior management of Concord Healthcare Group Co., Ltd. (the "**Company**") and improve the Company's appraisal and evaluation system, the Company sets up the Remuneration and Appraisal Committee (the "**Remuneration 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 Articles of Association of Concord Healthcare Group Co., Ltd. (the "**Articles of Association**"), and other relevant regulations.

Article 2 The Remuneration Committee is a specific working body set up by the Board in accordance with the Articles of Association. Its main responsibilities are to study the appraisal and evaluation criteria for directors and senior management, conduct appraisals and make suggestions, study and formulate remuneration plans for directors and senior management, advise the Board and monitor the implementation of the remuneration plans.

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

The term "directors" as stated in these Terms of Reference refers to the directors who receive remuneration from the Company, and senior management members include general manager, deputy general managers, and secretary of the Board appointed by the Board, and other persons recognized as senior management members in accordance with the Articles of Association.

Chapter II Composition

Article 4 The Committee shall comprise no less than three directors, the majority of whom shall be independent non-executive directors.

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.

Article 6 The Committee shall have a chairman (convener) who shall be an independent non-executive director. The chairman shall be responsible for convening and 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 the 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 human resource 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 responsible for collecting and providing particulars in relation to remuneration policies, performance evaluation and appraisal for directors and senior management of peer companies, 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 make recommendations to the Board on the Company's policy and structure for all directors' and senior management members' remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(II) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

(III) either of the followings:

(i) to formulate remuneration programs, plans and structures for individual executive directors and senior management members in accordance with the delegated responsibilities of the Board; or

(ii) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management members.

Such remuneration packages shall include non-monetary benefits, pension rights and amounts of compensation (including compensation for loss or termination of office or appointment);

(IV) to make recommendations to the Board on the remuneration of non-executive directors;

(V) to consider the salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

(VI) to review the performance of duties by directors and senior management and perform annual performance evaluations on them;

(VII) to review and approve the compensation payable to executive directors and senior management for their loss or termination of their office or appointments to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

(VIII) to review and approve the compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

(IX) to ensure that no director or any of his/her associates is involved in deciding his/her own remuneration;

(X) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules; and

(XI) 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.

The Remuneration and Appraisal Committee is responsible for formulating evaluation standards for directors and senior management members, conducting the evaluation, formulating and reviewing the remuneration decision mechanisms, the decision-making procedures, the payment and cessation of payment recovery arrangements, and other remuneration policies and plans for directors and senior management members, and making recommendations to the Board on the following matters:

(I) the remuneration of directors and senior management members;

(II) the formulation or amendment of equity incentive plans, employee stock ownership plans, and the granting of rights to incentive recipients and the achievement of conditions for the exercise of such rights by incentive recipients;

(III) the arrangement of stock ownership plans for directors and senior management members in the event of a proposed spin-off of a subsidiary;

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

Where the Board does not adopt or fully adopt the recommendations of the Remuneration and Appraisal Committee, it shall record the opinions of the Remuneration and Appraisal Committee and the specific reasons for not adopting such recommendations in the resolution of the Board.

Article 10 The remuneration plans for directors proposed by the Committee shall first be approved by the Board and then be submitted to the shareholders for consideration and approval at a general meeting before they could be implemented. Remuneration plans for senior management shall be required to be reported to the Board for consideration and approval. The remuneration plans proposed by the Committee shall not impair shareholders' interests.

In accordance with the Listing Rules, the above service contracts of directors, which are subject to the shareholders' approval, include:

(I) service contracts with a term of more than three years; or

(II) contracts which may not be terminated by the Company unless a more than one year's notice is given or compensation or other payments amounting to more than one year's emoluments are made.

The Committee shall comment on the above service contracts of directors which are subject to the shareholders' approval, and notify shareholders that whether relevant contract terms are fair and reasonable, whether relevant contracts are in the interest of the Company and its Shareholders as a whole, and how Shareholders (other than those Shareholders who are directors and have a material interest in such service contracts, as well as associates thereof) should vote and give opinions.

Article 11 When the Committee conducts an appraisal on a senor management member, the secretary of the Committee shall provide the following information, including but not limited to:

(I) status of fulfillment of the Company's main financial indicators and business objectives;

(II) scope of work and performance of main duties of the senior management member;

(III) extent to which the goals set out under the job performance appraisal system have been achieved by the senior management member;

(IV) remuneration plans for the senior management member and the basis for such plans.

The Committee's appraisal procedures for directors and senior management members:

(I) The Company's directors and senior management members report their work and make self-evaluation to the Board;

(II) The Committee evaluates the performance of directors and senior management members in accordance with the performance evaluation standards and procedures;

(III) The Committee proposes the amount of remuneration and reward method for directors and senior management members in accordance with the job performance evaluation results and the remuneration distribution policies, and submit them to the Board after being approved.

Chapter IV Rules of Procedures

Article 12 Regular meetings of the Committee shall be held at least once 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 13 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 14 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 15 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 16 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 17 Meetings shall be 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.

Article 18 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 19 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 20 Where a Committee meeting is convened to review the performance or to evaluate the remuneration of an individual director or senior management member, such person shall be abstained from the meeting. Where a member of the Committee personally or his/her close family members or other enterprises controlled by the member of the Committee and his/her close family members has a direct or an indirect interest in the issues discussed at the meeting, the Committee member shall disclose the nature and extent of the interest to the Committee as soon as possible.

Article 21 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 of the meeting of the Committee shall be permanently kept as the archives of the Company by the office of the Board or other departments designated by the Board.

Article 22 Resolutions passed at the meeting of the Committee and the voting results thereof shall be reported in writing to the Board.

Article 23 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 24 The Committee shall consult the chairman of the Board and/or the general manager on the remuneration proposals for other executive directors. If necessary, the Committee may engage external experts or intermediaries to provide professional advices on the matters to be discussed at a meeting at the reasonable expense of the Company.

Article 25 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.

Chapter V Supplementary Provisions

Article 26 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 27 These Terms of Reference shall come into force from the date of consideration and approval by the Board.

Article 28 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 29 These Terms of Reference shall be interpreted and amended by the Board of the Company.