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If you sell or have sold or otherwise transferred all your Ordinary Shares, please send this document, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer is or was effected, for delivery to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws of such jurisdiction. If you have sold only part of your holding of Ordinary Shares, you should retain these documents and consult the stockholder, bank or other agent through whom the sale was effected.

Subject to the Resolutions being passed, an application will be made to the FCA for the category of the Company's listing of Ordinary Shares on the Official List to be transferred from Premium Listing to Standard Listing. Following the transfer to Standard Listing, the Ordinary Shares will continue to be traded on the London Stock Exchange's Main Market for listed securities.

BDO LLP, which is authorised and regulated in the United Kingdom by the FCA, is acting for the Company and for no one else (subject to the responsibilities and liabilities imposed by the FSMA or the regulatory regime thereunder) and will not be responsible to any other person for providing the protections afforded to customers of BDO LLP in providing advice or in relation to any matters referred to in this document.



TEX HOLDINGS PLC

(Incorporated and registered in England and Wales under Companies Act 1985 with registered number 00405838)

APPROVAL OF RELATED PARTY TRANSACTION, PROPOSED TRANSFER OF THE COMPANY'S LISTING CATEGORY ON THE OFFICIAL LIST FROM PREMIUM LISTING TO STANDARD LISTING AND NOTICE OF EXTRAORDINARY GENERAL MEETING

This document should be read in conjunction with the enclosed Form of Proxy and the definitions set out in Part V of this document. The whole of this document should be read and, in particular, your attention is drawn to the letter from the Chairman of the Company which is set out in Part I of this document and which contains the unanimous recommendation from the Board to Shareholders to vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

Your attention is also drawn to Part II "Risk Factors" of this document, which sets out and describes certain risks that Shareholders should consider carefully when deciding whether or not to vote in favour of the Resolutions to be proposed at the General Meeting.

Notice of a General Meeting of the Company to be held at the office of Tex Holdings plc, Claydon Business Park, Gipping Road, Great Blakenham, Ipswich, Suffolk IP6 0NL at 12.30 pm on 11 October 2019 at the relevant time is set out at the end of this document. A Form of Proxy for use at the General Meeting is enclosed. Whether or not you intend to be present at the General Meeting in person, you are asked to complete, sign and return the accompanying Form of Proxy in accordance with the instructions printed on it as soon as possible but, in any event, so as to be received by the Company's Registrar, Computershare Investor Services PLC by no later than 9 October 2019 at 12.30 pm. Alternatively to completing the hard-copy proxy form, you may submit your proxy vote electronically via the Registrar's website by visiting <http://www.investorcentre.co.uk/eproxy> and entering the Control Number, PIN and your Shareholder Reference Number as stated on the enclosed proxy form. If you are a member of CREST you may be able to use the CREST electronic proxy appointment service. Proxies sent electronically must be sent as soon as possible and, in any event, so as to be received by not later than 9 October 2019 at 12.30 pm.

A summary of the action to be taken by Shareholders is set out on page 12 of this document and in the accompanying Notice of General Meeting. The completion and return of a Form of Proxy or submission of your proxy electronically or completing and transmitting a CREST Proxy Instruction will not prevent you from attending the General Meeting and voting in person (in substitution for your proxy vote) if you wish (and are so entitled).

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2019

Proposed Transfer announced	13 September
Publication of Circular	13 September
Latest time and date for receipt of a Form of Proxy	12.30 pm on 9 October
Latest time and date for receipt of a CREST Proxy Instruction	12.30 pm on 9 October
General Meeting	12.30 pm on 11 October
Expected date upon which the Proposed Transfer will become effective	The Company will give at least 20 business days' notice by an announcement through the Regulatory Information Service of the date that the Proposed Transfer will become effective and the earliest date the Proposed Transfer can become effective is 12 November 2019*

Notes:

- (1) *Assuming that the Resolutions are passed at the General Meeting and agreement with the FCA, the Company intends to issue an announcement through the Regulatory Information Service giving the required 20 Business Day's notice on or around 14 October 2019.
- (2) The dates and times given in this document are based on the Company's current expectations and may be subject to change.
- (3) If any of the above times and/or dates change, the revised time and/or dates will be notified to Shareholders by announcement through the Regulatory Information Service of the London Stock Exchange.

FORWARD-LOOKING STATEMENTS

This document may include forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believe", "anticipate", "expect", "intend", "aim", "plan", "predict", "continue", "assume", "positioned", "may", "will", "should", "shall", "risk" and other similar expressions that are predictions of or indicate future events, trends or intentions. These forward-looking statements include all matters that are not current or historical facts. In particular, any statements regarding the Group's strategy, future financial position and other future events or prospects are forward-looking statements. Shareholders should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond the control of the Company. By their nature, forward-looking statements involve risks and uncertainties because such statements relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not indicative of future performance and the actual results of operations and financial condition of the Group, and the development of the industry in which the Group operates, may differ materially from those made in or suggested by the forward-looking statements contained in this document.

Important risk factors which may cause actual results to differ include, but are not limited to, those described in Part II "Risk Factors" of this document. The cautionary statements set out

above should be considered in connection with any subsequent written or oral forward-looking statements that the Company, or persons acting on its behalf, may issue. These forward-looking statements are not intended to provide any representations, assurances or guarantees as to future events or results. To the extent required by the Listing Rules, the Prospectus Rules, the Market Abuse Regulation, the Disclosure Guidance and Transparency Rules and other applicable regulation, the Company will update or revise the information in this document. Otherwise, the Company undertakes no obligation to update or revise any forward-looking statements or other information, and will not publicly release any revisions it may make to any forward-looking statements or other information that may result from events or circumstances arising after the date of this document. Other than as expressly stated, no statement in this document is intended to constitute a profit forecast or profit estimate for any period, nor should any statement be interpreted to mean that earnings or earnings per share will necessarily be greater or lesser than those for the relevant preceding financial periods for the Company

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	George Christopher Gray Anthony Richard Brocas Burrows Christopher David Palmer-Tomkinson David Redhead Christopher Andrew Parker
Company Secretary	Christopher Andrew Parker
Registered Office	Claydon Business Park Gipping Road Great Blakenham Ipswich Suffolk IP6 0NL
Sponsor	BDO LLP 55 Baker Street London W1U 7EU
Legal advisers to the Company	Birketts LLP Providence House 141-145 Princes Street Ipswich Suffolk IP1 1QJ
Registrars	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZY



PART I

LETTER FROM THE CHAIRMAN

(Incorporated and registered in England and Wales under company number 00405838)

Registered Office:

Claydon Business Park, Gipping Road, Great Blakenham, Ipswich, Suffolk IP6 0NL

Directors:

GC Gray

ARB Burrows

CD Palmer-Tomkinson

D Redhead

CA Parker

13 September 2019

Dear Shareholder

Approval of a proposed loan facility from an associate of Mr A R B Burrows as a Related Party transaction and proposed transfer of the Company's listing category on the Official List from Premium Listing to Standard Listing

1. Introduction

The purpose of this document is to explain to you the Proposed Transaction and the Proposed Transfer, which the Directors believe are of significant importance to the Company and to explain why the Directors consider both to be in the best interests of the Company and the Shareholders as a whole, and to seek the approval of the Shareholders at the General Meeting for the Proposed Transaction and Proposed Transfer.

