GINSMS INC.

Condensed Interim Consolidated Financial Statements
Nine months period ended September 30, 2017 and 2016
(Unaudited)

To the Shareholders of GINSMS Inc.:

Management is responsible for the preparation and presentation of the accompanying unaudited condensed interim consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the unaudited condensed interim consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of unaudited condensed interim consolidated financial statements.

The majority of the Audit Committee is composed of Directors who are neither management nor employees of the Corporation. The Committee is responsible for overseeing management in the performance of its financial reporting responsibilities. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of the Corporation’s external independent auditors.

The auditor of GINSMS Inc. has not performed a review of the unaudited condensed interim consolidated financial statements for the three-month and nine-month periods ended September 30, 2017 and September 30, 2016.

November 13, 2017

/s/ “Joel Siang Hui Chin” Chief Executive Officer	/s/ “Kuen Kuen Lau” Director

GINSMS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017 AND SEPTEMBER 30, 2016
(Unaudited)

(In Canadian Dollars)

		(Unaudited) Three months ended September 30, 2017	*(Unaudited)* Three months ended September 30, 2016	*(Unaudited)* Nine months ended September 30, 2017	*(Unaudited)* Nine months ended September 30, 2016
		$	$	$	$
Revenue	7	**1,897,881**	1,473,341	**5,426,879**	4,814,174
Cost of sales		**(1,764,678)**	(1,185,856)	**(4,858,427)**	(4,021,520)
Gross profit		**133,203**	287,485	**568,452**	792,654
Expenses					
Salaries and wages		**(78,556)**	(230,043)	**(534,941)**	(754,732)
Professional fees		**(51,904)**	(85,472)	**(264,039)**	(263,169)
Allowance for doubtful debts		**-**	-	**(7,489)**	-
General and administrative		**(62,985)**	(73,541)	**(182,250)**	(199,295)
Amortization and depreciation		**(296)**	(3,338)	**(1,146)**	(9,942)
Foreign currency exchange gain/(loss)		**31,867**	(40,688)	**90,646**	(16,504)
Loss from operations		**(28,671)**	(145,597)	**(330,767)**	(430,988)
Finance costs					
Interest expenses on other borrowings		**(138,439)**	(233,157)	**(486,937)**	(647,355)
Loss before tax		**(167,110)**	(378,754)	**(817,704)**	(1,078,343)
Income tax refund		**113**	1,517	**46**	691
Net loss for the period		**(166,997)**	(377,237)	**(817,658)**	(1,077,652)
Other comprehensive income/(loss), net of tax:					
Items that may be reclassified to profit or loss					
Foreign exchange differences on translating of foreign currency financial operations		**184,273**	(1,279)	**103,978**	41,853
Total comprehensive income/(loss) for the period		**17,276**	(378,516)	**(713,680)**	(1,035,799)
Net loss for the period attributable to:					
Shareholders		**(166,349)**	(376,878)	**(815,739)**	(1,076,467)
Non-controlling interest		**(648)**	(359)	**(1,919)**	(1,185)
		(166,997)	(377,237)	**(817,658)**	(1,077,652)
Total comprehensive income/(loss) for the period attributable to:					
Shareholders		**17,443**	(377,957)	**(712,086)**	(1,034,501)
Non-controlling interest		**(167)**	(559)	**(1,594)**	(1,298)
		17,276	(378,516)	**(713,680)**	(1,035,799)
Loss per share	10				
Basic		**(0.001)**	(0.003)	**(0.006)**	(0.008)
Diluted		**(0.001)**	(0.003)	**(0.006)**	(0.008)

The accompanying notes are an integral part of these consolidated financial statements.

GINSMS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2017 AND DECEMBER 31, 2016

(In Canadian Dollars)

	Note	***(Unaudited)*** **September 30, 2017**	*(Audited)* December 31, 2016
		$	$
Non-current assets			
Property, plant and equipment	11	**38,333**	35,660
Goodwill	12	**-**	-
Development expenditures	13	**375,960**	464,779
		414,293	500,439
Current assets			
Accounts receivable	14	**2,808,918**	1,822,661
Other receivables, prepayments and deposits		**151,757**	164,182
Bank and cash balances		**121,246**	139,808
		3,081,921	2,126,651
Current liabilities			
Accounts payable and accrued liabilities	15	**2,805,709**	2,096,917
Advance from a related party	17	**434,289**	756,079
Loan from a related party	19	**273,878**	261,273
Promissory note payable	18	**472,000**	436,000
Current tax liabilities		**596**	5,317
		3,986,472	3,555,586
Net current liabilities		**(904,551)**	(1,428,935)
Total assets less current liabilities		**(490,258)**	(928,496)
Non-current liabilities			
Loans from related parties	19	**3,960,453**	3,740,061
Deferred tax liability		**1,129**	1,208
		3,961,582	3,741,269
NET LIABILITIES		**(4,451,840)**	(4,669,765)
EQUITY			
Share capital	20	**11,415,709**	10,484,429
Deficit		**(16,211,201)**	(15,395,462)
Accumulated other comprehensive income		**352,013**	248,035
Total deficiency attributable to equity shareholders of the Corporation		**(4,443,479)**	(4,662,998)
Non-controlling interests		**(8,361)**	(6,767)
TOTAL DEFICIENCY		**(4,451,840)**	(4,669,765)

Approved on behalf of the board on November 13, 2017

Director	Director
/s/ “Joel Siang Hui Chin”	/s/ “Kuen Kuen Lau”

The accompanying notes are an integral part of these consolidated financial statements.

