

GINSMS INC.

Condensed Interim Consolidated Financial Statements
Nine months period ended September 30, 2019 and 2018
(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 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, 2019 and 2018.

November 12, 2019

/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, 2019 AND SEPTEMBER 30,
2018 (Unaudited)

(In Canadian Dollars)

		<i>(Unaudited)</i> Three months ended September 30, 2019 \$	<i>(Unaudited)</i> Three months ended September 30, 2018 \$	<i>(Unaudited)</i> Nine months ended September 30, 2019 \$	<i>(Unaudited)</i> Nine months ended September 30, 2018 \$
Revenue	7	641,125	930,341	2,004,766	4,269,210
Cost of sales		(425,739)	(794,916)	(1,506,536)	(3,789,635)
Gross profit		215,386	135,425	498,230	479,575
Expenses					
Salaries and wages		(78,303)	(125,401)	(309,734)	(502,007)
Professional fees		(69,433)	(86,388)	(215,389)	(254,689)
Allowance for doubtful debts		-	-	(6,131)	-
Written back of allowance for doubtful debts		-	-	12,959	-
General and administrative		(72,436)	(64,481)	(165,182)	(189,624)
Amortization and depreciation		(12,214)	(257)	(12,450)	(882)
Foreign currency exchange (loss)/gain		(6,682)	(88,868)	43,356	(161,647)
Loss from operations		(23,682)	(229,970)	(154,341)	(629,274)
Finance costs					
Interest expenses on other borrowings		(23,010)	(129,947)	(67,806)	(293,523)
Lease interest on right-of-use assets		(4,958)	-	(4,958)	-
Loss before tax		(51,650)	(359,917)	(227,105)	(922,797)
Income tax credit		(707)	702	(872)	749
Net loss for the period		(52,357)	(359,215)	(227,977)	(922,048)
Other comprehensive income / (loss), net of tax: <i>Items that may be reclassified to profit or loss</i>					
Foreign exchange differences on translating of foreign currency financial operations		82,421	82,166	(42,932)	145,520
Total comprehensive income / (loss) for the period		30,064	(277,049)	(270,909)	(776,528)
Net loss for the period attributable to:					
Shareholders		(53,326)	(358,114)	(228,118)	(917,971)
Non-controlling interest		969	(1,101)	141	(4,077)
		(52,357)	(359,215)	(227,977)	(922,048)
Total comprehensive income / (loss) for the period attributable to:					
Shareholders		29,000	(276,451)	(270,944)	(773,205)
Non-controlling interest		1,064	(598)	35	(3,323)
		30,064	(277,049)	(270,909)	(776,528)
Loss per share	10				
Basic (in Canadian cents)		(0.036)	(0.239)	(0.152)	(0.613)
Diluted		N/A	N/A	N/A	N/A

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, 2019 AND DECEMBER 31, 2018

(In Canadian Dollars)

	Note	<i>(Unaudited)</i> September 30, 2019 \$	<i>(Audited)</i> December 31, 2018 \$
Non-current assets			
Property, plant and equipment	11	51,636	35,486
Right-of-use assets	12	123,781	-
Goodwill	13	-	-
Development expenditures	14	-	-
		<u>175,417</u>	<u>35,486</u>
Current assets			
Accounts receivable	15,17	375,117	664,031
Other receivables, prepayments and deposits		77,608	98,760
Bank and cash balances		159,798	267,951
		<u>612,523</u>	<u>1,030,742</u>
Current liabilities			
Accounts payable and accrued liabilities	16,17	744,150	1,210,856
Advances from related parties	18	688,764	398,659
Loan from a related party	20	369,781	348,009
Lease liabilities	21	32,874	-
Promissory note payable	19	568,000	532,000
Current tax liabilities		588	588
		<u>2,404,157</u>	<u>2,490,112</u>
Net current liabilities		<u>(1,791,634)</u>	<u>(1,459,370)</u>
Total assets less current liabilities		<u>(1,616,217)</u>	<u>(1,423,884)</u>
Non-current liabilities			
Loans from related parties	20	4,610,132	4,624,623
Lease liability	21	93,068	-
Deferred tax liability		1,187	1,188
		<u>4,704,387</u>	<u>4,625,811</u>
NET LIABILITIES		<u>(6,320,604)</u>	<u>(6,049,695)</u>
EQUITY			
Share capital	22	11,415,709	11,415,709
Deficit		(17,945,387)	(17,717,269)
Accumulated other comprehensive income		221,426	264,252
Total deficiency attributable to equity shareholders of the Corporation		<u>(6,308,252)</u>	<u>(6,037,308)</u>
Non-controlling interests		<u>(12,352)</u>	<u>(12,387)</u>
TOTAL DEFICIENCY		<u>(6,320,604)</u>	<u>(6,049,695)</u>