2. Background to and reasons for the Proposed Transaction

In announcements made on 15 April 2019 and 29 April 2019, the Company stated that because of weak trading, it had breached certain financial performance covenants contained in the banking documentation with its bank, National Westminster Bank PLC. Following this, NatWest informed the Company that it would be withdrawing the Company's overdraft facility of £3.2 million ("**NatWest Overdraft**").

The Independent Directors have approached other debt funders to obtain replacement sources of funding for this facility but without success. However, Mr A R B Burrows has agreed that Edward Le Bas Properties will provide the Company with up to £7 million in secured loan facilities in order to replace the NatWest Overdraft and to provide additional finance to build a new factory and associated working capital.

Edward Le Bas Properties is a Related Party under Chapter 11 of the Listing Rules by virtue of it being an associate of Mr Burrows. Mr Burrows is an existing Director, was previously for many years Chairman of the Company and Mr Burrows' associates are currently interested in approximately 40 per cent. of the ordinary shares in Tex Holdings.

Therefore the availability and draw down of the Edward Le Bas Properties loan facility and the grant of security in respect of it ("**Proposed Transaction**"), are conditional upon the approval of Shareholders of the Company in accordance with Chapter 11 of the Listing Rules.

Under the Listing Rules, Edward Le Bas Properties and Mr Burrows, as related parties of the Company, cannot vote on the Proposed Transaction. Accordingly, Edward Le Bas Properties has undertaken to abstain and Edward Le Bas Properties and Mr Burrows (who does not hold any Ordinary Shares personally and would therefore not be entitled to vote) have undertaken to ensure that their associates will abstain, from voting on Resolution 1.

In the final quarter of 2018, Mr A R B Burrows, through Le Bas Investment Trust provided an unsecured short term loan facility of £1.8 million to the Company to allow construction work on the new factory to continue and to cover short term working capital movements. At 31 December 2018, the drawn down loan balance stood at £1.3 million and at the date of this document at £1.8 million. The proposed £7 million secured loan facility would replace this short term loan as well as the NatWest Overdraft. The short term loan facility was also a Related Party transaction under Chapter 11 of the Listing Rules and should have been subject to the approval of Shareholders. This was an oversight by the Company at the time.

3. Principal terms and conditions of the Edward Le Bas Properties loan facility

The principal terms of the Edward Le Bas Properties loan facility are:

- up to £7 million to be provided by way of a term loan, of which £6 million is to be drawn on commencement and a further £1 million available in the following 24 months;
- interest to be chargeable at the rate per annum of the higher of 8 per cent. or 7.25 per cent. over LIBOR with a non-utilisation fee equivalent to 3 per cent.;
- if interest is not paid, a penalty cost of interest on the unpaid amount at a rate of interest of 1 per cent. higher than the rate of interest which would otherwise have been applicable to the loan facility at that time;
- the only substantive covenant is that Shareholders' funds should be at least £5 million;
- to be secured by a fixed and floating charge over the assets of the Group (which currently represent approximately £22 million which represents an initial loan to value of 32 per cent.) other than two freehold properties owned by the Company's subsidiary, QK Honeycomb Products Limited. After the first 12 months the security over the debtor book for the plastics division (which currently represents approximately £4.5 million) will be released;
- for the first 12 months the loan will require interest payments only and no repayment of principal is required;
- the repayment schedule for the amount of the term loan allows the Company to choose to pay up to £1 million per annum, for up to 10 years following the first anniversary of the entering into of the Edward Le Bas Properties loan facility;
- the Company can choose to pay more than £1 million per annum but would incur an early repayment penalty of 3 per cent. on the excess amount repaid; and
- security restrictions to include no disposals of any business assets other than in the ordinary course of business and no substantial change to the general

nature or scope of the business without the consent of Edward Le Bas Properties.

The Board believes that it is in the interests of the Company and the Shareholders as a whole to have the financial certainty that committed long term debt of this quantum provides. Consequently there is no immediate plan to refinance the loan facility with a bank or financial lending institution and given the repayment schedule, the proposed Edward Le Bas Properties loan facility is likely to be in place in whole or in part for at least 7 years. The Board will continue to review the financing arrangements going forward to assess whether there is any benefit in refinancing the Edward Le Bas Properties loan facility.

As stated above, the Company is required to repay the NatWest Overdraft of £3.2 million, following the outcome of the General Meeting. NatWest has agreed that, following the repayment of the NatWest Overdraft, £700,000 of its existing loan facilities will remain in place if the Edward Le Bas Properties loan facility is entered into. This will be repaid at the rate of £100,000 per quarter through to June 2021. There would be no covenants on the loan moving forward as the amount is beneath the covenant threshold. The security for the loan would be the cross guarantee supported by legal mortgages over two freehold properties owned by QK Honeycomb Products Limited. The two properties are outside the security relating to the proposed Edward Le Bas Properties loan. The two properties have just been independently valued at £1.9 million, which represents an initial loan to value of 42 per cent. Once there is enough written down cover over one of the properties, NatWest has indicated that it would be willing to release the charge over one of the properties.

NatWest has also indicated that its bonds and guarantees for a value totalling £337,000 would also remain in place on a cash cover basis and that the bank is not averse to providing new bonds. The requirement for cash cover is common where the bank has a contingent liability.

The Company has also had discussions with another bank which has indicated it is willing to provide bonds and guarantees secured on one of the two properties described above, once it has been released from NatWest. In addition, this bank has agreed to advance funds against a recent new piece of plant and indicated further funds for additional plant, subject to the restoration of the Company's listing.