GINSMS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017 AND SEPTEMBER 30, 2016
(Unaudited)

(In Canadian Dollars)

	Attributable to equity shareholders of the Corporation					
For the nine months ended	**Share capital**	**Deficit**	**Accumulated other comprehensive income**	**Total**	**Non-controlling interest**	**Total deficit**
	$	**$**	**$**	**$**	**$**	**$**
Balance January 1, 2017	**10,484,429**	**(15,395,462)**	**248,035**	**(4,662,998)**	**(6,767)**	**(4,669,765)**
Loss for the period	**-**	**(815,739)**	**-**	**(815,739)**	**(1,919)**	**(817,658)**
Issuance of shares in a private placement	**931,280**	**-**	**-**	**931,280**	**-**	**931,280**
Other comprehensive income	**-**	**-**	**103,978**	**103,978**	**325**	**104,303**
Balance September 30, 2017	**11,415,709**	**(16,211,201)**	**352,013**	**(4,443,479)**	**(8,361)**	**(4,451,840)**

	Attributable to equity shareholders of the Corporation					
For the six months ended	Share capital	Deficit	Accumulated other comprehensive income	Total	Non-controlling interest	Total deficit
	$	$	$	$	$	$
Balance January 1, 2016	10,484,429	(13,889,187)	187,496	(3,217,262)	(5,307)	(3,222,569)
Loss for the period	-	(1,076,467)	-	(1,076,467)	(1,185)	(1,077,652)
Other comprehensive income/(loss)	-	-	41,853	41,853	(113)	41,740
Balance September 30, 2016	10,484,429	(14,965,654)	229,349	(4,251,876)	(6,605)	(4,258,481)

The accompanying notes are an integral part of these consolidated financial statements.

GINSMS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017 AND SEPTEMBER 30, 2016
(Unaudited)

(In Canadian Dollars)

	(Unaudited) **Three months ended September 30, 2017**	*(Unaudited)* Three months ended September 30, 2016	***(Unaudited)*** **Nine months ended September 30, 2017**	*(Unaudited)* Nine months ended September 30, 2016
	$	$	**$**	$
OPERATING ACTIVITIES				
Net loss for the period	**(166,997)**	(377,237)	**(817,658)**	(1,077,652)
Deferred tax recovery	**-**	(2,158)		(2,158)
Current tax expense/(recovery)	**26**	646	**(4,724)**	1,472
Allowance for doubtful debts	**-**	-	**7,489**	-
Interest expenses	**138,439**	233,157	**486,937**	647,355
Foreign currency exchange loss/(gain)	**(31,867)**	40,688	**(90,646)**	16,504
Depreciation of property, plant and equipment	**5,419**	13,383	**15,370**	39,380
Amortization of development expenditures	**25,598**	29,084	**82,408**	87,091
Changes in non-cash working capital items:				
Accounts receivable	**(770,003)**	(372,943)	**(1,143,968)**	310,368
Other receivables, prepayments and deposits	**(43,610)**	(27,282)	**4,319**	(7,808)
Accounts payable and accrued liabilities	**643,469**	487,658	**858,578**	(441,677)
Income tax refunded	**-**	(538)	**-**	(87,502)
Net cash generated from/ (used in) operating activities	**(199,526)**	24,458	**(601,895)**	(514,627)
FINANCING ACTIVITIES				
Advance from a related party	**50,599**	48,624	**202,904**	253,828
Repayment of advance from a related party	**(123,295)**	-	**(492,207)**	(67,323)
Loans from related parties	**-**	-	**-**	219,030
Repayment of loan from a related party	**-**	-	**(13,997)**	-
Proceed from private placement	**-**	-	**931,280**	-
Net cash (used in)/generated from financing activities	**(72,696)**	48,624	**627,980**	405,535
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	**(13,886)**	(3,772)	**(18,832)**	(28,983)
Development expenditures	**-**		**(112)**	(2,849)
Net cash used in investing activities	**(13,886)**	(3,772)	**(18,944)**	(31,832)
Effect of exchange rate changes on cash held in foreign currencies	**781**	(22,311)	**(25,703)**	(63,834)
(Decrease) / Increase in cash	**(285,327)**	46,999	**(18,562)**	(204,758)
Cash, beginning of period	**406,573**	59,048	**139,808**	310,805
Cash, end of period	**121,246**	106,047	**121,246**	106,047

(In Canadian Dollars)

1. GENERAL INFORMATION

GINSMS Inc. (the “Corporation”) was incorporated in Alberta under the Canada Business Corporations Act on March 20, 2009. The address of its registered office is Suite 3000, 700 - 9th Avenue S.W., Calgary, Alberta, T2P 3V4. The Corporation’s shares are listed on the TSX Venture Exchange (“TSXV”).

The Corporation is an investment holding company. The principal activities of its subsidiaries are set out in note 24 to the consolidated financial statements.

In the opinion of the directors of the Corporation, Xinhua Mobile Limited (“Xinhua Mobile”), a company incorporated in the Cayman Islands, is the immediate parent; Xinhua Holdings Limited (“Xinhua Holdings”), a company incorporated in the Cayman Islands, is the ultimate parent.

Xinhua Holdings’ securities are listed on Tokyo Stock Exchange’s Second Section (9399).

