Bowen Fintech Plc

(*to be renamed MOH Nippon Plc*)

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

1 DEFINITIONS

1.1 In this document, unless the context otherwise requires:

(a) the "**Board**" shall mean the board of directors of the Company;

(b) the "**Committee**" shall mean the audit committee of the Company;

(c) the "**Committee Chairman**" shall mean the chairman of the Committee;

(d) the "**Company**" shall mean Bowen Fintech Plc (to be renamed MOH Nippon Plc);

(e) the "**Ethical Standard**" shall mean the Financial Reporting Council's Revised Ethical Standard and as amended from time to time;

(f) the "**Group**" shall mean the Company and its subsidiaries;

(g) the "**Listing Rules**" shall mean the UK Financial Conduct Authority's Listing Rules and as amended from time to time; and

(h) the "**QCA Code**" shall mean the Quoted Companies Alliance Corporate Governance Code published by the Quoted Companies Alliance and as amended from time to time.

2 CONSTITUTION

2.1 The Committee was constituted by a resolution of the Board at a meeting held on 30 July 2024 in accordance with the articles of association of the Company.

3 PURPOSE OF THE COMMITTEE

3.1 The purpose of the Committee is:

(a) to oversee the Group's internal financial controls and risk management systems;

(b) to recommend the half and full year financial results to the Board; and

(c) to review and monitor the financial performance and the integrity of the financial statements of the Group, including its annual and interim reports, preliminary results, and any other formal reports and announcements relating to the Group's financial performance.

3.2 In addition, the Committee shall:

(a) appoint internal auditors (where appropriate) and maintain an appropriate relationship with them and the external auditor of the Group; and

(b) report the findings and recommendations of the internal and external auditors to the Board.

4 MEMBERSHIP

4.1 The Committee shall at all times comprise at least two members. All members of the Committee shall be independent non-executive directors, at least one of whom shall have recent and relevant financial experience and with competence in accounting and/or auditing. The Committee as a whole shall have competence relevant to the sector(s) in which the Company operates. Membership shall include, where possible, one member of the Company's remuneration committee. The chairman of the Board shall not be a member of the Committee.

4.2 All members of the Committee shall have sufficient competence to understand, analyse and, when necessary, challenge the management accounts and financial statements. The Committee members, collectively, shall have a good range of skills and competence relevant to accounting, audit, risk management, financial governance, and technical issues as relevant to the Group.

4.3 Appointments to the Committee shall be made by the Board, in consultation with the Committee Chairman, and shall be for a period of up to three years (subject to the relevant director remaining a member of the Board), which may be extended for up to two additional three-year periods, provided that the relevant director continues to meet the criteria for membership of the Committee.

4.4 The Board shall appoint the Committee Chairman, who shall be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy at a Committee meeting, the remaining members present shall elect one of themselves to chair the meeting.

5 SECRETARY

5.1 The company secretary, or his or her nominee, shall act as the secretary of the Committee and will ensure that the Committee (and any other attendee as appropriate) receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

5.2 The secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

6 ATTENDANCE AT MEETINGS

6.1 The quorum necessary for the transaction of business by the Committee shall be two members, one of whom shall have recent and relevant financial experience and be competent in accounting and/or auditing. No meeting may be convened unless all members of the Committee have received reasonable notice of the meeting. Whenever it is practicable, meetings should be arranged so that all Committee members can be present.

6.2 Only members of the Committee have the right to attend Committee meetings. However, the chief financial officer, head of internal audit and external audit lead partner will be invited to attend meetings of the Committee on a regular basis and other non-members may be invited to attend all or part of any meeting, as and when appropriate and necessary.

7 MEETINGS BY TELEPHONE OR OTHER ELECTRONIC MEANS

7.1 A meeting of the members of the Committee may consist of a conference call between Committee members some or all of whom could be in different places provided that each Committee member participates in the business of the meeting whether directly or indirectly by telephone or any other electronic means which enables him or her:

(a) to hear each of the other participating Committee members addressing the meeting; and

(b) if he or she so wishes, to address all other participating Committee members simultaneously.

