



## NEWS RELEASE

### **GINSMS ANNOUNCES FINANCIAL RESULTS FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2015**

Calgary, Alberta, February 11, 2016 – GINSMS Inc. (TSXV: GOK) (“GINSMS” or the “Corporation”) has announced its financial results for the third and final quarter and nine months ended December 31, 2015. On January 27, 2016, the Company announced the change of its financial year end to December 31, 2015, instead of March 31, 2016. This is in line with the financial year end of its ultimate holding company, Xinhua Holdings Limited.

The annual audited financial statements of the Corporation for the nine months ended December 31, 2015 are currently under audit and in the process of preparation. As required under Canadian securities law regulations, the Corporation will be disclosing and filing on SEDAR its annual audited financial statements and the related management’s discussion and analysis (“MD&A”) of the Corporation will be ready within 120 days after the end of its revised year end of December 31, 2015.

The Corporation’s financial information for the nine months ended December 31, 2015 is prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

Highlights include:

- Revenue of \$3,888,690 for the nine-month period ended December 31, 2015 as compared to \$1,082,920 and \$1,906,467 for the nine-month period ended December 31, 2014 and the twelve-month period ended March 31, 2015, respectively.
- Revenue of \$1,486,851 for the three-month period ended December 31, 2015 as compared to \$436,258 and \$823,548 for the three-month period ended December 31, 2014 and the three-month period ended March 31, 2015, respectively.
- Gross Profit of \$429,264 for the nine-month period ended December 31, 2015 as compared to gross profit of \$93,907 and \$44,790 for the nine-month period ended December 31, 2014 and twelve-month period ended March 31, 2015, respectively.
- Gross Profit of \$189,673 for the three-month period ended December 31, 2015 as compared to gross profit of \$26,153 and gross loss of \$49,118 for the three-month period ended December 31, 2014 and the three-month period ended March 31, 2015, respectively.
- Selling, general and administrative expenses increased slightly from \$1,079,576 for the nine-month period ended December 31, 2014 to \$1,313,916 for the nine-month period ended December 31, 2015. Selling, general and administrative expenses amounted to \$1,559,864 for the twelve-month period ended March 31, 2015.
- Selling, general and administrative expenses increased from \$362,042 for the three-month period ended December 31, 2014 to \$619,124 for the three-month period ended

December 31, 2015. Selling, general and administrative expenses amounted to \$480,287 for the three-month period ended March 31, 2015.

- Net loss of \$2,432,182 for nine-month period ended December 31, 2015 as compared to a net loss of \$2,411,364 and \$6,775,846 for the nine-month period ended December 31, 2014 and the twelve-month period ended March 31, 2015, respectively.
- Net loss of \$707,289 for three-month period ended December 31, 2015 respectively as compared to a net loss of \$821,138 and \$4,364,482 for the three-month period ended December 31, 2014 and the three-month period ended March 31, 2015, respectively.
- The cloud-based application-to-person messaging service (the "A2P messaging") that was introduced in March 27, 2014 has generated revenue of \$1,195,023 and \$3,069,374 for the three-month and nine-month periods ended December 31, 2015, respectively.

On March 27, 2014, GINSMS announced that it had launched the A2P messaging service. Mobile application developers use A2P messaging service to deliver one-time-passwords ("OTP") for authentication of over-the-top ("OTT") mobile applications such as Whatsapp, WeChat, Line and KakaoTalk, in-app purchase confirmations or promotion of latest game releases. Enterprises and financial institutions use A2P messaging service in the areas of mobile marketing, mobile transactions, security, customer relationship management ("CRM") and enterprise resource planning ("ERP"). Transparency Market Research ([www.transparencymarketresearch.com](http://www.transparencymarketresearch.com)) estimated the market size of the A2P messaging service business to be US\$53.07 billion globally in 2013 and growing at a compounded annual growth rate of 4.2% till 2020.

GINSMS's A2P messaging service business started generating revenue in the month of April 2014. Revenue for the A2P messaging service business for the first quarter ended June 30, 2014, second quarter ended September 30, 2014, third quarter ended December 31, 2014 and fourth quarter ended March 31, 2015 were \$78,115, \$104,836, \$307,127 and \$627,535, respectively. Revenue for the A2P messaging service business for the first quarter ended June 30, 2015 was \$808,109, for the second quarter ended September 30, 2015 was \$1,066,242 and the third quarter ended December 31, 2015 was \$1,195,023.