The principal activities of the Corporation are as follows:

a. Provision of messaging service (“Messaging Service”)

   The Corporation, through its subsidiary, GIN International Limited in Hong Kong provides its cloud-based application-to-peer (“A2P”) messaging service (“A2P Service”). Through the provision of A2P Service, the Corporation enables the mobile application developers, short message service (“SMS”) gateway, enterprises and financial institution to deliver SMS worldwide without any upfront capital investment through the use of the Corporation’s rich application programming interface.

b. Provision of software products and services (“Software Products and Services”)

   The Corporation operates its Software Products and Services business through Inphosoft Group Pte Ltd. (“Inphosoft”), its wholly-owned subsidiary. Inphosoft is headquartered in Singapore with subsidiaries in Malaysia and Indonesia. The activities of Inphosoft consist of providing software products and services with a focus in the following areas:

   i. Provision of products and solutions to mobile operators in the areas 3G/4G mobile data value-added services like mobile entertainment and mobile advertising.
   ii. Provision of mobile application development services.
   iii. Provision of support and maintenance services to customers that have purchased its products and solutions.
   iv. Maintain the A2P Cloud platform, research and develop new services used by the Corporation’s messaging business.

   Software Products and Services revenues are primarily derived from customers in Singapore, Malaysia and Indonesia.

2. BASIS OF PREPARATION

These unaudited interim consolidated financial statements are prepared according to International Accounting Standard ((“IAS”) 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”).

Amounts are reported in Canadian dollars unless otherwise indicated.

The Corporation has faced considerable competition in its existing principal activities, and the profitability of the businesses has been affected. The Corporation incurred a loss of $166,997 and $817,658 for the three and nine months ended September 30, 2017 respectively. Additionally, as at September 30, 2017, the Corporation had net current liabilities and net liabilities of $904,551 and $4,451,840 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Corporation’s ability to continue as a going concern. Therefore, the Corporation may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Corporation confirms to adopt the going concern basis in preparing its consolidated financial statements. Management has instituted plans to address these matters:

a. The liquidity risk is mitigated on April 10, 2017 when the Corporation completed its non-brokered private placement with its controlling shareholder, Xinhua Mobile. The private placement resulted in the Corporation raising US$700,000 and issuing 7,163,692 common shares to Xinhua Mobile at a subscription price of C$0.13 per common share (the ”Private Placement”) *(Note 20).*

   In connection with the Private Placement, the related parties have agreed to: (i) lower the interest rate of loans to the Corporation to 12% per annum with effect from March 1, 2017; (ii) extend the maturity date of such loans to March 31, 2018 *(Note 19a, 19c and 19d)*; and (iii) extend the maturity date on the Corporation’s promissory note to March 31, 2018 *(Note 18)*.

b. The related parties have further confirmed with the Corporation that they will not call the interest-bearing loans of $3,960,453 in the next twelve months from the quarter ended September 30, 2017.

c. The Corporation intends to expand its A2P Service customer base by directly marketing the service to more countries in Northeast Asia. The Corporation shall also offer additional value-added services on its A2P cloud messaging platform to service the needs of a wider range of customers. This is expected to increase the number of customers in countries the Corporation operates including Singapore, Indonesia and Malaysia.

Should the Corporation be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Corporation’s assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The new and revised international financial reporting standards that have been adopted by the Corporation are described in Note 3 of the audited consolidated financial statements for the year ended December 31, 2016.

Accounting Standards issued but not yet applied

The International Accounting Standards Board has issued several new standards and amendments that will be effective on various dates. The listing below is of standards, interpretations and amendments issued which the Corporation reasonably expects to be applicable after December 31, 2016. The Corporation intended to adopt these standards when they become effective. The Corporation is in the process of assessing, where applicable, the potential effect of all new and revised IFRSs that will be effective, but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

	Effective for accounting periods beginning on or after
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed interim consolidated financial statements as at and for the three and nine months ended September 30, 2017 have been prepared under the historical cost convention.

The preparation of these unaudited condensed interim consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Corporation’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The unaudited condensed interim consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the audited consolidated financial statement for the twelve months ended December 31, 2016 which has been prepared in accordance with IFRS.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) **Going concern basis**

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of the ultimate parent at a level sufficient to finance the working capital requirements of the Corporation. Details are explained in note 2 to the consolidated financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) **Recoverability of development expenditures**

During the period, the Corporation reconsidered the recoverability of development expenditures, which are included in its consolidated statement of financial position as at September 30, 2017 at $375,960 (December 31, 2016: $464,779). The software development projects continue to progress in a very satisfactory manner, and customer reaction has reconfirmed the Corporation’s previous estimates of anticipated revenues from the project. Detailed sensitivity analysis has been carried out and the Corporation is confident that the carrying amount of the asset will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments made in future periods, if future market activity indicates that such adjustments are appropriate.

(b) **Allowance for doubtful accounts**

The Corporation makes an allowance for doubtful accounts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each customer. Allowance for doubtful accounts arises where events or changes in circumstances indicate that the balances may not be collectible. The identification of allowance for doubtful accounts and bad debts, in particular of a loss event, requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

As at September 30, 2017, accumulated allowance for doubtful accounts amounted to $17,504 (December 31, 2016: $10,133).

6. FINANCIAL RISK MANAGEMENT

The Corporation's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Corporation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Corporation's financial performance.

(a) Foreign currency risk

The Corporation is exposed to foreign currency rate variability primarily in relation to certain assets and liabilities denominated in foreign currencies such as United States Dollars ("USD"). However, the Corporation has no material exposure to foreign currency risk as most of its foreign operations are self-sustaining and these foreign operations' functional currencies are in HKD and SGD. The Corporation is mainly exposed to the effects of fluctuation in SGD and USD.