Approved on behalf of the board on November 12, 2019

Director
/s/ "Joel Siang Hui Chin"

Director
/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, 2019 AND SEPTEMBER 30,
2018 (Unaudited)

(In Canadian Dollars)

For the nine months ended	Attributable to equity shareholders of the Corporation					Total deficit
	Share capital	Deficit	Accumulated other comprehensive income	Total	Non-controlling interest	
	\$	\$	\$	\$	\$	\$
Balance as at January 1, 2019	11,415,709	(17,717,269)	264,252	(6,037,308)	(12,387)	(6,049,695)
Loss for the period	-	(228,118)	-	(228,118)	141	(227,977)
Other comprehensive loss	-	-	(42,826)	(42,826)	(106)	(42,932)
Balance as at September 30, 2019	<u>11,415,709</u>	<u>(17,945,387)</u>	<u>221,426</u>	<u>(6,308,252)</u>	<u>(12,352)</u>	<u>(6,320,604)</u>

For the nine months ended	Attributable to equity shareholders of the Corporation					Total deficit
	Share capital	Deficit	Accumulated other comprehensive income	Total	Non-controlling interest	
	\$	\$	\$	\$	\$	\$
Balance as at January 1, 2018	11,415,709	(16,517,730)	227,905	(4,874,116)	(8,935)	(4,883,051)
Loss for the period	-	(917,971)	-	(917,971)	(4,077)	(922,048)
Other comprehensive income	-	-	144,766	144,766	754	145,520
Balance as at September 30, 2018	<u>11,415,709</u>	<u>(17,435,701)</u>	<u>372,671</u>	<u>(5,647,321)</u>	<u>(12,258)</u>	<u>(5,659,579)</u>

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, 2019 AND SEPTEMBER 30,
2018

(In Canadian Dollars)

	<i>(Unaudited)</i> Three months ended September 30, 2019	<i>(Unaudited)</i> Three months ended September 30, 2018	<i>(Unaudited)</i> Nine months ended September 30, 2019	<i>(Unaudited)</i> Nine months ended September 30, 2018
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net loss for the period	(52,357)	(359,215)	(227,977)	(922,048)
Deferred income tax expenses	(80)	318	85	364
Current income tax expense	787	-	787	-
Allowance for doubtful debts	-	-	6,131	-
Written back of allowance for doubtful debts	-	-	(12,959)	-
Interest expenses on other borrowings	23,010	129,947	67,806	293,523
Lease interest on right-of-use assets	4,958	-	4,958	-
Foreign currency exchange loss/(gain)	6,682	88,868	(43,356)	161,647
Loss on written off of development expenditures	-	-	-	255,304
Loss on written off of suspended project costs	-	-	9,466	-
Depreciation of property, plant and equipment	5,890	6,680	15,590	20,248
Depreciation of right-of-use assets	11,268	-	11,268	-
Amortization of development expenditures	-	-	-	40,838
Changes in non-cash working capital items:				
Accounts receivable	(28,369)	2,721,833	270,134	716,648
Other receivables, prepayments and deposits	(8,102)	12,526	21,111	53,557
Accounts payable and accrued liabilities	(97,712)	(2,345,303)	(463,801)	(627,577)
Income tax paid	(787)	(384)	(787)	(384)
Net cash (used in) / generated from operating activities	(134,812)	255,270	(341,544)	(7,880)
FINANCING ACTIVITIES				
Advances from related parties	215,739	-	350,178	108,655
Repayment of advance to a related party	(54,850)	(173,857)	(55,829)	(187,215)
Principal elements of lease payments	(14,231)	-	(14,231)	-
Net cash (used in) / generated from financing activities	146,658	(173,857)	280,118	(78,560)
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(25,335)	(2,745)	(31,567)	(19,890)
Development expenditures	-	(4,804)	-	(5,232)
Net cash used in investing activities	(25,335)	(7,549)	(31,567)	(25,122)
Effect of exchange rate changes on cash held in foreign currencies	6,730	19,358	(15,160)	16,652
(Decrease) / Increase in cash	(6,759)	93,222	(108,153)	(94,910)
Cash, beginning of period	166,557	152,633	267,951	340,765
Cash, end of period	159,798	245,855	159,798	245,855

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

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND SEPTEMBER 30,
2018 (Unaudited)**

(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; Beat Holdings Limited ("Beat Holdings"), a company incorporated in the Cayman Islands, is the ultimate parent.

