

September 12, 2019

PHILIPPINE STOCK EXCHANGE, INC.

Philippine Stock Exchange Tower
5th Ave corner 28th St, Taguig
Philippines

Re: **Xurpas Inc.**
Response to Exchange's Query dated September 11, 2019

Ladies and Gentlemen:

The Board of Directors of Xurpas Inc. (the "Company" or "Xurpas") approved the following transactions yesterday, September 11, 2019:

- a. Sale of 51% of Yondu Inc. to Globe Telecom, Inc.; and
- b. Dissolution of Xeleb Technologies Inc. and Xeleb Inc.

We understand that the Exchange has requested for additional information relating to the said transactions. Provided below is the Company's response to the said request:

1. Application of proceeds from the sale of Yondu.

A substantial amount of the proceeds from the sale of Yondu will be used to retire existing debt obligations. The balance of the proceeds will be used for working capital and other corporate purposes.

2. Statement of active business pursuits and objectives, which details the steps undertaken and proposed to be undertaken by the Company in order to advance its business.

With this corporate restructuring, the Company will be able to focus on its existing businesses. For its enterprise business, the Company will focus on high-value, emerging, innovative and disruptive technologies and platforms that will affect both enterprise and consumer commerce. The Company will likewise pursue strategic alliances for digital advertising and HR related services.

3. More detailed discussion on the effect(s) of the transaction on the Company's financial condition, business and operations, particularly on the revenues and income of the Company.

The sale of Yondu will be reflected in the Company's books as follows:

- a. This will result in a one-time recognition of loss on investment. The Company cannot reasonably determine as of date the extent of loss to be recorded on its financials. The Company will need to get from Yondu the value of the net assets attributable to Xurpas as of September 11, 2019 to accurately compute for the loss on investment.

- b. There will be an improvement in the net cash position of the parent company, allowing it to have more flexibility as it explores strategic options.
- c. The Company will also be able to improve its leverage considering that it will settle its substantial maturing debt obligations. Total debt over total equity will improve from 68% to 34%.
- d. For the first half of 2019, Yondu's revenue comprises 85% of the company's revenue and 65% of the company's expenses on a consolidated basis. The Company also expects net income of the group to worsen by 26%. However, the Company expects its remaining businesses to eventually make up for the increase in net loss.

The dissolution of Xeleb Technologies Inc. and Xeleb Inc. will have the following effects:

- a. This will result in a one-time recognition of loss on investment. The Company cannot reasonably determine as of date the extent of loss to be recorded on its financials since we will need to re-evaluate the value of the net assets attributable to the parent company as of September 11, 2019.
 - b. Xeleb's operations will also be assumed by the parent company, moving forward.
- 4. Statement as to the steps to be taken, if any, to safeguard the interests of the shareholders.**

The Company continues to actively pursue the following:

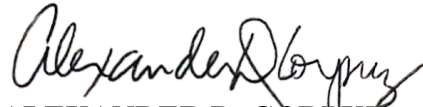
- a. Evaluation of its current businesses to maximize efficiency in its operations. The sale of Yondu and the dissolution of the Xeleb entities are part of the Company's strategic plan to be able to achieve this.
 - b. Strategic initiatives for the parent company and remaining subsidiaries and associates, with the objective of enhancing the long-term positive outlook of the Company and building shareholder value.
- 5. Any other information relevant to the above-referenced matters.**

There is no other information relevant to the above-referenced matters.

(Signature Page Follows)

We trust that you will find everything in order.

Very truly yours,



ALEXANDER D. CORPUZ
President