The Corporation also mitigates foreign currency risks, within each segment, by transacting in their functional currency for material procurement, sales contracts and financing activities.

The Corporation currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Corporation monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The following presents the carrying amounts of the financial instruments that are denominated in the currencies:

	At September 30, 2017 (Unaudited)						
	CDN $	SGD $	HKD $	USD $	Euro $	Others $	Total $
Bank and cash balances	**1,212**	**6,014**	**7,569**	**19,263**	**66,424**	**20,764**	**121,246**
Trade receivables	**-**	**566,836**	**-**	**2,119,077**	**95,990**	**20,186**	**2,802,089**
Other receivables and deposits	**-**	**15,211**	**105**	**-**	**25,088**	**7,372**	**47,776**
Accounts payable and accrued liabilities	**(152,829)**	**(131,356)**	**(1,109,887)**	**(1,234,096)**	**(32,419)**	**(51,738)**	**(2,712,325)**
Advance from a related party	**-**	**(55,819)**	**(364,789)**	**-**	**-**	**(13,681)**	**(434,289)**
Promissory note payable	**(472,000)**	**-**	**-**	**-**	**-**	**-**	**(472,000)**
Loans from related parties	**-**	**(1,380,739)**	**(2,172,079)**	**(681,513)**	**-**	**-**	**(4,234,331)**

	At December 31, 2016 (Audited)						
	CDN $	SGD $	HKD $	USD $	Euro $	Others $	Total $
Bank and cash balance	2,031	45,711	5,121	13,350	56,738	16,857	139,808
Trade receivables	-	210,364	-	1,383,680	138,527	15,727	1,748,298
Other receivables and deposits	-	15,356	112	-	26,783	7,515	49,766
Accounts payable and accrued liabilities	(142,330)	(90,080)	(697,163)	(981,789)	(25,138)	(48,491)	(1,984,991)
Advance from a related party	-	-	(741,834)	-	-	(14,245)	(756,079)
Promissory note payable	(436,000)	-	-	-	-	-	(436,000)
Loans from related parties	-	(1,261,566)	(2,079,137)	(660,631)	-	-	(4,001,334)

At September 30, 2017, if the SGD had weakened or strengthened 5 percent against the USD with all other variables held constant, consolidated loss after tax and the deficiency would have been approximately $18,000 (December 31, 2016: $16,000) higher or lower, arising mainly as a result of the foreign exchange loss or gain on net payables denominated in USD.

6. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk

Credit risk arises from accounts receivable and deposits with banks. The Corporation reduces this risk by dealing with creditworthy banks or financial institutions.

Credit risk also results from the possibility that a loss may occur from the failure of another party to adhere to payment terms. To lower this risk, the Corporation's extension of credit is based on an evaluation of each customer's financial condition. Management reviews the ageing of trade accounts receivable and other factors relating to the risk that customer accounts may not be paid in full and, when appropriate, reduces the carrying value to provide for possible loss.

The following table summarizes the accounts receivable overdue but not impaired. These relate to a number of independent customers for whom there is no recent history of default:

	Total	Up to 3 months	3 to 6 months	Over 6 months
	$	$	$	$
At September 30, 2017 (Unaudited)	**2,296,924**	**1,188,435**	**997,033**	**111,456**
At December 31, 2016 (Audited)	1,290,052	660,733	586,698	42,621

As at September 30, 2017, approximately 96% (December 31, 2016: 89%) of significant individual accounts receivable was owed from four customers.

The carrying amount of bank balances and accounts receivable represents the Corporation's maximum credit exposure.

(c) Liquidity risk

The Corporation manages its risk of not meeting its financial obligations through management of its capital structure, and annual budgeting of its revenues, expenditures and cash flows.

The maturity analysis based on contractual undiscounted cash flows of the Corporation's non-derivative financial liabilities is as follows:

	Less than 1 year	Between 1 to 2 years	Total
	$	$	$
At September 30, 2017 (Unaudited)			
Accounts payable and accrued liabilities	**2,712,325**	**-**	**2,712,325**
Advance from a related party	**434,289**	**-**	**434,289**
Promissory note payable	**520,000**	**-**	**520,000**
Loans from related parties	**308,791**	**4,465,311**	**4,774,102**
At December 31, 2016 (Audited)			
Accounts payable and accrued liabilities	1,984,991	-	1,984,991
Advance from a related party	756,079	-	756,079
Promissory note payable	448,000	-	448,000
Loans from related parties	300,174	4,754,174	5,054,348

6. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (cont'd)

The Corporation has working capital deficiency of $904,551 as at September 30, 2017 (December 31, 2016: $1,428,935). The liquidity risk is mitigated on April 10, 2017 when the Corporation has raised US$700,000 from Private Placement (Note 20). In connection with the Private Placement, the related parties have agreed to: (i) lower the interest rate of loans to the Corporation to 12% per annum with effect from March 1, 2017; (ii) extend the maturity date of such loans to March 31, 2018 *(Note 19a, 19c and 19d)*; and (iii) extend the maturity date on the Corporation's promissory note to March 31, 2018 *(Note 18).* The related parties have further confirmed with the Corporation that they will not call the interest-bearing loans of $3,960,453 in the next twelve months from the quarter ended September 30, 2017.

(d) Interest rate risk

As the Corporation has no significant interest-bearing assets, its earnings and operating cash flows are substantially independent of change in market interest rates.