Beat 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, was originally involved in the provision of inter-operator short message services. On March 27, 2014, the Corporation launched its cloud-based application-to-peer ("A2P") messaging service ("A2P Service"). On September 12, 2014, the Corporation discontinued its IOSMS service to focus on the 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 support and maintenance services to customers that have purchased its products and solutions.
- ii. Maintain the A2P Cloud platform, research and develop new services used by the Corporation's messaging business.
- iii. Outsourcing of technical resources to customers for the purpose of software development based on a time and material basis.

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

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND SEPTEMBER 30,
2018 (Unaudited)****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 (“CDN” or “\$”) 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 \$52,357 and \$227,977 for the three and nine months ended September 30, 2019 respectively. Additionally, as at September 30, 2019, the Corporation had net current liabilities and net liabilities of \$1,791,634 and \$6,320,604 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 as related parties have confirmed with the Corporation that they will not call the loans of \$4,610,132 in the next twelve months from the quarter ended September 30, 2019. Furthermore, the immediate parent and the promissory note holder have agreed to extend the due dates of the loan of \$369,781 and promissory note of \$568,000 to March 31, 2020.
- b. The Corporation intends to focus on improving the gross profit margin of both its A2P messaging service and its software products and services business. The Corporation will scrutinize existing business contracts and only enter into new contracts that are expected to generate satisfactory gross profit margins. This is expected to reduce the cashflow requirements of the Corporation.
- c. The ultimate parent has agreed to provide adequate funds for the Corporation to meet all third party obligations for at least the ensuing twelve month period.

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.

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND SEPTEMBER 30,
2018 (Unaudited)****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, 2018.

The Corporation has adopted IFRS 16 Leases from 1 January 2019.

IFRS 16 replaced IAS 17 and introduced a single, on-balance sheet accounting model for lessees. As a result, the Corporation, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

(a) Definition of a lease

Previously, the Corporation determined at contract inception whether an arrangement was or contained a lease. The Corporation now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Corporation elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Corporation allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Corporation has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(b) As a lessee

The Corporation leases one office building.

As a lessee, the Corporation previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Corporation recognises right-of-use assets and lease liabilities for most leases.

However, the Corporation has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets (e.g. IT equipment). The Corporation recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The recognised right-of-use assets relate to the office building amounted to \$123,781 as at September 30, 2019.

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND SEPTEMBER 30,
2018 (Unaudited)****3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING
STANDARDS (cont'd)****(b) As a lessee (cont'd)**

The Corporation recognises a right-of-use assets and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate. Generally, the Corporation uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Corporation has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Corporation is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

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, 2019 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, 2018 which has been prepared in accordance with IFRS.

GINSMS INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND SEPTEMBER 30,
2018 (Unaudited)

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 prior period, the Corporation carried out reviews of the recoverability of development expenditures, having regard to the market conditions of the Corporation's messaging service segment. These assets are mainly used in the Corporation's messaging service segment.

There was no impairment loss recognised in profit or loss for the period ended September 30, 2019. For the period ended September 30, 2018, the review led to the recognition of a loss on written-off of \$255,304 that have been recognised in profit or loss.

As at September 30, 2019, the carrying amount of development expenditures amounted to \$Nil (December 31, 2018: \$Nil).

(b) Allowance for doubtful accounts

Since the adoption of IFRS 9 on January 1, 2018, the management of the Corporation estimates the amount of impairment loss for expected credit losses ("ECL") on trade receivables and contract assets based on the credit risk of trade receivables and contract assets. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Corporation in accordance with the contract and all the cash flows that the Corporation expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at September 30, 2019, the carrying amount of trade receivables and contract assets is \$375,117 (net of allowance for doubtful debts of \$25,760) (December 31, 2018: \$664,031 (net of allowance for doubtful debts of \$44,067)).