7.2 A quorum is deemed to be present if Committee members meeting the minimum number required to form a quorum participate in the manner specified in paragraph 7.1 above in the business of the meeting.

7.3 A Committee meeting held in the manner specified in paragraph 7.1 above is deemed to take place at the place where the largest group of participating Committee members is assembled or, if no such group is readily identifiable, at the place from where the chairman of the meeting participates.

8 FREQUENCY OF MEETINGS

8.1 The Committee shall meet at least twice a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required as agreed between the members of the Committee or as requested by the Committee Chairman.

8.2 Outside of the formal meeting programme, the Committee Chairman, and to a lesser extent the other Committee members, will maintain a dialogue with key individuals involved in the Company's governance, including the chairman of the Board, the chief executive, the chief financial officer, the external audit lead partner, and the head of internal audit.

8.3 Meetings of the Committee will be arranged to tie in with the publication of the Company's financial statements. Meetings should be held in advance of any Board meeting at which accounts or financial statements are to be provided.

8.4 Meetings of the Committee shall be called by the secretary of the Committee at the request of any member of the Committee, the external audit lead partner, or the head of internal audit (if appointed and through the Committee Chairman) where they consider necessary.

9 NOTICE OF MEETINGS

9.1 Unless otherwise agreed by the Committee, notice of each meeting confirming the venue, time, and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than five working days before the date of the meeting (or such shorter period of time as the members of the Committee may otherwise agree). Supporting papers shall be sent to Committee members and to other attendees, as appropriate at the same time.

9.2 Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such a way.

10 DECISIONS OF MEETINGS

10.1 Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.

10.2 If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.

10.3 Decisions of the Committee will be made by majority vote. In the event of an equality of votes, save where he/she has a personal interest, the Committee Chairman will have a casting vote.

11 MINUTES OF MEETINGS

11.1 The secretary of the Committee shall minute the proceedings and decisions of all Committee meetings, including recording the names of those present and in attendance.

11.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved by the Committee Chairman, minutes shall be circulated to all other members of the Board as a formal record of the decisions and recommendations of the Committee unless exceptionally it would be inappropriate to do so in the opinion of the Committee Chairman, for example in the event of a conflict of interest.

11.3 Final signed copies of the minutes of the meeting of the Committee should be maintained for the Company's records, in hard and soft copy where possible.

12 ANNUAL GENERAL MEETING

12.1 The Committee Chairman shall attend the annual general meeting to answer any shareholder questions on the Committee's activities. In addition, the Committee Chairman should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

13 DUTIES

13.1 The Committee should have oversight of the Group as a whole and, unless required otherwise by regulation, carry out the duties below for the Company, major subsidiary undertakings and the Group as a whole.

Financial Reporting

13.2 The Committee shall:

(a) monitor and discuss with management the integrity of the financial statements of the Group, including:

(i) its annual and half-yearly reports; and

(ii) any other interim report, preliminary result, announcement or formal statements relating to its financial performance;

(b) review and report to the Board on significant financial reporting issues and judgements which the financial statements, interim reports, preliminary announcements and related formal statements contain having regard to matters communicated to it by the external auditor;

(c) review and challenge where necessary:

(i) the consistency, application and appropriateness of significant accounting policies;

(ii) any changes to significant accounting policies both on a year-on-year basis and across the Company and the Group, including the application of new accounting policies in interim accounts, and the plan to communicate those changes to shareholders and the market;

(iii) management's assessment of the impact of new accounting policies on the distributable reserves of the Company and its subsidiaries;

(iv) whether the Group has adopted appropriate accounting standards and made appropriate estimates and judgements, taking into account the external auditor's views;

(v) the level of clarity and completeness of financial reporting disclosures and any changes to those disclosures, including the review of any correspondence between the Group and the external auditor;