4. Background to and reasons for the Proposed Transfer from Premium Listing to Standard Listing

The listing of the Company's Ordinary Shares was suspended on 30 April 2019 at the Company's request pending clarification of its financial position. At the time, the Company could not publish its financial statements for the year ended 31 December 2018 within the period stated in the Listing Rules. The Company has now published its financial statements for the year ended 31 December 2018 and has had discussions with the FCA as to whether it would meet the requirements for a Premium Listed Company prior to or following the Proposed Transaction.

In order to restore the Company's listing prior to the approval of the Proposed Transaction the FCA required comfort as to the ongoing viability of the Company. This was not possible to provide without the Proposed Transaction being entered into. Should the Proposed Transaction be approved by Shareholders, the FCA also required that the Company demonstrate that, despite having a Controlling Shareholder, it is able to carry on an independent business as its main activity. One of the criteria to satisfy this is that the Company can access financing other than from its Controlling Shareholder. Given in particular the scale of the Company's asset base and that the Company does have some other funding in place and in prospect, the Independent Directors believe this to be the case. However the Company

will not be able to access other funding of a similar scale for a period of time following receipt of the Edward Le Bas Properties loan facility.

Under the Listing Rules, there are two principal categories of listing available for the equity shares of commercial companies traded on the Main Market of the London Stock Exchange, where the Company has had its primary listing for over 40 years. There is the Standard segment that complies fully with the relevant European directives, as adopted by all member states in the European Union; and the Premium segment to which the FCA applies a wide range of additional 'super-equivalent' provisions.

The Directors have previously considered that a transfer to the Standard segment could be more consistent with the Company's size and structure due to the reduction in compliance costs and the greater degree of regulatory flexibility that a Standard listing would provide. However the Company has not wanted to incur the cost involved with a circular to Shareholders. As Shareholders are required to vote on the Proposed Transaction and taking into account the issues described above for the Company to restore its Premium Listing, the Directors believe that it is an appropriate time to also ask Shareholders to vote on the transfer to the Standard segment of the Official List ("**Proposed Transfer**").

The Company's current size means that as a Premium listed company possible transactions, in particular those involving its Controlling Shareholder, are likely to require Shareholder approval requiring the production of a shareholder circular, the calling of a general meeting and the involvement of advisers such as a sponsor, accountants and lawyers. This also takes up significant management resource and leads to significant additional costs and delays. Because of the Company's reduced market capitalisation (approximately £4.6 million as at 29 April 2019, being the latest practicable date prior the date when the Company's shares were suspended), while the Company remains admitted to the Premium segment, even very small transactions could be classified as class 1 transactions or fall under Chapter 11, Related Party transactions. The Board has carefully considered the commercial requirements of the Company in the medium term and believes that the additional regulatory requirements imposed by maintaining its listing on the Premium segment are no longer in the best interests of the Company.

Continued compliance with all of the requirements of a Premium Listing may substantially limit the Company's flexibility in its implementation of its plans, imposing what the Board regards as disproportionate and inappropriate financial and process burdens on the Company. This could introduce conditions and delays into otherwise straightforward and relatively modest transactions that may be seen as unattractive by counterparties.

Companies on the Standard segment of the Official List are not required to classify transactions or to seek shareholder approval for them. By moving to a listing on the Standard segment, the Company would therefore have both greater flexibility in its current funding requirements and would not be required to incur the substantial costs and go through a burdensome administration process associated with repeated publication of circulars to approve individual transactions. The Board believes that having regard to the recent market capitalisation of the Company, its shareholder base and its business plans in the medium term, a transfer of the Company's listing to the Standard segment of the Official List is attractive. It provides continued trading on the Main Market of the London Stock Exchange, represents the best balance between, on the one hand, the positive benefits of the potential for greater liquidity and access to capital offered by a Main Market listing and, on the other, the greater flexibility and reduced direct and indirect costs of compliance associated with the Standard segment of the Official List.

Under the Listing Rules, the Proposed Transfer requires the Company to first obtain the prior approval of the Shareholders. The approval of a majority of not less than 75 per cent. of all

Shareholders voting (whether in person or by proxy) at the General Meeting will be required. In addition, as the Company has a Controlling Shareholder, approval is also required from a majority of votes attaching to the Ordinary Shares excluding Mr Burrows (who is the Controlling Shareholder) and his associates. Accordingly, Mr Burrows (who does not hold any Ordinary Shares personally and would therefore not be entitled to vote) has undertaken to ensure that his associates will abstain, from voting on Resolution 2.

Pursuant to the Listing Rules, the date of transfer of listing category must not be less than 20 business days after the passing of the Resolutions. The Board proposes to apply as soon as possible for the transfer to be effected and so, subject to the passing of the Resolutions and agreement by the FCA, it is anticipated that the date of transfer will be on or around 12 November 2019. The Ordinary Shares will, on completion of the Proposed Transfer, continue to be traded on the Main Market, but under the designation "Listed: Standard".

If the Proposed Transfer does not occur because Shareholders do not vote in favour of the Resolutions, the Company would continue to maintain its Premium Listing and would not benefit from the reduction in administrative costs generally and the greater degree of regulatory flexibility that a Standard Listing would provide. However it is likely that the Company's listing will remain suspended and should the Company not meet the requirements of the Listing Rules for the Company to be a Premium Listed company, it is likely that the FCA will delist the Company's Ordinary Shares. In addition, Shareholders should see paragraph 11 "Importance of Vote" below.

The Proposed Transaction and the Proposed Transfer, will only go ahead if both proceed and therefore both Resolutions need to be approved by Shareholders by the requisite majority as set out in paragraph 7 below. If completion of the Proposed Transaction does not occur because Shareholders do not vote in favour of the Resolutions then your attention is drawn to the section headed "Importance of Vote" in paragraph 11 below for further details of the consequences of completion not occurring.

The transfer to the Standard Listing still requires the Company to provide comfort with regard to its ongoing viability and also to satisfy the FCA with regard to its obligations under the Listing Rules. The Directors believe this will be possible once the Resolutions have been approved by Shareholders, however the Proposed Transfer is not certain and it may be that the FCA do not agree that the Company can maintain a listing on the Official List.