The Corporation's borrowings issued at a fixed rate expose the Corporation to fair value interest rate risk. The Corporation is not exposed to cash flow interest rate risk as at September 30, 2017 and December 31, 2016.

(e) Categories of financial instruments

	(Unaudited) **As at September 30, 2017**	*(Audited)* As at December 31, 2016
	$	$
Financial assets:		
Loan and receivables (including cash and cash equivalents)	**2,971,111**	1,937,871
Financial liabilities:		
Financial liabilities at amortized costs	**7,852,945**	7,178,405

(f) Fair values

The carrying amounts of the Corporation's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

(g) Capital management

Capital is comprised of shareholders equity (deficit) on the consolidated statement of financial position. The Corporation's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders. The Corporation's sources of additional capital and policies for distribution of excess capital may also be affected by the Corporation's capital management objectives.

The Corporation manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity ratio analysis. The capital is generally used for defraying the administrative expenses in promoting the objectives of the Corporation. The Corporation is not subject to either internally or externally imposed capital requirements. There have been no changes in the Corporation's capital management policies for the nine months ended September 30, 2017 and for the year ended December 31, 2016.

GINSMS INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017 AND SEPTEMBER 30, 2016
(Unaudited)

7. REVENUE

An analysis of the Corporation's revenue is as follows:

	(Unaudited) **Three months ended September 30, 2017**	*(Unaudited)* Three months ended September 30, 2016	***(Unaudited)*** **Nine months ended September 30, 2017**	*(Unaudited)* Nine months ended September 30, 2016
	$	$	**$**	$
Service income	**1,890,428**	1,471,744	**5,379,580**	4,773,569
Miscellaneous income	**7,453**	1,597	**47,299**	40,605
	1,897,881	1,473,341	**5,426,879**	4,814,174

8. SEGMENT INFORMATION

The Corporation's reportable segments are (1) provision of Messaging Service ("MS") and (2) Software Products and Services ("SPS"). They are managed separately because each business requires different technology and marketing strategies. In addition, the Corporation has corporate expenses, assets and liabilities, and such information is included in the "unallocated" column.

The accounting policies of the segments are the same as those described in note 4 to the consolidated financial statements.

(a) Revenue by customers

The revenues are primarily generated in HKD, USD, and SGD. Six major customers have contributed to sales revenue for the three and nine months ended September 30, 2017 and September 30, 2016 as indicated in the following table.

	(Unaudited) **Three months ended September 30, 2017**		*(Unaudited)* Three months ended September 30, 2016	
	$	**% of total revenue**	$	% of total revenue
Customer A	**950,074**	**50.1**	-	-
Next five top customers				
Customer B	**398,789**	**21.0**	189,028	12.8
Customer C	**211,964**	**11.2**	109,931	7.5
Customer D	**91,223**	**4.8**	329,649	22.4
Customer E	**54,494**	**2.9**	118,025	8.0
Customer F	**55,257**	**2.9**	35,760	2.4
All other customers	**136,080**	**7.1**	690,948	46.9
	1,897,881	**100.0**	1,473,341	100.0

8. SEGMENT INFORMATION (CONT'D)

(a) Revenue by customers (Cont'd)

	(Unaudited) **Nine months ended September 30, 2017**		*(Unaudited)* Nine months ended September 30, 2016	
	$	**% of total revenue**	$	% of total revenue
Customer A	**2,546,694**	**46.9**	-	-
Next five top customers				
Customer B	**1,346,851**	**24.8**	902,988	18.8
Customer C	**530,525**	**9.8**	260,360	5.4
Customer D	**266,526**	**4.9**	1,082,582	22.5
Customer E	**235,255**	**4.3**	317,943	6.6
Customer F	**132,893**	**2.4**	47,465	1.0
All other customers	**368,135**	**6.9**	2,202,836	45.7
	5,426,879	**100.0**	4,814,174	100.0

(b) Revenue by geographical location

	(Unaudited) **Three months ended September 30, 2017**		*(Unaudited)* Three months ended September 30, 2016	
	$	**% of total revenue**	$	% of total revenue
Singapore	**1,233,981**	**65.0**	801,450	54.4
United Arab Emirates	**91,361**	**4.8**	329,649	22.4
Other Asia countries	**83,472**	**4.4**	71,360	4.8
Europe	**82,824**	**4.4**	79,633	5.4
United States	**398,841**	**21.0**	189,935	12.9
Other regions	**7,402**	**0.4**	1,314	0.1
	1,897,881	**100.0**	1,473,341	100.0

	(Unaudited) **Nine months ended September 30, 2017**		*(Unaudited)* Nine months ended September 30, 2016	
	$	**% of total revenue**	$	% of total revenue
Singapore	**3,341,498**	**61.6**	2,360,863	49.0
United Arab Emirates	**266,664**	**4.9**	1,082,582	22.5
Other Asia countries	**237,542**	**4.4**	242,097	5.0
Europe	**218,089**	**4.0**	201,429	4.2
United States	**1,347,101**	**24.8**	904,423	18.8
Other regions	**15,985**	**0.3**	22,780	0.5
	5,426,879	**100.0**	4,814,174	100.0

8. SEGMENT INFORMATION (CONT'D)

(c) Total assets by geographical location

	(Unaudited) **As at September 30, 2017**		*(Audited)* As at December 31, 2016	
	$	**% of total assets**	$	% of total assets
Singapore	**2,325,242**	**66.5**	2,054,528	78.2
United Arab Emirates	**12,032**	**0.3**	10,494	0.4
Other Asia countries	**569,267**	**16.3**	408,701	15.6
Europe	**42,892**	**1.2**	12,255	0.5
United States	**40,118**	**1.1**	109,930	4.2
Other regions	**506,663**	**14.6**	31,182	1.1
	3,496,214	**100.0**	2,627,090	100.0