(vi) the methods used to account for significant or unusual transactions (including any off-balance sheet arrangements) where different approaches are possible;

(vii) significant adjustments resulting from the external audit;

(viii) the assumptions or qualifications in support of the going concern statement (including any material uncertainties as to the Group's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements) and the longer term viability statement (including an assessment of the prospects of the Group looking forward over an appropriate and justified period), including the robustness of stress-testing and scenario planning, and disclosures around such analysis;

(ix) the legality of any proposed dividend and the company's ability to pay it and remain a going concern; and

(x) assurances about the financial systems which provide the figures for the accounts and the quality of control over the preparation of the accounts.

(d) monitor compliance with financial reporting standards and the Listing Rules and related guidance and other financial and governance reporting requirements;

(e) review all material information presented with the financial statements, such as the strategic report and the corporate governance statements, insofar as it relates to audit and risk management;

(f) review the disclosures in the annual report concerning the Group's pension funds if not reviewed by the Board as a whole;

(g) review first any other statements that contain financial information and require Board approval, if carrying out a review before Board approval would be practicable and consistent with any prompt reporting requirements under any law or regulation including the Listing Rules, the Prospectus Regulation Rules and the Disclosure Guidance and Transparency Rules sourcebook; and

(h) where the Committee is not satisfied with any aspect of the proposed financial reporting by the Group, report its views to the Board.

Narrative Reporting

13.3 Where requested by the Board, the Committee shall review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy and whether it informs the Board's statement in the annual report on these matters.

Internal Controls and Risk Management Systems

13.4 The Committee shall:

(a) Risk assessment and management

(i) on behalf of the Board (which retains overall responsibility for risk management), review and monitor the Group's risk management systems and overall risk framework and processes, and their effectiveness at least annually;

(ii) consider the appropriate risk appetite for the Group across all major activities, taking into account the overall strategy of the Group, its future plans and other internal information, as well as the external environment, including economic, political and industry information;

(iii) oversee and advise the Board on and annually consider how the remuneration of executives shapes their view of risk;

(iv) on an annual basis, ensure that a robust assessment of the emerging and principal risks facing the Group has been undertaken (including those risks that would threaten its business model, future performance, solvency or liquidity and reputation) and that procedures are in place to identify emerging risks and provide advice on the management and mitigation of those risks.

(v) oversee the current and prospective risks faced by the Group and its strategy in relation to future risks;

(vi) ensure that risk management is properly considered in Board decisions;

(vii) review the methodology for reporting risk to the Board, including both quantitative and qualitative measures;

(viii) set triggers for reporting and escalation of significant emerging risks which may be critical to the Group and assess the Group's ability to manage new risks;

(ix) ensure the risk management function is properly resourced, with adequate information rights and sufficient independence such that it is free from management interference.

(x) consider whether risks have been properly considered in relation to all major transactions by the Group, including but not limited to mergers and acquisitions, disposals, joint ventures, significant expenditure on property,

plant and equipment and material multi-year service contracts. This should involve consideration of whether all due diligence and/or procurement processes have been carried out, including obtaining external advice, as well as an assessment of whether the transaction meets the Group's risk appetite criteria and the implications for future risk tolerance; and

(xi) review all material adverse crystallisation of risks, including those involving breaches of the Group's procedures, carrying out root cause analysis and introducing lessons learned into the risk management system;

(b) Internal controls

review the Group's internal financial controls and internal control systems and, at least annually, carry out a review of its effectiveness;

(c) On-going viability

provide advice on how, taking into account the Group's position and principal risks, the Group's prospects have been assessed, over what period and why the period is regarded as appropriate. The Committee shall also advise on whether there is a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the said period, drawing attention to any qualifications or assumptions as necessary and taking into account relevant scenario planning and stress-testing;