Please also see paragraphs 5, 6 and 11 of this Part I, Part II "Risk Factors", and Part III "A Summary of the Differences between Standard and Premium Categories of Listing, as they apply to the Company" for further information. The Directors are recommending that you vote in favour of the Resolutions to be proposed at the General Meeting, your attention is drawn to the section headed "Importance of Vote" in paragraph 11 below for further details as to why you should vote on the Resolutions and for details of what may happen if the Proposed Transaction or Proposed Transfer are not completed.

5. Implications for the Group and its trading arrangements

The transfer to the Standard segment will not affect the way in which Shareholders buy or sell Ordinary Shares and, following the transfer, existing share certificates in issue in respect of Ordinary Shares will remain valid. The Ordinary Shares will also continue to be eligible to be held in ISAs (individual savings accounts) and SIPPs (self-invested personal pensions).

As for a company with a Premium Listing, a company with a Standard Listing is still required to have a minimum of 25 per cent. of its shares in public hands and will continue to be obliged to publish a prospectus when issuing new shares to the public unless such issue falls within one of the permitted exemptions.

Companies with a Standard Listing are also still required to disclose inside information to the market and to comply with the provisions of the DTRs, including to make notifications of dealings in shares. They must also prepare annual audited financial reports and half yearly financial reports to the same standards and within the same timeframe as companies with a Premium Listing are required to do.

A more detailed summary of the differences between the regulatory requirements of companies with a Standard Listing and those with a Premium Listing is contained at Part III of this document. While the Ordinary Shares have a Standard Listing, they will not be eligible for inclusion in the UK series of FTSE indices. The higher level of regulation contained in the 'super-equivalent' provisions has been designed to offer shareholders in Premium Listed companies additional rights and protections. Accordingly, investors should be aware that any investment in a company that has a Standard Listing is likely to carry a higher risk than an investment in a company with a Premium Listing.

6. Corporate Governance following the Proposed Transfer

As a result of the Proposed Transfer, the Board does not intend any reduction in the standards of reporting and corporate governance which the company currently maintains and intends voluntarily to continue to apply the UK Corporate Governance Code, as applicable to smaller companies, to offer pre-emption rights in accordance with the Listing Rules, and to comply with the requirements of Chapter 11 (which relates to related party transactions with regard to an announcement) and Chapter 12 (which relates to dealings in own securities) of the Listing Rules. The provisions of the Takeover Code will also continue to apply to the Company.

As the Company is choosing voluntarily to comply with Chapter 11 (with regard to an announcement) and Chapter 12 of the Listing Rules in the future, the FCA will not approve the contents of any circular which may be prepared for the purpose of such transactions nor will a sponsor be required to be appointed in respect of any of these transactions. If the Company's intention voluntarily to comply with Chapter 11 and Chapter 12 of the Listing Rules should change in the future (which the Company as a company with a Standard Listing would be able to do at any time without shareholder approval), the Company would be able to undertake Chapter 11 and Chapter 12 transactions without the prior shareholder approval that would be required if the Company maintained its current Premium Listing.

7. General Meeting

The Proposed Transaction is conditional upon the approval of Shareholders at a general meeting of the Company and the Proposed Transfer is also conditional upon Shareholder approval. Both Resolutions will only go ahead if both proceed and therefore both Resolutions must be passed by the requisite majority in order for the Proposed Transaction and Proposed Transfer to proceed.

Resolution 1 in connection with the Proposed Transaction will be proposed as an ordinary resolution and as set out above Edward Le Bas Properties and Mr Burrows, as related parties of the Company, cannot vote or allow their associates to vote on the Proposed Transaction.

Resolution 2 in connection with the Proposed Transfer will be proposed as a special resolution requiring a majority of not less than 75 per cent. of the votes attaching to the Ordinary Shares of the Company voting in favour of the resolution. In addition, as the Company has a Controlling Shareholder, Resolution 2 also requires a majority of votes attaching to the Ordinary Shares of the Company (excluding those shares held by Mr A R B Burrows who is a Controlling Shareholder of the Company and his associates) voting in favour of the resolution.

Accordingly, set out at the end of this document is a notice convening the General Meeting to be held at the offices of Tex Holdings plc, Claydon Business Park, Gipping Road, Great Blakenham, Ipswich, Suffolk IP6 0NL on 11 October 2019 at 12.30 pm.

Completion and return of a Form of Proxy will not preclude you from attending and voting at the General Meeting in person if you wish.

8. Action to be taken

You will find enclosed with this document a Form of Proxy for use at the General Meeting. Whether or not you propose to attend the General Meeting in person, you are asked to complete and sign the Form of Proxy in accordance with the instructions printed on it and return it to the Company's Registrars, by 12.30 pm on 9 October 2019.

Shareholders who are in doubt as to the action they should take or the contents of this document are advised to seek their own appropriate independent advisers immediately.

9. Financial results for the 12 months ended 31 December 2018 and the six months ended 30 June 2019

As was previously announced, there was a delay in finalising the accounts for the Group for the year ended 31 December 2018 but these have now been finalised and sent to Shareholders. An extraordinary general meeting to receive and adopt these financial statements was held on 30 August 2019.

On 28 August 2019 the Company published its unaudited interim results for the six months ended 30 June 2019. A copy of these results have been posted to Shareholders but are also available on the Company's website www.tex-holdings.co.uk

For the six months ended 30 June 2019, Group turnover of £21.8 million was higher in comparison to the same period in the previous year, however as a consequence of lower margins and additional professional fees, the half year result is a pre-tax loss of £(0.266) million. The Group has experienced a slow-down in the UK domestic and European markets due to the uncertainty and general lack of confidence surrounding the Brexit issue. The Board, whilst remaining cautious, anticipates that investments in assets and acquisitions will result in an improvement in trading performance, albeit with higher working capital.

10. Further information

Your attention is drawn to the risk factors set out in Part II and the further information relating to the Group, the Proposed Transaction and Proposed Transfer set out in Part III and IV of this document. You are advised to read the whole of this document and not merely rely on the key summarised information set out in this letter.

11. Importance of vote

Shareholders should note that in the event the Resolutions are not passed at the General Meeting, the Proposed Transaction and Proposed Transfer would not proceed (both the Proposed Transaction and the Proposed Transfer are dependent upon the passing of both Resolutions) and the Independent Directors believe that this would result in the Company immediately needing to seek alternative sources of funds to enable it to repay its current facilities with NatWest, fund its operations and general requirements. Because the Independent Directors have not been able to obtain

alternative bank funding, they believe that this would result in the Company being unable to repay NatWest on demand following the outcome of the General Meeting and accordingly have very grave consequences for the Group including a risk that it could become insolvent which is likely to lead to the Company filing for administration.