(d) Financial information by business segments

	MS	**SPS**	**Unallocated**	**Total**
	$	**$**	**$**	**$**
Nine months ended September 30, 2017 (Unaudited)				
Revenue	**4,582,962**	**843,917**	-	**5,426,879**
Intersegment revenue	-	**234,941**	-	**234,941**
Amortization and depreciation	-	**97,778**	-	**97,778**
Interest income	**2**	**51**	-	**53**
Interest and finance expenses	**234,785**	**184,913**	**67,239**	**486,937**
Income tax expense/(refund)	-	**(46)**	-	**(46)**
Segment profit/(losses)	**159,804**	**(796,995)**	**(180,467)**	**(817,658)**
Additions to segment non-current assets	-	**18,944**	-	**18,944**
As at September 30, 2017 (Unaudited)				
Segment assets	**2,364,850**	**1,121,798**	**9,566**	**3,496,214**
Segment liabilities	**(5,334,532)**	**(1,630,376)**	**(983,146)**	**(7,948,054)**

8. SEGMENT INFORMATION (CONT'D)

(d) Financial information by business segments (Cont'd)

	MS	SPS	Unallocated	Total
	$	$	$	$
Nine months ended September 30, 2016 (Unaudited)				
Revenue	4,100,354	713,820	-	4,814,174
Intersegment revenue	-	262,575	-	262,575
Amortization and depreciation	14	126,437	20	126,471
Interest income	2	36	-	38
Interest and finance expenses	319,726	261,077	66,552	647,355
Income tax expense	-	1,247	-	1,247
Segment profit/(losses)	256,463	(1,084,828)	(249,287)	(1,077,652)
Additions to segment non-current assets	-	31,774	-	31,774
As at September 30, 2016 (Unaudited)				
Segment assets	1,057,035	951,225	16,107	2,024,367
Segment liabilities	(3,505,595)	(1,930,708)	(846,545)	(6,282,848)

The totals of above items disclosed in the segment information are the same as the consolidated totals.

9. EMPLOYEE BENEFITS EXPENSE

	(Unaudited) **Three months ended September 30, 2017**	*(Unaudited)* Three months ended September 30, 2016	***(Unaudited)*** **Nine months ended September 30, 2017**	*(Unaudited)* Nine months ended September 30, 2016
	$	$	**$**	$
Directors fees	**-**	-	**-**	-
Employee benefits expense (including key management personnel):				
Salaries, bonuses and allowances (Note)	**293,913**	318,006	**914,393**	961,632
Retirement benefit scheme contributions	**33,583**	36,381	**105,373**	110,620
	327,496	354,387	**1,019,767**	1,072,252
	327,496	354,387	**1,019,767**	1,072,252

Note: Included expenses of $112 and $484,714 (Nine months ended September 30, 2016: $2,791 and $334,729) capitalized in development expenditures and recognized in cost of sales for the nine months ended September 30, 2017 respectively.

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following:

	(Unaudited) **Three months ended September 30, 2017**	*(Unaudited)* Three months ended September 30, 2016	***(Unaudited)*** **Nine months ended September 30, 2017**	*(Unaudited)* Nine months ended September 30, 2016
	$	$	**$**	$
Loss				
Loss for the purpose of calculating basic and diluted loss per share	**(166,349)**	(376,878)	**(815,739)**	(1,076,467)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**149,793,861**	142,630,169	**147,169,798**	142,630,169

The Corporation did not have any dilutive potential ordinary shares during the three months and nine months ended September 30, 2017 and September 30, 2016, the diluted loss per share was the same as the basic loss per share.

11. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment and software
Cost	
At January 1, 2016	183,939
Additions	29,667
Written off	(12,809)
Exchange difference	(2,775)
At December 31, 2016 and January 1, 2017	198,022
Additions	18,832
Exchange difference	(5,155)
At September 30, 2017	211,699
Accumulated depreciation	
At January 1, 2016	130,783
Depreciation	47,241
Written off	(12,809)
Exchange difference	(2,853)
At December 31, 2016 and January 1, 2017	162,362
Depreciation	15,370
Exchange difference	(4,366)
At September 30, 2017	173,366
Carrying amount	
As at September 30, 2017	38,333
As at December 31, 2016	35,660

12. GOODWILL

	$
Cost less impairment	
At January 1, 2016, December 31, 2016 and September 30, 2017	-

Due to changes in market condition, the recoverable amount of the goodwill was determined to be below its carrying value at March 31, 2015, and accordingly, the goodwill was considered fully impaired during the year ended March 31, 2015.

13. DEVELOPMENT EXPENDITURES

	Cost	Accumulated amortization	Total
	$	$	$
At January 1, 2016	896,240	(319,254)	576,986
Additions	2,865	-	2,865
Amortization	-	(116,271)	(116,271)
Translation difference	(4,410)	5,609	1,199
At December 31, 2016	894,695	(429,916)	464,779
Additions	112	-	112
Amortization	-	(82,408)	(82,408)
Translation difference	(13,514)	6,991	(6,523)
At September 30, 2017	881,293	(505,333)	375,960

Research costs recognized as expense for the nine months ended September 30, 2017 and nine months ended September 30, 2016, are $25,243 and $34,716 respectively.