(d) Management and internal and external audit reports

(i) review the assurance reports from management on the effectiveness of the internal control and risk management systems and from the internal audit, the external auditor and others on the operational effectiveness of matters related to risk and control. The Committee should satisfy itself that these sources of assurance and information are sufficient and objective and are enough to enable the Board to satisfy itself that they are operating effectively; and

(ii) review the timeliness of, and reports on, the effectiveness of corrective action taken by management in response to any material external or internal audit recommendation;

(e) Disclosures

(i) review and approve the statements to be included in the annual report concerning internal controls, risk management and the viability statement, and ensure that relevant disclosures are given in the directors' report as to the Group's risk management and strategy in relation to financial instruments;

(ii) consider any necessary disclosure implications of the process that has been applied by the Board to deal with material internal control aspects of any significant problems disclosed in the annual report and accounts; and

(iii) consider the major findings of any relevant internal investigations into risk and control weaknesses, fraud, or misconduct and management's response, and

(iv) consider whether any such failures or weaknesses are significant and therefore require disclosure, the basis and accuracy of explanations given as to what actions are being taken to address them, and whether the level of disclosure of such actions is appropriate.

Compliance, Whistleblowing and Fraud

13.5 The Committee shall:

(a) review the adequacy and security of the Group's arrangements for its employees, contractors and external parties to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;

(b) review the Group's procedures for detecting fraud;

(c) review reports on any whistleblowing events and how they are dealt with, confirming that any individuals raising genuine concerns were not penalised or adversely affected;

(d) review the Group's systems and controls for the prevention of bribery and receive reports on non-compliance;

(e) review regular reports from the money laundering reporting officer and the adequacy and effectiveness of the Group's anti-money laundering systems and controls; and

(f) review regular reports from the compliance officer and keep under review the adequacy and effectiveness of the Group's compliance function.

Internal Audit

13.6 Where there is no internal audit function, consider annually whether the Group's size and activities are such that an internal audit function should be established and, if so, determine its remit and make a recommendation to the Board. The Committee shall consider whether there are any trends or current factors relevant to the Group's activities, markets or other aspects that have increased, or are expected to increase, the risks faced by the Group.

External Audit

13.7 The Committee shall:

(a) consider and challenge the effectiveness of external audit and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the Group's external auditor;

(b) develop and oversee the selection process for the appointment of the audit firm, ensuring that all tendering firms have access to all necessary information and individuals during the tendering process;

(c) if an external auditor resigns, investigate the issues leading to this and decide whether any action is required;

(d) oversee the relationship with the external auditor. In this context the Committee shall:

(i) approve their remuneration, including both fees for audit and non-audit services, and ensure that the level of fees is appropriate to enable an effective and high-quality audit to be conducted; and

(ii) approve their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;

(e) assess annually the external auditor's independence and objectivity taking into account relevant UK law, regulation, the Ethical Standard and other professional requirements and the Group's relationship with the auditor as a whole, including any threats to the auditor's independence and the safeguards applied to mitigate those threats including the provision of any non-audit services;

(f) satisfy itself that there are no relationships between the auditor and the Group (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;

(g) agree with the Board a policy on the employment of former employees of the Group's auditor, taking into account the Ethical Standard and legal requirements, and monitor the application of this policy;

(h) monitor the auditor's processes for maintaining independence, its compliance with relevant UK law, regulation, other professional requirements and the Ethical Standard, including the guidance on the rotation of audit partner and staff;

(i) monitor the level of fees paid by the Group to the external auditor compared to the overall fee income of the firm, office and partner and assess these in the context of relevant legal, professional and regulatory requirements, guidance and the Ethical Standard;

(j) assess annually the qualifications, expertise and resources, and independence of the external auditor and the effectiveness of the external audit process, which shall include a report from the external auditor on their own internal quality procedures;

(k) seek to ensure coordination of the external audit with the activities of the internal audit function, if applicable;

(l) evaluate the risks to the quality and effectiveness of the financial reporting process in the light of the external auditor's communications with the Committee;