Position if the Proposed Transfer does not take place

In addition, if the Resolutions are not passed at the General Meeting, the Proposed Transfer will not take place and in the unlikely event that alternative sources of funds are available (as set out above) the Company will not benefit from the associated reduction in administrative costs generally and the greater degree of regulatory flexibility that a Standard Listing would provide. The Company's Ordinary Shares will remain suspended, while the Company and its advisers discuss whether the Company meets the requirements of the Listing Rules for a Premium Listed company. Should the Company not meet the requirements of the Listing Rules for it to be a Premium Listed Company, it is likely that the FCA will delist the Company's Ordinary Shares and it is unlikely the Company will be able to get a further listing on any exchange. The Company would then be an unlisted company.

12. Recommendation

The Board, having been so advised by BDO, consider the Proposed Transaction to be fair and reasonable so far as the Shareholders as a whole are concerned. In giving advice to the Board, BDO has taken account of the Directors' commercial assessment of the Proposed Transaction.

The Board considers the Proposed Transaction and Proposed Transfer to be in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting as set out in the Notice at the end of this document, as the Independent Directors intend to do in respect of their own beneficial holdings, which amount in aggregate to 183,100 Ordinary Shares, representing approximately 2.9 per cent. of the current issued Ordinary Share capital of the Company as at 12 September 2019, (being the latest practicable day prior to the date of publication of this document).

Under the Listing Rules, Mr Burrows and his associates are precluded from voting in relation to the Proposed Transaction and the Proposed Transfer. Accordingly, Mr Burrows (who does not hold any Ordinary Shares personally and would therefore not be entitled to vote) has undertaken to ensure that his associates will abstain from voting on the Resolutions at the General Meeting in the event that his associates own Ordinary Shares in the Company. As at 12 September 2019 (being the latest practicable day prior to the date of publication of this document), Mr Burrows was recorded in the Company's register of members as beneficially interested in 2,395,641 Ordinary Shares representing approximately 40 per cent. of the current issued Ordinary Share capital of the Company, through his associates. In addition Mr Burrows has not taken part in the Board's consideration of the Proposed Transaction and Proposed Transfer.

Yours faithfully

G C Gray
Chairman

PART II

RISK FACTORS

Shareholders should consider the following risks and uncertainties together with all the other information set out in this document prior to making any decision as to whether or not to vote in favour of the Proposed Transaction and Proposed Transfer.

The risks described below are based on information known at the date of this document, but may not be the only risks to which the Group is or might be exposed in connection with the Proposed Transaction and Proposed Transfer. Additional risks and uncertainties, which are currently unknown to the Company or that the Company does not currently consider to be material, may materially affect the business of the Group and could have material adverse effects on the business, financial condition, results and prospects of the Group. If any of the following risks were to occur, the business, financial condition, results of operations and prospects of the Group could be materially adversely affected and the value of the Shares could decline and Shareholders could lose all or part of the value of their investment in such Shares.

1. MATERIAL RISKS ASSOCIATED WITH THE PROPOSED TRANSACTION

1.1 Completion is subject to a condition which may not be satisfied or waived

Completion of the Proposed Transaction is conditional upon the approval of the Shareholders and also upon the approval of Resolution 2 by Shareholders. There can be no assurance that the conditions will be satisfied and, accordingly, that completion will take place. If the Proposed Transaction does not complete, the business, results of operations and/or financial condition of the Group is likely to be materially adversely affected. Further details on the implications of Resolution 1 not being approved by Shareholders are set out in paragraph 11 of Part I “Letter from the Chairman” of this document.

1.2 The prospect of the Proposed Transaction could cause disruptions in the businesses of the Group, which could have material adverse effects on the businesses and financial results

As a result of the announcement of the Proposed Transaction, management and employees of the Group may have concerns, and employees may choose to leave the Group. The attitude of businesses seeking to contract with the Group may also be negatively impacted and this may have a negative effect on the performance of the Group. To maintain Shareholder value, the Group’s management may be required to allocate additional time and cost to the ongoing supervision and development of the Group. If this were to occur, management might have to commit significant time and resource to recruiting and training new employees which could have an adverse effect on operations.

1.3 The Loan Facility

Should the Proposed Transaction be approved by Shareholders, the Company will have increased debt facilities at increased cost to the Group. The Company will be required to pay interest on the new loan facility every quarter for the period of the loan facility and in addition pay NatWest £100,000 every quarter for two years. It is possible that the Company may not have sufficient funds to make these payments and therefore would incur additional penalty cost from Edward Le Bas Properties and NatWest may withdraw its loan. As set out in the Edward Le Bas Properties loan facility, should the Company

not make an interest payment to Edward Le Bas Properties, the Company would incur a penalty cost of interest on the unpaid amount at a rate of interest of 1 per cent. higher than the rate of interest which would have been applicable to the loan facility at that time.

1.4 A third party may seek, whether through obtaining a shareholding in the Company or otherwise, to delay or prevent completion of the Proposed Transaction

As a listed company, the Company is exposed to potential approaches from third parties seeking to instigate a public takeover of the Company which might delay or prevent execution of the Proposed Transaction. The Directors would be obliged to consider that offer in accordance with their fiduciary duties.

2. RISKS RELATING TO THE GROUP

2.1 Economic and political environment

The continued or residual effects of the global economic downturn, or other national or market trends or new developments in infrastructure expenditure or procurement may cause existing or future projects to be postponed, reduced or changed, which may impact the Group's strategy, business model, revenue or profitability. Certain Group businesses will be dependent on governments' policies with regard to investment in civil and social infrastructure, most notably in the transport, public utility, secure establishment and defence sectors through direct government contracts, joint ventures and public-private partnerships. If there are changes in governmental policies, the Group may be unable to maintain existing levels of work or levels of profitability in relation thereto.

2.2 Law, regulation and legal proceedings

The jurisdictions in which the Group operates impose a number of complex, demanding and evolving legal, administrative and regulatory requirements which relate to, among other matters, criminal and civil laws, tax laws, planning, developing, building, land use, fire, health and safety, environment, competition and employment. These requirements often provide broad discretion to the administering authorities in relation to enforcement. Violations of or changes in relevant law, regulations or policies, or the interpretation thereof, or delays in such interpretations being delivered, may delay or increase the cost of ongoing projects.