## Selected Profit and Loss Information

Financial Highlights	Three-month period ended December 31 (Unaudited)	Three-month period ended December 31 (Unaudited)	Nine-month period ended December 31 (Unaudited)	Twelve-month period ended March 31 (Audited)
	2015	2014	2015	2015
Revenues \$				
A2P Messaging Service	1,195,023	307,127	3,069,374	1,117,613
IOSMS Messaging Service	-	(11,105)	-	34,820
Software Product & Services	291,828	140,235	819,316	754,034
	1,486,851	436,257	3,888,690	1,906,467
Cost of sales \$				
A2P Messaging Service	1,047,554	285,500	2,792,424	1,037,629
IOSMS Messaging Service	-	1,059	-	87,061
Software Product & Services	249,624	123,545	667,002	736,987
	1,297,178	410,104	3,459,426	1,861,677
Gross profit \$				
A2P Messaging Service	147,469	21,627	276,950	79,984
IOSMS Messaging Service	-	(12,164)	-	(52,241)
Software Product & Services	42,204	16,690	152,314	17,047
	189,673	26,153	429,264	44,790
Gross margin %				
A2P Messaging Service	12.3%	7.0%	9.0%	7.2%
IOSMS Messaging Service	-	109.5%	-	(150.0)%
Software Product & Services	14.5%	11.9%	18.6%	2.3%
	12.8%	6.0%	11.0%	2.3%
Adjusted EBITDA <sup>(1)</sup> \$	(383,247)	(300,798)	(904,932)	(1,246,772)
Adjusted EBITDA margin	(25.8)%	(68.9)%	(23.3)%	(65.4)%
Net earnings \$	(707,289)	(821,138)	(2,432,182)	(6,775,846)
Net earnings margin	(47.6)%	(188.2)%	(62.5)%	(355.4)%
Net earnings (loss) per share \$				
Basic	(0.00)	(0.02)	(0.03)	(0.13)
Diluted	(0.00)	(0.02)	(0.03)	(0.13)

(1) Adjusted EBITDA is a non-GAAP measure related to cash earnings and is defined for these purposes as earnings before income taxes, depreciation and amortization (in both cost of sales and general and administration expenses), interest expenses, the accretion on obligations and also excludes certain non-recurring or non-cash expenditure.

The table below outlines the changes in the major categories:

	Three-month period ended December 31, (Unaudited)	Three-month period ended December 31, (Unaudited)	Nine-month period ended December 31, (Unaudited)	Twelve-month period ended March 31 (Audited)
	2015	2014	2015	2015
Amortization (cost of sales)				
- Development expenditure	28,695	40,345	86,571	172,104
Depreciation (cost of sales)				
- Property, plant and equipment	9,289	8,809	27,482	34,837
Suspended projects impairment (cost of sales)	-	-	-	144,945
Selling, General & Administrative expenses	619,124	362,042	1,313,916	1,559,864
Allowance for doubtful debt	18,056	-	18,056	-
Foreign currency exchange (gain)/loss	(8,220)	14,063	134,333	83,584
Interest expenses	171,639	58,908	471,005	199,661
Finance expense				
- Accretion on convertible debentures	-	369,499	818,364	1,433,226
Goodwill impairment	-	-	-	2,830,364
Intangible assets impairment	-	-	-	393,375
Writeback of deferred tax liability on intangible assets	-	-	-	(126,259)
Development expenditures impairment (expense)	-	-	-	164,456
Depreciation (expense)				
- Property, plant and equipment	3,204	3,378	9,791	13,941
Amortization (expense)				
- Intangible assets - contracts	-	-	-	111,181
- Intangible assets - software	-	39,337	-	157,350