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND SEPTEMBER 30,
2018 (Unaudited)****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, 2019 (Unaudited)						
	CDN \$	SGD \$	HKD \$	USD \$	Euro \$	Others \$	Total \$
Bank and cash balances	2,419	22,110	4,507	39,963	15,495	75,304	159,798
Trade receivables	-	212,497	-	18,941	68,077	6,579	306,094
Other receivables and deposits	-	2,936	110	-	26,330	24,139	53,515
Accounts payable and accrued liabilities	(92,903)	(90,483)	(271,809)	(6,579)	(70,230)	(135,010)	(667,014)
Advances from related parties	-	(47,530)	(319,247)	-	-	(321,987)	(688,764)
Promissory note payable	(568,000)	-	-	-	-	-	(568,000)
Loans from related parties	-	(1,453,302)	(2,649,074)	(877,537)	-	-	(4,979,913)
	At December 31, 2018 (Audited)						
	CDN \$	SGD \$	HKD \$	USD \$	Euro \$	Others \$	Total \$
Bank and cash balance	2,686	81,775	6,745	52,096	56,880	67,769	267,951
Trade receivables	-	224,212	-	8,682	338,528	44,123	615,545
Other receivables and deposits	-	15,738	110	-	26,361	7,726	49,935
Accounts payable and accrued liabilities	(94,335)	(140,048)	(424,615)	(6,583)	(94,673)	(381,619)	(1,141,873)
Advances from related parties	-	(104,659)	(294,000)	-	-	-	(398,659)
Promissory note payable	(532,000)	-	-	-	-	-	(532,000)
Loans from related parties	-	(1,488,123)	(2,651,346)	(833,163)	-	-	(4,972,632)

At September 30, 2019, 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, 2018: \$20,000) higher or lower, arising mainly as a result of the foreign exchange loss or gain on net payables denominated in USD.

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND SEPTEMBER 30,
2018 (Unaudited)****6. FINANCIAL RISK MANAGEMENT (cont'd)****(b) Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Corporation is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Corporation's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Corporation considers to have low credit risk.

Trade receivables and contract assets

Customer credit risk is managed by each business unit subject to the Corporation's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days from the date of billing. Debtors with balances that are more than 180 days past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Corporation does not obtain collateral from customers.

The Corporation measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Corporation's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Corporation's different customer bases. The Corporation assessed that there is no significant loss allowance recognised in accordance with IFRS 9 as at December 31, 2018 and September 30, 2019.

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Corporation's view of economic conditions over the expected lives of the receivables.

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Corporation. Based on past experience, management believed that no impairment allowance was necessary in respect of these balances as there had been no significant change in credit quality and the balances were still considered fully recoverable.

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2018 (Unaudited)****6. FINANCIAL RISK MANAGEMENT (cont'd)****(b) Credit risk (cont'd)**

Movement in the loss allowance account in respect of trade receivables and contract assets during the period/year is as follows:

	September 30, 2019	December 31, 2018
	<u>\$</u>	<u>\$</u>
At beginning of period/ year	44,067	17,968
Impairment losses recognised for the period/year	6,131	26,104
Written back loss provision to profit and loss account	(12,959)	-
Amount written off during the period	(11,701)	-
Exchange differences	222	(5)
	<u>25,760</u>	<u>44,067</u>

(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	Between 2 to 5 years	Total
	<u>\$</u>		<u>\$</u>	<u>\$</u>
At September 30, 2019 (Unaudited)				
Accounts payable and accrued liabilities	677,014	-	-	677,014
Advance from related parties	688,764	-	-	688,764
Promissory note payable	604,000	-	-	604,000
Loans from related parties	392,708	4,610,132	-	5,002,840
Lease liability	46,810	56,172	51,491	154,473
At December 31, 2018 (Audited)				
Accounts payable and accrued liabilities	1,141,873	-	-	1,141,873
Advance from related parties	398,659	-	-	398,659
Promissory note payable	544,000	-	-	544,000
Loans from related parties	358,458	5,109,277	-	5,467,735

The Corporation has working capital deficiency of \$1,791,634 as at September 30, 2019. The liquidity risk is mitigated as related parties have confirmed with the Corporation that they will not call the loans of \$4,610,132 in the next twelve months from the quarter ended September 30, 2019. Furthermore, the immediate parent and the promissory note holder have agreed to extend the due dates of the loan of \$369,781 and promissory note of \$568,000 to March 31, 2020.

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND SEPTEMBER 30,
2018 (Unaudited)****6. FINANCIAL RISK MANAGEMENT (cont'd)****(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, 2019 and December 31, 2018.

(e) Categories of financial instruments

	(Unaudited) As at September 30, 2019	(Audited) As at December 31, 2018
	<u>\$</u>	<u>\$</u>
<u>Financial assets:</u>		
Financial assets measured at amortised cost	<u>519,407</u>	<u>933,431</u>
<u>Financial liabilities:</u>		
Financial liabilities at amortized costs	<u>6,903,691</u>	<u>7,045,164</u>

(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 external imposed capital requirement for the Corporation is to have a public float of at least 10% of the shares in order to maintain its listing on the TSX Venture Exchange. As at September 30, 2019, 15.63% (December 31, 2018, 15.63%) of the shares were held in public hands.

There have been no changes in the Corporation's capital management policies for the period ended September 30, 2019 and the year ended December 31, 2018.