2.3 The market price of the Company shares may go down as well as up

Shareholders should be aware that, subject to the restoration of the Company's listing, the value of an investment in the Group may go down as well as up and can be highly volatile. The price at which the Ordinary Shares may be quoted and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Group and its operations, and some which may affect the industry as a whole, other comparable companies or publicly traded companies as a whole. The sentiments of the stock market regarding the Proposed Transaction will be one such factor and this, together with other factors, including the actual or anticipated fluctuations in the financial performance of the Group and its competitors, market fluctuations, and legislative or regulatory changes in the industry, could lead to the market price of the Ordinary Shares going up or down.

3. RISKS RELATING TO THE PROPOSED TRANSACTION NOT PROCEEDING

3.1 Possible Financial Effects of the Proposed Transaction not proceeding

If the Proposed Transaction does not complete and the Company is not able to obtain alternative means by which to repay its existing facilities immediately it will have very grave consequences for the Group including a risk that it could become insolvent which is likely to lead to the Company filing for administration. Further details on the implications of Resolution 1 not being approved by Shareholders are set out in paragraph 11 of Part I “Letter from the Chairman” of this document.

4. RISKS RELATING TO THE PROPOSED TRANSFER

4.1 The higher level of regulation contained in the ‘super-equivalent’ provisions has been designed to offer shareholders in Premium Listed companies additional rights and protections. Accordingly, investors should be aware that any investment in a company that has a Standard Listing is likely to carry a higher risk than an investment in a company with a Premium Listing.

4.2 However, the Board intends to maintain appropriate standards of reporting and corporate governance for a company with a standard listing and, to the extent it considers appropriate in light of the Company’s size and future developments, will observe the requirements of the UK Corporate Governance Code. However, if the Company complies with the UK Corporate Governance Code, it would be on a voluntary basis only. The Company will be free as a company with a Standard Listing to change its intentions at any time without prior Shareholder approval.

4.3 Further implications of the Proposed Transfer are set out in Part III of this document.

5. RISKS RELATING TO THE PROPOSED TRANSFER NOT PROCEEDING

5.1 Should Shareholders not approve the Proposed Transfer (as well as the Proposed Transaction) or the FCA do not agree with the Proposed Transfer it is expected that the Company’s Ordinary Shares will remain suspended while the Company and its advisers discuss whether the Company meets the requirements of the Listing Rules for a Premium Listed company. Should the Company not meet the requirements of the Listing Rules for it to be a Premium Listed company, it is likely that the FCA will delist the Company’s Ordinary Shares and it is unlikely the Company will be able to get a further listing on any exchange. The Company would then be an unlisted company.

PART III

A SUMMARY OF THE DIFFERENCES BETWEEN STANDARD AND PREMIUM CATEGORIES OF LISTING, AS THEY APPLY TO THE COMPANY

The following paragraphs set out the differences in the regulations applying to Standard Listings and Premium Listings, taking account of their application to the Company.

1. Companies with a Premium Listing are required to retain a sponsor for certain transactions and to consult a sponsor if proposing to enter into certain transactions in which the appointment of a sponsor might be required, in order to obtain guidance as to the application of the Listing Rules and DTRs to such transaction. Companies with a Standard Listing are only required to appoint a sponsor if they wish to transfer their listing to the Premium Listing.
2. Companies with a Standard Listing are required to comply with the two Listing Principles contained in LR 7.2.1, which require companies to (i) establish and maintain adequate procedures, systems and controls to enable them to comply with their obligations; and (ii) deal with the FCA in an open and co-operative manner. However, they are not required to comply with the additional six Premium Listing Principles contained in LR 7.2.1A, which only apply to companies with a Premium Listing.
3. Companies with a Standard Listing are not required to comply with the provisions of Chapter 10 of the Listing Rules in relation to Significant Transactions. Chapter 10 sets out requirements for shareholders to be provided with certain details in respect of Significant Transactions which exceed certain class test ratios and to approve certain larger Significant Transactions which exceed certain class test ratios, commonly referred to as “class 2 transactions” and “class 1 transactions” respectively. Following the transfer to a Standard Listing, the Company would be able to undertake “class 1 transactions” without seeking shareholder approval (unless required for some other reason).
4. Companies with a Standard Listing are not required to comply with the provisions of Chapter 11 of the Listing Rules for Related Party Transactions. Chapter 11 sets out requirements for certain transactions with related parties (such as substantial shareholders, directors and their associates) to be reviewed by a sponsor, who must confirm that the terms are fair and reasonable as far as shareholders are concerned, with larger Related Party Transactions also being conditional upon receipt of shareholder approval (any relevant related party and its affiliates must refrain from voting on the relevant resolution). As set out in paragraph 6 of Part I, the Company has stated its intention to voluntarily continue to comply with the requirements of Chapter 11 of the Listing Rules by way of making an announcement. If the Company’s intention were to change in the future (which the Company as a company with a Standard Listing would be free to do at any time without prior shareholder approval), the Company would be able to undertake Related Party Transactions without complying with Chapter 11. The Company will continue to consider the terms of transactions with regards to the interests of the Company and Shareholders as a whole, when appropriate.
5. Companies with a Standard Listing are not required to comply with Chapter 12 of the Listing Rules, which applies to companies dealing in their own securities; however, any dealings in the Company’s securities will continue to be subject to other general restrictions including those included in the Market Abuse Regulation. As set out in paragraph 6 of Part I, the Company has stated its intention voluntarily to continue to comply with the requirements of Chapter 12 of the Listing Rules. The Company will be

free as a company with a Standard Listing to change its intentions at any time without prior shareholder approval.