### **Selected Balance Sheet Information**

	<b>December 31, 2015 (Unaudited) \$</b>	<b>March 31, 2015 (Audited) \$</b>
<b>Current Assets</b>		
Bank and cash balances	310,805	515,208
Accounts receivable and others, net	1,536,894	781,552
Prepaid expenses	136,588	109,062
	<b>1,984,287</b>	<b>1,405,822</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	53,156	70,809
Development expenditures	576,986	606,044
<b>TOTAL ASSETS</b>	<b>2,614,429</b>	<b>2,082,675</b>
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	1,844,293	1,160,432
Convertible debentures	-	8,290,903
Advance from a related party	556,370	-
Promissory note payable	400,000	400,000
Current tax liabilities	89,885	-
	<b>2,890,548</b>	<b>9,851,335</b>
<b>Non-Current Liabilities</b>		
Loans from related parties	2,943,129	2,293,970
Deferred tax liability	3,321	1,145
<b>TOTAL LIABILITIES</b>	<b>5,836,998</b>	<b>12,146,450</b>
<b>Equity</b>		
Share capital	10,484,429	1,339,386
Reserves	-	131,995
Equity component of convertible debentures	-	35,776
Deficit	(13,889,187)	(11,590,406)
Accumulated other comprehensive income	187,496	23,363
Total equity (deficiency) attributable to equity shareholders	<b>(3,217,262)</b>	<b>(10,059,886)</b>
Non-controlling interest	(5,307)	(3,889)
<b>TOTAL EQUITY (DEFICIENCY)</b>	<b>(3,222,569)</b>	<b>(10,063,775)</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>2,614,429</b>	<b>2,082,675</b>

(1) The figures reported above are based on the consolidated financial statements of the Company which have been prepared in accordance with International Financial Reporting Standard.

Total assets of GINSMS including cash, accounts receivable, prepaid expenses, property and equipment and development expenditures as at December 31, 2015 amounted to \$2,614,429 compared to \$2,082,675 as at March 31, 2015. Bank and cash balances amounted to \$310,805, compared to \$515,208, a decrease of 39.7%. The decrease was mainly due to getting less loans from the related parties in the current quarter ended December 31, 2015 as the Corporation relied

more on the cash flow from the operation. The cash flow from financing activities is \$864,627 for the nine months ended December 31, 2015 compared to \$1,685,725 for the twelve months ended March 31, 2015, as shown in the selected Liquidity and Capital Resources section below.

### Selected Liquidity and Capital Resources Information

	Nine-month period ended December 31, 2015 (Unaudited)	Twelve-month period ended March 31, 2015 (Audited)
	\$	\$
<b>Cash, beginning of period/year</b>	515,208	115,309
<b>Operating activities</b>		
Net loss for the period/year	(2,432,182)	(6,775,846)
Current tax expenses	93,411	-
Deferred tax expenses (credit)	2,570	(841)
Foreign currency exchange loss	134,333	83,584
Allowance for doubtful debts	18,056	-
Interest expense	471,005	199,661
Accretion on convertible debentures	818,364	1,433,226
Writeback of deferred tax liability on intangible assets	-	(126,259)
Goodwill impairment	-	2,830,364
Intangible assets impairment	-	393,375
Development costs impairment	-	164,456
Suspended projects impairment	-	144,945
Amortization & depreciation	123,844	489,413
Changes in non-cash working capital	(83,859)	(4,153)
Tax paid	(4,963)	-
<b>Net cash used in operating activities</b>	<b>(859,421)</b>	<b>(1,168,075)</b>
<b>Financing activities</b>		
Loans from related parties	287,373	2,417,973
Repayment of loans from related parties	-	(732,248)
Advance from a related party	680,248	-
Repayment of advance from a related party	(102,994)	-
<b>Net cash generated from financing activities</b>	<b>864,627</b>	<b>1,685,725</b>
<b>Investing activities</b>		
Development costs	(47,036)	(154,130)
Purchase of property, plant and equipment	(19,628)	(9,060)
<b>Net cash used in investing activities</b>	<b>(66,664)</b>	<b>(163,190)</b>
Effect of exchange rate changes on cash	(142,945)	45,439
<b>(Decrease)/Increase in cash</b>	<b>(204,403)</b>	<b>399,899</b>
<b>Cash, end of period/year</b>	<b>310,805</b>	<b>515,208</b>

## Segmented information

### a) Revenue by major customers

	Nine-month period ended December 31, 2015 (Unaudited)		Twelve-month period ended March 31, 2015 (Audited)	
	\$	% of total revenue	\$	% of total revenue
Customer A	1,541,256	39.6	571,354	30.0
Customer B	713,375	18.3	2,611	0.1
Customer C	543,441	14.0	119,802	6.3
Customer D	390,340	10.0	-	-
Customer E	270,061	6.9	551,458	28.9
Customer F	48,592	1.2	6,055	0.3
All other customers	381,625	10.0	655,187	34.4
Total	3,888,690	100.0	1,906,467	100.0