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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2018 (Unaudited)****7. REVENUE**

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

	<i>(Unaudited)</i> Three months ended September 30, 2019	<i>(Unaudited)</i> Three months ended September 30, 2018	<i>(Unaudited)</i> Nine months ended September 30, 2019	<i>(Unaudited)</i> Nine months ended September 30, 2018
	\$	\$	\$	\$
Revenue from contracts with customers within the scope of IFRS 15				
Service income	641,125	924,576	2,004,766	4,232,385
Other income				
Accounting fee income	-	5,765	-	18,724
Miscellaneous income	-	-	-	18,101
	-	5,765	2,044,766	36,825
	<u>641,125</u>	<u>930,341</u>	<u>2,044,766</u>	<u>4,269,210</u>

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, 2019 and September 30, 2018 as indicated in the following table.

	<i>(Unaudited)</i> Three months ended September 30, 2019		<i>(Unaudited)</i> Three months ended September 30, 2018	
	\$	% of total revenue	\$	% of total revenue
Customer A	229,815	35.8	247,792	26.6
Next five top customers				
Customer B	94,075	14.7	181,400	19.5
Customer C	37,671	5.9	103,433	11.1
Customer D	95,697	14.9	65,833	7.1
Customer E	7,400	1.2	9,270	1.0
Customer F	28,349	4.4	23,989	2.6
All other customers	<u>148,118</u>	<u>23.1</u>	<u>298,624</u>	<u>32.1</u>

<u>641,125</u>	<u>100.0</u>	<u>930,341</u>	<u>100.0</u>
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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND SEPTEMBER 30,
2018 (Unaudited)**

8. SEGMENT INFORMATION (cont'd)**(a) Revenue by customers (cont'd)**

	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	Nine months ended September 30, 2019		Nine months ended September 30, 2018	
	\$	% of total revenue	\$	% of total revenue
Customer A	610,503	30.5	663,882	15.6
Next five top customers				
Customer B	396,479	19.8	374,419	8.8
Customer C	272,432	13.6	169,251	4.0
Customer D	229,175	11.4	269,633	6.3
Customer E	113,671	5.7	45,977	1.1
Customer F	112,871	5.6	72,281	1.7
All other customers	269,635	13.4	2,673,767	62.5
	<u>2,004,766</u>	<u>100.0</u>	<u>4,269,210</u>	<u>100.0</u>

(b) Revenue by geographical location

	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	Three months ended September 30, 2019		Three months ended September 30, 2018	
	\$	% of total revenue	\$	% of total revenue
Singapore	238,318	37.2	295,827	31.8
Indonesia	104,345	16.3	65,833	7.1
Other Asia countries	59,905	9.3	165,838	17.8
Europe	97,924	15.3	106,966	11.5
United States	131,763	20.6	285,119	30.6
Other regions	8,870	1.3	10,758	1.2
	<u>641,125</u>	<u>100.0</u>	<u>930,341</u>	<u>100.0</u>

	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	Nine months ended September 30, 2019		Nine months ended September 30, 2018	
	\$	% of total revenue	\$	% of total revenue
Singapore	619,254	30.9	2,721,782	63.8
Indonesia	237,824	11.9	269,633	6.3
Other Asia countries	228,656	11.4	419,698	9.8
Europe	188,680	9.4	263,331	6.2
United States	669,461	33.4	544,110	12.7
Other regions	60,891	3.0	50,656	1.2

2,004,766	100.0	4,269,210	100.0
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GINSMS INC.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND SEPTEMBER 30,
2018 (Unaudited)**

8. SEGMENT INFORMATION (cont'd)**(c) Total assets by geographical location**

	<i>(Unaudited)</i>		<i>(Audited)</i>	
	As at September 30, 2019		As at December 31, 2018	
	\$	% of total assets	\$	% of total assets
Singapore	121,376	15.4	236,281	22.2
Indonesia	391,146	49.6	188,260	17.7
Other Asia countries	204,366	25.9	338,389	31.7
Europe	35,292	4.5	39,714	3.7
United States	28,846	3.7	239,946	22.5
Other regions	6,914	0.9	23,638	2.2
	787,940	100.0	1,066,228	100.0

(d) Financial information by business segments

	MS	SPS	Unallocate d	Total
	\$	\$	\$	\$
Nine months ended				
September 30, 2019 (Unaudited)				
Revenue	1,268,628	736,138	-	2,004,766
Intersegment revenue	-	398,889	-	398,889
Amortization and depreciation	-	26,858	-	26,858
Interest income	95	171	-	266
Interest and finance expenses	-	4,958	67,806	72,764
Income tax expenses	-	872	-	872
Segment profits/(losses)	20,732	(42,614)	(206,095)	(227,977)
Additions to segment non-current assets	-	31,567	-	31,567
As at September 30, 2019				
(Unaudited)				
Segment assets	142,848	643,181	1,911	787,940
Segment liabilities	(3,150,289)	(2,735,218)	(1,223,037)	(7,108,544)