14. ACCOUNTS RECEIVABLE

	(Unaudited) **As at September 30, 2017**	*(Audited)* As at December 31, 2016
	$	$
Trade receivables	**2,819,593**	1,758,431
Less: Allowance for doubtful accounts	**(17,504)**	(10,133)
	2,802,089	1,748,298
Amounts due from customers on contracts (Note 16)	**6,829**	74,363
Total	**2,808,918**	1,822,661

As at September 30, 2017, an allowance was made for estimated irrecoverable trade receivables of approximately $18,000 (December 31, 2016: $10,000).

Reconciliation of allowance for doubtful account balances:

	(Unaudited) **As at September 30, 2017**	*(Audited)* As at December 31, 2016
	$	$
As at beginning of period/year	**10,133**	18,349
Allowance for the period/year	**7,489**	-
Reversal of allowance for the period/year	**-**	(8,249)
Exchange differences	**(118)**	33
As at end of period/year	**17,504**	10,133

15. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	(Unaudited) **As at September 30, 2017**	*(Audited)* As at December 31, 2016
	$	$
Trade payables	**1,352,987**	1,074,497
Amounts due to customers on contracts (Note 16)	**53,336**	61,849
Deferred income	**31,073**	42,747
Accrued liabilities and receipt in advance	**1,368,313**	917,824
Total	**2,805,709**	2,096,917

Accrued liabilities consist mainly of accrued rental, professional fees and general administration expenses.

16. AMOUNT DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	(Unaudited) **As at September 30, 2017**	*(Audited)* As at December 31, 2016
	$	$
Contract costs incurred plus recognized profits less recognized losses to date	**92,690**	635,360
Less: Progress billings	**(139,197)**	(622,846)
	(46,507)	12,514
Amount due from customers for contract work	**6,829**	74,363
Amount due to customers for contract work	**(53,336)**	(61,849)
	(46,507)	12,514

17. ADVANCE FROM A RELATED PARTY

The advance from an officer is unsecured, interest-free and repayable on demand.

18. PROMISSORY NOTE PAYABLE

	Total $
As at January 1, 2016	400,000
Interest expenses for the year	36,000
As at December 31, 2016	436,000
Interest expenses for the period	36,000
As at September 30, 2017	472,000

For part of the acquisition of Inphosoft Group on September 28, 2012, the Corporation issued a $400,000 non-interest bearing promissory note payable, due on the first year anniversary date of the closing date. The note had an initial present value of $366,523 with accretion recorded at an annual interest rate of 6%. In 2016, the Corporation had negotiated with the note holder, Inphosoft Pte Ltd. (“IPL”) on extending the due date on the note payable and the promissory note holder had agreed to extend the due date of the promissory note payable of $400,000 to March 31, 2017. A simple interest of 12% per annum was charged and interest was accrued effective from April 1, 2016.

In connection with the Private Placement *(Note 20)*, IPL agreed to further extend the maturity date on the promissory note payable issued to March 31, 2018.

19. LOANS FROM RELATED PARTIES

	Note	***(Unaudited)*** **As at September 30, 2017**	*(Audited)* As at December 31, 2016
		$	$
Non-current:			
Loan from a director	(a)	**3,121,221**	2,962,538
Loan from a director of a subsidiary	(b)	**-**	17,880
Loan from a related party	(c)	**839,232**	759,643
		3,960,453	3,740,061
Current:			
Loan from immediate parent	(d)	**273,878**	261,273
Total		**4,234,331**	4,001,334

All above loans from related parties are non-trade nature and unsecured.

(a) The loans are from the Corporation's director, Mr. Joel Siang Hui Chin, and originally bear interest at 24% (December 31, 2016: 24%) per annum (compounded daily based on a 365-day year) and were originally matured on or before September 30, 2015.

(b) The loan bears interest at 24% (December 31, 2016: 24%) per annum (compounded daily based on a 365-day year), and matured on June 12, 2014.

On March 27, 2017, the Corporation and Mr. Xu Hongwei, the director of a subsidiary of the Corporation, have reached the agreement to waive the loan interest of about $4,500 and to settle the full loan at about $14,000.

(c) The loan is from IPL, a shareholder of the Corporation, originally bears interest at 24% (December 31, 2016: 24%) per annum (compounded daily based on a 365-day year), and has no fixed term of repayment. A director of the Corporation, Mr. Joel Siang Hui Chin, and 2 directors of the Corporation's subsidiaries, Mr. Wang Xianxiang and Mr. Xu Hongwei, each has significant influence over IPL.

(d) The loan is from Xinhua Mobile, the immediate parent of the Corporation, and originally bears interest at 28% (December 31, 2016: 28%) per annum (compounded daily based on a 365-day year) and originally due on June 30, 2017.

In connection with the Private Placement (*Note 20),* Mr. Joel Siang Hui Chin, IPL and Xinhua Mobile has also agreed to: (i) lower the interest rate from 24%/28% per annum to 12% per annum with effect from March 1, 2017; and (ii) extend the maturity date of such loans to March 31, 2018.

For three months ended September 30, 2017, Mr. Joel Siang Hui Chin and IPL have also advised the Corporation that they will not call the loans in the next twelve months from the quarter ended September 30, 2017.

20. SHARE CAPITAL

Authorised:
Unlimited common shares

Unlimited preferred shares, non-voting, non-participating, non-cumulative dividends, redeemable and retractable at the amount paid.