### b) Revenue by geographical locations

	Nine-month period ended December 31, 2015 (Unaudited)		Twelve-month period ended March 31, 2015 (Audited)	
	\$	% of total revenue	\$	% of total revenue
Asia	3,163,856	81.4	1,150,863	60.4
Europe	123,137	3.2	554,244	29.1
North America	552,740	14.2	120,517	6.3
Other regions	48,957	1.2	80,843	4.2
Total	3,888,690	100.0	1,906,467	100.0

### c) Financial information by business segments

Nine-month period ended December 31, 2015 (Unaudited)	Investment	Messaging	Software products and services	Total
	\$	\$	\$	\$
Revenue	-	3,069,374	819,316	3,888,690
Depreciation and amortisation	89	375	123,380	123,844
Income tax expenses	-	-	95,981	95,981
Net loss	(1,304,128)	(45,159)	(1,082,895)	(2,432,182)
Segment assets, total	33,697	1,360,033	1,220,699	2,614,429
Segment liabilities, total	(600,616)	(3,467,382)	(1,769,000)	(5,836,998)
Total expenditures for property and equipment and development expenditures	-	-	66,664	66,664

Twelve-month period ended March 31, 2015 (Audited)	Investment	Messaging	Software products and services	Total
	\$	\$	\$	\$
Revenue	-	1,152,433	754,034	1,906,467
Depreciation and amortisation	119	1,247	488,047	489,413
Income tax credit	-	-	(107)	(107)
Net loss	(5,036,536)	(185,325)	(1,553,985)	(6,775,846)
Segment assets, total	5,482	1,322,085	755,108	2,082,675
Segment liabilities, total	(8,843,954)	(1,610,523)	(1,691,973)	(12,146,450)
Total expenditures for property and equipment and development expenditures	-	-	163,190	163,190

### About GINSMS

GINSMS is a mobile technology and services company focusing on 2 areas namely its A2P Messaging Service and its Software Products and Services. GINSMS operates a cloud-based A2P messaging service that allows the termination of SMS to mobile subscribers of more than 200 mobile operators globally. GINSMS also develops and distribute innovative software products and services for mobile operators and enterprises and have successfully deployed more than 100 solutions worldwide. GINSMS has offices in China, Singapore, Hong Kong, Malaysia and Indonesia.

### Forward Looking Statements

Certain information included in this press release may contain forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may”, “could”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, or “continue” or the negative thereof or variations thereon or similar terminology. These statements are not historical facts, but reflect management’s current beliefs and are based on information currently available to management regarding future results and events. Particularly, these forward-looking statements are based on management’s estimate of future events based on technological advances relating to the Company’s services, current market conditions and past experiences of management in relation to how certain contracts will affect revenues. Forward-looking statements, by their very nature, involve significant risks, uncertainties and assumptions.

A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to dependence on major customers, system failures, delays and other problems, increasing competition, security and privacy breaches, dependence on third-party software and equipment, adequacy of network reliance, network diversity and backup systems, loss of significant information, insurance coverage, capacity limits, rapid technology changes, market acceptance, decline in volume of attractions, retention of key members of the management team, success of expansion into Chinese and other Asian markets, credit risk, consolidation of existing customers, dependence on required licenses, economy and politics in countries where the Company operates, conflicts of interest and residency of directors and officers. Although the Company has attempted to identify important

factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, the Company cannot assure the reader that actual results will be consistent with these forward-looking statements.

In particular, forward-looking statements include the following assumptions:

- Management's belief that the availability of 3G/4G services in China and the rest of the world will continue to create demand for the Company's software products and services.
- Management's belief that the future growth in messaging is in the area of A2P Messaging Service and the Company's investment in this area will create a viable and profitable business in the future.
- Management's belief that the Company is able to generate sufficient amounts of cash through operations and financing activities to fulfil the working capital requirements of its present operations.

These forward-looking statements are made as of the date of this press release and the Company assumes no obligation to update or revise them to reflect new events or circumstances except as may be required by law. Accordingly, readers should not place undue reliance on the forward-looking statements. Forward looking statements are presented in this news release for the purpose of assisting investors and others in understanding certain key elements of our expected fiscal 2016 financial results, as well as our objectives, strategic priorities and business outlook for fiscal 2016, and in obtaining a better understanding of the Company's anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes. All forward-looking statements contained in this press release are qualified by this cautionary statement.

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