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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2018 (Unaudited)****8. SEGMENT INFORMATION (cont'd)****(d) Financial information by business segments (cont'd)**

	MS	SPS	Unallocated	Total
	\$	\$	\$	\$
Nine months ended September 30, 2018 (Unaudited)				
Revenue	3,348,991	920,219	-	4,269,210
Intersegment revenue	-	220,824	-	220,824
Amortization and depreciation	-	61,086	-	61,086
Interest income	19	153	-	172
Interest and finance expenses	213,021	17,134	63,368	293,523
Income tax credit	-	(749)	-	(749)
Segment profit/(losses)	261,091	(941,878)	(241,261)	(922,048)
Additions to segment non-current assets	-	25,122	-	25,122
As at September 30, 2018 (Unaudited)				
Segment assets	314,343	567,680	4,774	886,797
Segment liabilities	<u>(3,358,192)</u>	<u>(2,080,262)</u>	<u>(1,107,922)</u>	<u>(6,546,376)</u>

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

9. EMPLOYEE BENEFITS EXPENSE

	<i>(Unaudited)</i> Three months ended September 30, 2018	<i>(Unaudited)</i> Three months ended September 30, 2018	<i>(Unaudited)</i> Nine months ended September 30, 2018	<i>(Unaudited)</i> Nine months ended September 30, 2018
	\$	\$	\$	\$
Employee benefits expense (including key management personnel):				
Salaries, bonuses and allowances (Note)	190,653	312,459	635,379	994,961
Retirement benefit scheme contributions	34,202	33,236	90,499	104,768
	<u>224,855</u>	<u>345,695</u>	<u>725,878</u>	<u>1,099,729</u>

Note: Included expenses of \$Nil and \$416,144 (Nine months ended September 30, 2018: \$5,232 and \$592,490) capitalized in development expenditures and recognized in cost of sales respectively.

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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2018 (Unaudited)****10. LOSS PER SHARE**

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

	<i>(Unaudited)</i> Three months ended September 30, 2019 \$	<i>(Unaudited)</i> Three months ended September 30, 2018 \$	<i>(Unaudited)</i> Nine months ended September 30, 2019 \$	<i>(Unaudited)</i> Nine months ended September 30, 2018 \$
Loss				
Loss for the purpose of calculating basic loss per share	<u>(53,326)</u>	<u>(358,114)</u>	<u>(228,118)</u>	<u>(917,971)</u>
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>149,793,861</u>	<u>149,793,861</u>	<u>149,793,861</u>	<u>149,793,861</u>

The Corporation did not have any dilutive potential ordinary shares during the three and nine months ended September 30, 2019 and September 30, 2018.

11. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment and software \$
Cost	
At January 1, 2018	221,576
Additions	29,282
Written off	(144,599)
Exchange difference	<u>2,848</u>
At December 31, 2018 and January 1, 2019	109,107
Additions	31,567
Exchange difference	<u>519</u>
At September 30, 2019	<u>141,193</u>
Accumulated depreciation	
At January 1, 2018	184,807
Depreciation	26,893
Written off	(140,501)
Exchange difference	<u>2,422</u>
At December 31, 2018 and January 1, 2019	73,621
Depreciation	15,590
Exchange difference	<u>346</u>
At September 30, 2019	<u>89,557</u>
Carrying amount	
As at September 30, 2019	<u>51,636</u>
As at December 31, 2018	<u>35,486</u>

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2018 (Unaudited)****12. RIGHT-OF-USE ASSETS**

	Right-of-use Building
	\$
Cost	
At January 1, 2019	-
Additions	135,216
Exchange difference	(183)
	<u>135,033</u>
At September 30, 2019	<u>135,033</u>
Accumulated depreciation	
At January 1, 2019	-
Depreciation	11,268
Exchange difference	(16)
	<u>11,252</u>
At September 30, 2019	<u>11,252</u>
Carrying amount	
As at September 30, 2019	<u><u>123,781</u></u>

During the quarter ended September 30, 2019, the Corporation entered into a new lease agreement for use of office building for three years. The Corporation makes fixed payments and additional variable payments depending on the usage of the asset during the contract period. On lease commencement, the Corporation recognised \$135,216 of right-of-use asset and lease liability (Note 21).

13. GOODWILL

	\$
Cost less impairment	
At January 1, 2018, December 31, 2018 and September 30, 2019	<u><u>-</u></u>

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.