(m) develop and recommend to the Board the Group's formal policy on the provision of non-audit services by the auditor, including approval of non-audit services by the Committee and specifying the types of non-audit service to be pre-approved, and assessment of whether non-audit services have a direct or material effect on the audited financial statements. The policy should include consideration of the following matters:

(i) threats to the independence and objectivity of the external auditor and any safeguards in place;

(ii) the nature of the non-audit services;

(iii) whether the external audit firm is the most suitable supplier of the non-audit service;

(iv) the fees for the non-audit services, both individually and in aggregate, relative to the audit fee; and

(v) the criteria governing compensation;

13.8 meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and, at least once a year, meet with the external auditor without management being present, to discuss the auditor's remit and any issues arising from the audit;

13.9 discuss with the external auditor the factors that could affect audit quality and review and approve the annual audit plan, ensuring it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;

13.10 review the findings of the audit with the external auditor. This shall include but not be limited to, the following:

(a) a discussion of any major issues which arose during the audit;

(b) the overall effectiveness of the audit;

(c) the auditor's explanation of how the risks to audit quality were addressed;

(d) key accounting and audit judgments;

(e) the auditor's view of their interactions with senior management; and

(f) levels of errors identified during the audit;

13.11 review any representation letter(s) requested by the external auditor before they are signed by management;

13.12 review the management letter and management's response to the auditor's findings and recommendations;

13.13 review the annual financial statements of the pension funds, where applicable and where not reviewed by the Board as a whole;

13.14 review the effectiveness of the audit process, including an assessment of the quality of the audit, the handling of key judgments by the auditor, and the auditor's response to questions from the Committee; and

13.15 ensure that external auditor rotation and/or retendering is undertaken in a manner consistent with applicable standards.

14 REPORTING RESPONSIBILITIES

14.1 The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities. This report shall include:

(a) the significant issues that it considered in relation to the financial statements (required under paragraph 13.2(a)) and how these were addressed;

(b) its assessment of the effectiveness of the external audit process (required under paragraph 13.7(j)), the approach taken to the appointment or reappointment of the external auditor, length of tenure of audit firm, when a tender was last conducted and advance notice of any retendering plans; and

(c) any other issues on which the Board has requested the Committee's opinion.

14.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

14.3 The Committee shall compile a report on its activities to be included in the Group's annual report. The report should include an explanation of how the Committee has addressed the effectiveness of the external audit process; the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the auditor; and all other information requirements set out in the QCA Code.

14.4 In compiling the reports referred to in 14.1 and 14.3, the Committee should exercise judgment in deciding which of the issues it considers in relation to the financial statements are significant, but should include at least those matters that have informed the Board's assessment of whether the Company is a going concern and the inputs to the Board's viability statement. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts but could provide cross-references to that information.

15 OTHER MATTERS

15.1 The Committee shall:

(a) have access to sufficient resources in order to carry out its duties, including access to the company secretary for assistance as required;

(b) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;

(c) give due consideration to relevant laws and regulations, including but not limited to the provisions of the QCA Code, the requirements of the Listing Rules, the Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules, as appropriate;

(d) be responsible for oversight of the coordination of the internal and external auditors;

(e) oversee any investigation of activities which are within its terms of reference;

(f) work and liaise as necessary with all other committees of the Board, taking particular account of the impact of risk management and internal controls being delegated to different committees;

(g) arrange for periodic reviews of its own performance; and

(h) at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

16 AUTHORITY

16.1 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

16.2 The Committee is authorised by the Board to carry out the duties set out in these terms of reference and is authorised to:

(a) seek any information it requires from any employee of the Company in order to perform its duties;

(b) obtain, at the Company's expense (within such limits as may be authorised by the Board from time to time), independent legal, accounting or other professional advice on any matter within its terms of reference as it considers necessary;

(c) call any employee to be questioned at a meeting of the Committee as and when required; and

(d) have the right to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board.