Issued:

	Note	**Common shares**	***(Unaudited)*** **Nine months ended September 30, 2017 Amount**	Common shares	*(Audited)* Twelve months ended December 31, 2016 Amount
			$		**$**
Balance, beginning/end of period/year		**142,630,169**	**10,484,429**	142,630,169	10,484,429
Issuance of shares in a private placement		**7,163,692**	**931,280**	-	-
Balance, beginning/end of period/year		**149,793,861**	**11,415,709**	142,630,169	10,484,429

On April 10, 2017, the Corporation completed its non-brokered private placement with its controlling shareholder, Xinhua Mobile. The private placement resulted in the Corporation raising US$700,000 and issuing 7,163,692 common shares to Xinhua Mobile at a subscription price of C$0.13 per common share, and the Corporation now has 149,793,861 common shares issued and outstanding.

21. COMMITMENTS

The Corporation has lease agreements outstanding for various terms up to November 30, 2018. Payments are to be incurred in SGD, MYR, the CDN equivalent as of September 30, 2017 is a total of $64,601 (December 31, 2016: $102,328), of which $61,045 (December 31, 2016: $76,387) is to be incurred within one year of the statement of financial position date and $3,556 (December 31, 2016: $25,941) after one year and within five years.

22. RELATED PARTY TRANSACTIONS

(a) The Corporation had the following related party transactions for the three and nine months ended September 30, 2017 and September 30, 2016:

	(Unaudited) **Three months ended September 30, 2017**	*(Unaudited)* Three months ended September 30, 2016	***(Unaudited)*** **Nine months ended September 30, 2017**	*(Unaudited)* Nine months ended September 30, 2016
	$	$	**$**	$
Revenue and accounting fee income from companies controlled by a director	**228,197**	109,930	**567,116**	260,443
Cost of consignment stocks paid to a company controlled by a director	**1,419**	378	**1,790**	669
Accounting fee paid to an officer	**13,644**	16,278	**52,162**	60,527
Rent charged by a company controlled by a director	**14,082**	14,548	**42,706**	43,561
Interest charged on loan from a director	**93,200**	160,810	**335,348**	457,013
Interest charged (waived) on loan from a director of a subsidiary	**-**	1,016	**(3,768)**	2,847
Interest charged on loan from immediate parent	**8,187**	16,198	**31,239**	42,552
Interest charged on loan from other related parties	**25,053**	43,133	**88,119**	120,943
Interest charged on promissory note payable	**12,000**	12,000	**36,000**	24,000

The above transactions are in the normal course of operations at arms-length and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

(b) The Corporation had the following related party balances at the end of the reporting period:

	Accounts receivable	Accounts payables and accrued liabilities	Advance payable	Promissory note payable	Loan payables
	$	$	$	$	$
As at September 30, 2017 *(Unaudited)*					
Directors	**-**	**(40,949)**	**(378,470)**	**-**	**(3,121,221)**
An officer	**-**	**(3,635)**	**-**	**-**	**-**
Companies controlled by a director	**502,994**	**(23,318)**	**-**	**-**	**-**
Directors of subsidiaries	**-**	**(1,898)**	**-**	**-**	**-**
A related party	**-**	**-**	**(55,819)**	**(472,000)**	**(839,232)**
Immediate parent	**-**	**-**	**-**	**-**	**(273,878)**
As at December 31, 2016 *(Audited)*					
Directors	-	(80,958)	(756,079)	-	(2,962,538)
An officer	-	(5,204)	-	-	-
A company controlled by a director	144,819	(1,080)	-	-	-
Directors of subsidiaries	-	(1,916)	-	-	(17,880)
A related party	-	-	-	(436,000)	(759,643)
Immediate parent	-	-	-	-	(261,273)

23. RELATED PARTY TRANSACTIONS (CONT'D)

(c) Key management personnel compensation

	(Unaudited) **Three months ended September 30, 2017**	*(Unaudited)* Three months ended September 30, 2016	***(Unaudited)*** **Nine months ended September 30, 2017**	*(Unaudited)* Nine months ended September 30, 2016
	$	$	**$**	$
Salaries and related costs	**90,263**	92,087	**273,357**	275,275
Accounting fees	**13,644**	16,278	**52,162**	60,527
Contributions to defined mandatory contribution funds	**8,580**	8,865	**26,021**	26,544
	112,487	117,230	**351,540**	362,346
Directors' fees	**-**	-	**-**	-
Total	**112,487**	117,230	**351,540**	362,246

24. PARTICULARS OF SUBSIDIARIES

Particulars of the principal subsidiaries as at September 30, 2017 are as follows:

Name	Place of incorporation / registration and operation	Particular of Issued share capital	Percentage of ownership interest / voting power / profit sharing		Principal activities
			Direct	Indirect	
Inphosoft Group Pte Limited	Singapore	1,000,000 ordinary shares of SGD1,614,500	100%	-	Investment holding
Inphosoft Singapore Pte Ltd.	Singapore	300,000 ordinary shares of SGD300,000	-	100%	Provision for project management consultancy services and information technology services and solutions.
GIN International Limited	Hong Kong	100 ordinary shares of HKD100	-	100%	Provision for short message services

25 COMPARATIVE FIRGURES

Certain comparative figures have been reclassified to conform to the current period's presentation. The new classification of the accounting items was considered to provide a more appropriate presentation of the state of affairs of the Group.

26. APPROVAL OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed interim consolidated financial statements were approved and authorised for issue by the Board of Directors on November 13, 2017.