6. The UK Corporate Governance Code does not apply directly to companies with a Standard Listing although as set out in paragraph 6 of Part I, the Company has stated its intention to voluntarily continue to comply with its requirements. The Company will be free as a company with a Standard Listing to change its intentions at any time without prior Shareholder approval. Many companies with a Standard Listing would still be required to comply with DTR 7.2 by virtue of LR 14.3.24, which would require certain statements to be made in respect of various corporate governance practices.
7. A company with a Standard Listing is not required to comply with the more extensive requirements relating to the content of circulars issued to shareholders of companies with a Premium Listing as detailed in Chapter 13 of the Listing Rules.
8. There are a number of miscellaneous continuing obligations imposed by Chapter 9 of the Listing Rules for companies with a Premium Listing which do not apply to companies with a Standard Listing:
 - 8.1 LR 9.5 contains a set of obligations on companies with a Premium Listing related to particular equity transactions. In particular, it sets out the requirements relating to rights issues, placings and other offers of securities; for example, the restriction whereby listed companies making an open offer, placing or issuing shares out of treasury may not apply a discount of more than 10 per cent. to the middle market price of those shares at the time of announcement of the securities offering (unless shareholder approval has been obtained);
 - 8.2 Companies with a Premium Listing, which are proposing to issue equity securities for cash or proposing to sell from treasury equity shares for cash, must first offer those equity securities to existing shareholders, unless shareholders have authorised the disapplication of such pre-emption rights in accordance with LR 9.3.11R. However, the Company is a company incorporated in England and Wales and therefore remains subject to similar pre-emption rights requirements under the Companies Act 2006;
 - 8.3 Companies with a Premium Listing are required to carry on an independent business as their main activity by virtue of LR 9.2.2A;
 - 8.4 Companies with a Premium Listing which have a “controlling shareholder” (i.e. a person who exercises or controls on their own or together with persons with whom they are acting in concert, 30 per cent. or more of the votes able to be cast on all or substantially all matters at general meetings of the listed company) are subject to various provisions (in LR 9.2.2AB — 9.2.2H) designed to ensure that the company can operate independently of the controlling shareholder. These provisions extend and complement the regime applicable to “substantial shareholders” which form part of the rules applicable to Related Party Transactions under Chapter 11 of the Listing Rules; and
 - 8.5 Companies with a Premium Listing are subject to restrictions (in LR 9.4.4) on the grant of discounted options to employees and directors except where the grant is pursuant to certain types of employee share scheme or is approved by shareholders.
9. Companies with a Standard Listing are not required to obtain the approval of shareholders for the cancellation of the listing. Companies with a Premium Listing are required to obtain the approval of shareholders; the same 75 per cent. approval threshold applies as for the Resolution for the Proposed Transfer.

PART IV

ADDITIONAL INFORMATION

1. MAJOR SHAREHOLDINGS

As at 12 September 2019 (being the latest practicable date prior to the date of publication of this document), the Company has outstanding a total of 6,351,452 Ordinary Shares, with all of them carrying voting rights in the Company.

As at 12 September 2019 (being the latest practicable date prior to the date of publication of this document), in so far as is known to the Company, the following persons are interested, directly or indirectly, in 3 per cent. or more of the Ordinary Share capital of the Company:

<i>Shareholder</i>	<i>Number of shares</i>	<i>Percentage of issued share capital</i>
Edward Le Bas Limited	1,180,789	18.59
Le Bas Investment Trust Limited	812,028	12.78
Redmayne (Nominees) Limited (Edward Le Bas Pension Scheme)	385,000	6.06
Rock (Nominees) Limited A/C ISA	340,365	5.36
WB Nominees Limited A/C ISA Max	321,839	5.07
Value Investments Limited	317,574	5.00
Pershing Keen Nominees Limited	272,000	4.28
W B Nominees	226,260	3.56

Save as set out above, the Company is not aware of any person who is interested, whether directly or indirectly in 3 per cent. or more of the existing issued share capital of the Company.

2. SIGNIFICANT CHANGE

There has been no significant change in the financial position of the Group since 30 June 2019, being the end of the last financial period for which interim financial statements of the Group have been published.

3. MATERIAL CONTRACTS

Save as described in this document, there are no other contracts (not being contracts entered into in the ordinary course of business) that in the opinion of the Company may be relevant to Shareholders in making a properly formed assessment of how to vote on the Resolutions and either (i) have been entered into by any member of the Group within the two years immediately preceding the date of this document which are or may be material to the Group or (ii) have been entered into by any member of the Group at any other time and which contains provisions

under which any member of the Group has an obligation or entitlement which is material to the Group at the date of this document.

4. MR BURROWS' SERVICE CONTRACT

Mr A R B Burrows has a service contract with the Company providing for his appointment as a non-executive director of the Company from 1 July 2015 without salary but at current annual remuneration worth £3,944. The appointment is terminable by either side on reasonable notice without compensation for loss of office.

5. MR BURROWS AND ASSOCIATES' INTERESTS

As at 12 September 2019 (being the latest practicable date prior to the date of publication of this document), Mr Burrows and his associates had the following interests in the Ordinary Share capital of the Company.

<i>Shareholder</i>	<i>Number of shares</i>	<i>Percentage of issued share capital</i>
Mr ARB Burrows	nil	nil
Mr Burrows associates' interests are held as follows:		
Le Bas Investment Trust	812,028	12.78
Edward Le Bas Limited	1,180,789	18.59
Edward Le Bas Pension Scheme	385,000	6.06
Jan Greve	190,000	2.99
TOTAL	2,567,817	40.42

6. CONSENT

BDO has given and has not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which it is included.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available on Tex Holdings' website at www.tex-holdings.co.uk from the date of this document up to and including the date of the General Meeting and the duration of the General Meeting:

- (a) the memorandum and articles of association of the Company; and
- (b) the consent letter referred to in paragraph 6 above.

PART V

DEFINITIONS

The following definitions apply throughout this document and in the accompanying Form of Proxy, unless the context requires otherwise:

associate	has the meaning set out in the listing rules of the FCA
Controlling Shareholder	as defined in the Listing Rules; being Mr A R B Burrows and including his associates
CREST	the system of paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear UK & Ireland Limited in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755)
CREST Proxy Instruction	an appropriate and valid CREST message appointing a proxy by means of CREST
Directors or Board	the directors of the Company
Edward Le Bas Properties	Edward Le Bas Properties Limited, a subsidiary of Le Bas Investment Trust
FCA	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
Form of Proxy	the form of proxy accompanying this document for use by the Shareholders in connection with the General Meeting
General Meeting	the extraordinary general meeting of the Company convened by this circular at which the Resolutions will be proposed to Shareholders
Group	Tex Holdings, its subsidiaries and its subsidiary undertakings
Independent Directors	the directors of the Company whose names are set out on page 5 of this document other than Mr A R B Burrows
Le Bas Investment Trust	Le Bas Investment Trust Limited, a company controlled by Mr A R B Burrows, a director of the Company