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2018 (Unaudited)****14. DEVELOPMENT EXPENDITURES**

	Cost	Accumulated amortization	Total
	\$	\$	\$
At January 1, 2018	905,770	(608,334)	297,436
Additions	5,232	-	5,232
Disposal	(5,229)	-	(5,229)
Written-off	(910,631)	655,327	(255,304)
Amortization	-	(40,838)	(40,838)
Translation difference	4,858	(6,155)	(1,297)
	-	-	-

At December 31, 2018 (Audited) and
at September 30, 2019 (Unaudited)

Due to loss of a major customer of messaging services, the Corporation has fully written-off the carrying amount of development expenditures during the year ended December 31, 2018

15. ACCOUNTS RECEIVABLE

	(Unaudited) As at September 30, 2019	(Audited) As at December 31, 2018
	\$	\$
Trade receivables	331,854	659,612
Less: Allowance for doubtful accounts	(25,760)	(44,067)
	306,094	615,545
Contract assets (Note 17)	69,023	48,486
Total	375,117	664,031

As at September 30, 2019, an allowance was made for estimated irrecoverable trade receivables of approximately \$26,000 (December 31, 2018: \$44,000).

16. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	(Unaudited) As at September 30, 2019	(Audited) As at December 31, 2018
	\$	\$
Trade payables	18,856	75,068
Contract liabilities (Note 17)	55,011	55,525
Deferred income	5,937	903
Accrued liabilities and receipt in advance	664,346	1,079,360
Total	744,150	1,210,856

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

GINSMS INC.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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2018 (Unaudited)**

17. CONTRACT ASSETS/CONTRACT LIABILITIES

Contract assets	(Unaudited) As at September 30, 2019 \$	(Audited) As at December 31, 2018 \$
Arising from performance under software products and services	<u>69,023</u>	<u>48,486</u>
Receivables from contracts with customers within the scope of IFRS 15, which are included in "Account receivables"	<u>306,094</u>	<u>615,545</u>

Amounts relating to contract assets are balances due from customers under software products and services that arise when the Corporation receives payments from customers in line with a series of performance related milestones.

There were no significant changes in the contract assets balances during the reporting period.

Contract liabilities	(Unaudited) As at September 30, 2019 \$	(Audited) As at December 31, 2018 \$
Billings in advance of performance obligation - Software products and services	<u>55,011</u>	<u>55,525</u>

Contract liabilities relating to software products and services are balances due to customers under software products and services. These arise if a particular milestone payment exceeds the revenue recognised to date under the cost-to-cost method.

There were no significant changes in the contract liabilities balances during the reporting period.

18. ADVANCES FROM RELATED PARTIES

The balances represent advance from an officer and related companies are unsecured, interest-free and repayable on demand.

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2018 (Unaudited)****19. PROMISSORY NOTE PAYABLE**

	Total
	\$
As at January 1, 2018	484,000
Interest expenses for the year	48,000
As at December 31, 2018	<u>532,000</u>
Interest expenses for the period	36,000
As at September 30, 2019	<u><u>568,000</u></u>

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%. During the reporting period, the Corporation had negotiated with the note holder, Inphosoft Pte Ltd. ("IPL") (Note 20(b)) on extending the due date on the note payable and IPL had agreed to extend the due date of the promissory note payable of \$400,000 to March 31, 2020. A simple interest of 12% per annum was charged effective from April 1, 2016.

20. LOANS FROM RELATED PARTIES

		<i>(Unaudited)</i> As at September 30, 2019	<i>(Audited)</i> As at December 31, 2018
	Note	\$	\$
Non-current:			
Loan from a director	(a)	3,795,078	3,801,960
Loan from a related party	(b)	815,054	822,663
		<u>4,610,132</u>	<u>4,624,623</u>
Current:			
Loan from immediate parent	(c)	369,781	348,009
Total		<u>4,979,913</u>	<u><u>4,972,632</u></u>

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 bear interest at 12% per annum (compounded daily based on a 365-day year) until end of December 2018, after that Mr. Joel Siang Hui Chin agreed to convert the interest-bearing loans to interest-free loans from January 1, 2019. Mr. Joel Siang Hui Chin confirmed to the Corporation that he will not demand payment of the loans on or before September 30, 2020.
- (b) The loan is from IPL, a shareholder of the Corporation, and is interest-free. On September 24, 2015, IPL converted its convertible debentures of the Corporation and became a shareholder of the Corporation. A director of the Corporation, Mr. Joel Siang Hui Chin, two directors of the Corporation's subsidiaries, Mr. Wang Xianxiang and Mr. Xu Hongwei, each has significant influence over IPL. IPL confirmed to the Corporation that they will not demand payment of the loan on or before September 30, 2020
- (c) (c) The loan is from Xinhua Mobile, the immediate parent of the Corporation, and bears interest at 12% per annum (compounded daily based on a 365-day year) and due on March 31, 2019. During the quarter ended March 31, 2019, Xinhua Mobile agreed to extend the due date of the loan to March 31, 2020.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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2018 (Unaudited)

21. LEASE LIABILITIES

	Note	<i>(Unaudited)</i> As at September 30, 2019	<i>(Audited)</i> As at December 31, 2018
		<u>\$</u>	<u>\$</u>
Non-current:			
Office building		93,068	-
Current:			
Office building		32,874	-
Total		<u>125,942</u>	<u>-</u>

During the quarter ended September 30, 2019, the Corporation entered into a new lease agreement for use of office for three years. The Corporation makes fixed payments and additional variable payments depending on the usage of the asset during the contract period. On lease commencement, the Corporation recognised \$135,216 of right-of-use asset and lease liability (Note 12).

22. SHARE CAPITAL

Authorised:

Unlimited common shares

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

Issued:

	<i>(Unaudited)</i> Six months ended September 30, 2019	<i>(Audited)</i> Twelve months ended December 31, 2018
Common shares	Amount	Amount
	<u>\$</u>	<u>\$</u>
Balance, beginning and end of period/year	<u>149,793,861</u>	<u>149,793,861</u>
	<u>11,415,709</u>	<u>11,415,709</u>

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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2018 (Unaudited)****23. RELATED PARTY TRANSACTIONS**

(a) The Corporation had the following related party transactions for the three and nine months ended September 30, 2019 and September 30, 2018:

	<i>(Unaudited)</i> Three months ended September 30, 2019	<i>(Unaudited)</i> Three months ended September 30, 2018	<i>(Unaudited)</i> Nine months ended September 30, 2019	<i>(Unaudited)</i> Nine months ended September 30, 2018
	\$	\$	\$	\$
Revenue from fellow subsidiaries	222,249	247,793	602,937	663,882
Revenue from a company controlled by a director	10,105	344	10,105	344
Accounting fee income from a fellow subsidiary	-	5,762	-	18,721
(Write back of cost) / Cost of consignment stocks paid to a company controlled by a director	(253)	200	159	1,864
Accounting fee paid to an officer	10,011	14,670	39,642	54,051
Rent charged by a fellow subsidiary	-	8,644	-	34,668
Interest charged on loan from a director	-	108,365	-	307,329
Interest charged on loan from immediate parent	11,010	9,582	31,806	27,368
Reversal of interest charged on loan from a related party	-	-	-	(77,173)
Interest charged on promissory note payable to a related party	12,000	12,000	36,000	36,000

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, 2019 <i>(Unaudited)</i>					
Directors	-	(80,000)	(293,748)	-	(3,795,078)
An officer	-	(7,287)	-	-	-
Company controlled by a director	23,170	(3,298)	-	-	-
Fellow subsidiaries	197,048	-	(347,486)	-	-
A related party	-	-	(47,530)	(568,000)	(815,054)
Immediate parent	-	-	-	-	(369,781)
As at December 31, 2018 <i>(Audited)</i>					
Directors	-	(80,988)	(294,000)	-	(3,801,960)
An officer	-	(7,355)	-	-	-
Company controlled by a director	12,877	(3,157)	-	-	-
Fellow subsidiaries	223,685	(28,056)	(55,068)	-	-
Directors of subsidiaries	-	(1,976)	-	-	-
A related party	-	-	(49,591)	(532,000)	(822,663)
Immediate parent	-	-	-	-	(348,009)

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND SEPTEMBER 30,
2018 (Unaudited)****23. RELATED PARTY TRANSACTIONS (CONT'D)**

(c) Key management personnel compensation

	<i>(Unaudited)</i> Three months ended September 30, 2019	<i>(Unaudited)</i> Three months ended September 30, 2018	<i>(Unaudited)</i> Nine months ended September 30, 2019	<i>(Unaudited)</i> Nine months ended September 30, 2018
	\$	\$	\$	\$
Salaries and related costs	-	96,090	23,318	287,135
Accounting fees	10,011	14,670	39,642	54,051
Contributions to defined mandatory contribution funds	-	8,817	2,042	26,448
Total	10,011	119,577	65,002	367,634

24. PARTICULARS OF SUBSIDIARIES

Particulars of the principal subsidiaries as at September 30, 2019 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. Ltd.	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. 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 12, 2019.