LIBOR	The London Inter-bank Offered Rate
Listing Rules	the listing rules made under Part VI of FSMA (as set out in the FCA Handbook), as amended
LSE	London Stock Exchange plc
Main Market	The Main Market operated by the LSE
Mr A R B Burrows or Mr Burrows	Anthony Richard Brocas Burrows, a non-executive director of the Company, who is also deemed to be a controlling shareholder of the Company under the Listing Rules
NatWest	National Westminster Bank PLC
Official List	the Official List maintained by the FCA pursuant to Part VI of FSMA
Ordinary Shares	the ordinary shares of 10 pence each in the capital of Tex Holdings
Premium Listing or Premium segment	The “Premium Listing (commercial company)” segment of the Official List of the FCA
Proposed Transaction	the availability and drawdown of the secured loan facility provided by Edward Le Bas Properties to the Company
Proposed Transfer	the proposed transfer of the Ordinary Shares out of the category of a “Premium Listing (commercial company)” on the Official List and into the category of a “Standard Listing (shares)” on the Official List
Resolution 1	the resolution numbered 1 relating to the Proposed Transaction
Resolution 2	the resolution numbered 2 relating to the Proposed Transfer
Resolutions	Resolution 1 and Resolution 2
Shareholder	a holder of Ordinary Shares from time to time
Standard Listing or Standard segment	the “Standard Listing (shares)” segment of the Official List

Tex Holdings or the Company

Tex Holdings plc, a public company incorporated in England and Wales with limited liability

United Kingdom or UK

the United Kingdom of Great Britain and Northern Ireland

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS GIVEN that an Extraordinary General Meeting of the Company will be held at Tex Holdings plc, Claydon Business Park, Gipping Road, Great Blakenham, Ipswich, Suffolk IP6 0NL on 11 October at 12.30 pm to consider and, if thought fit, pass the following resolutions of which Resolution 1 will be proposed as an ordinary resolution and Resolution 2 will be proposed as a special resolution. Resolution 2 requires a majority of not less than 75 per cent. of the votes attaching to the ordinary shares of the Company voting in favour of the resolution and in addition a majority of votes attaching to the ordinary shares of the Company excluding those shares held by Mr A R B Burrows (who is a controlling shareholder of the Company) and his associates voting in favour of the resolution. The resolutions are conditional upon both resolutions being passed.

RESOLUTIONS:

1. THAT, the proposed related party transaction between Tex Holdings plc (the **Company**) and by Edward Le Bas Properties Limited, an associate of Mr A R B Burrows, pursuant to and on the terms and conditions contained in the loan facility as more particularly described in the circular to shareholders of the Company dated 13 September 2019 of which this notice forms part (the **Proposed Transaction**), be and is hereby approved and the independent directors of the Company (or a duly authorised committee thereof) are authorised to do or procure to be done all such acts and things on behalf of the Company and any of its subsidiaries as they consider necessary or expedient for the purpose of giving effect to the Proposed Transaction and this resolution and to carry the same into effect with such immaterial modifications, variations, revisions, waivers or amendments as such directors (or any duly authorised committee thereof) may in their absolute discretion think fit.
2. THAT the proposed transfer of the Company's category of equity share listing on the Official List of the FCA and on the Main Market of the London Stock Exchange plc from a Premium Listing (commercial company) to a Standard Listing (shares) ("Transfer of Listing") be and is hereby approved and the directors of the Company be and are hereby authorised to cause such Transfer of Listing to be effected and to do and/or procure to be done all such acts or things as they may consider necessary or desirable in connection therewith.

By order of the Independent Directors

Chris Parker
Company Secretary

13 September 2019

Notes to the Notice of Extraordinary General Meeting:

1. Only those shareholders registered in the Company's register of members at 6.00 pm on 9 October 2019; or if this meeting is adjourned, at 6.00 pm on the day two days prior to the adjourned meeting, shall be entitled to attend, speak and vote at the meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting. Shareholders entitled to attend are free to do so in person by attending at the venue prior to the time specified in the notice. If you have any queries about this or special needs, please contact the Company Secretary.

2. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, can be found at www.tex-holdings.co.uk.

3. If you are a shareholder who is entitled to attend and vote at the meeting, you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this notice of meeting. A proxy does not need to be a shareholder of the Company but must attend the meeting to represent you. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

4. You may appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. To appoint more than one proxy, please contact the Company Secretary or the Company's Registrar with a view to obtaining a duplicate form. You will need to state clearly on each proxy form the number of shares in relation to which the proxy is appointed.

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the relevant resolution.

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be completed and signed and received by the Company's Registrar no later than 12.30 pm on 9 October 2019 or, if the meeting is adjourned, 48 hours before the time of the adjourned meeting (excluding UK non-working days).

7. As an alternative to completing the hard-copy proxy form, you can appoint a proxy electronically by visiting the Registrar's website www.investorcentre.co.uk/eproxy and entering the Control Number, PIN and your Shareholder Reference Number as stated on the enclosed proxy form. For an electronic proxy appointment to be valid, your appointment must be received by the Company's Registrar no later than 12.30 pm on 9 October 2019 or, if the meeting is adjourned, 48 hours before the time of the adjourned meeting (excluding UK non-working days).

8. Shareholders who hold their Shares electronically may submit their votes through CREST. Instructions on how to vote through CREST can be found by accessing the following website: www.euroclear.com/crest.

9. CREST Shareholders who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for this EGM and any adjournment thereof by following the procedures described in the CREST manual. CREST personal Shareholders or other CREST sponsored Shareholders, and those CREST Shareholders who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST manual (available via www.euroclear.com/crest). The message, in order to be valid, must be transmitted so as to be received by the Company's agent (ID 3RA50) by the latest time for receipt of proxy appointments specified in note 1 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST Shareholders and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST Shareholder concerned to take (or, if the CREST Shareholder is

a CREST personal Shareholder or sponsored Shareholder or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST Shareholders and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

10. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

11. In the case of joint holders, where more than one of the joint holders completes a proxy appointment, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

12. As at 12 September 2019, which is the latest practicable date before publication of this notice, the Company's issued share capital comprised 6,351,452 ordinary shares of 10 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 12 September 2019 is 6,351,452.

13. Any member attending the meeting has the right to ask questions. The Company must answer any question you ask relating to the business being dealt with at the meeting unless answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, the answer has already been given on a website in the form of an answer to a question, it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

14. Copies of the service contracts of the executive directors and the non-executive directors' contracts for services are available for inspection at the Company's registered office during normal business hours and at the place of the meeting from at least 15 minutes prior to the meeting until the end of the meeting.