

GINSMS INC.

Consolidated Financial Statements
For the years ended December 31, 2023
and December 31, 2022

To the Shareholders of GINSMS Inc.:

Management is responsible for the preparation and presentation of the accompanying 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 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.

RSM Hong Kong is appointed by the Directors to audit the consolidated financial statements and report directly to them; their report follows. The external independent auditors have full and free access to, and meet periodically and separately with, the Board, the Audit Committee and management to discuss their audit findings.

March 27, 2024

/s/ "Joel Siang Hui Chin"
Chief Executive Officer

/s/ "Paul Fung Yuen Law"
Director

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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
GINSMS Inc.
(Incorporated in Alberta under the Canada Business Corporations Act)**

Opinion

We have audited the consolidated financial statements of GINSMS Inc. (the "Corporation") and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2023 and December 31, 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2023 and December 31, 2022, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation and its subsidiaries as at December 31, 2023 and December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2023 and December 31, 2022 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 2 in the consolidated financial statements which indicates that the Corporation incurred a net loss of \$129,656 during the year ended December 31, 2023 and, as of that date, the Corporation had net current liabilities of \$2,587,122 and net liabilities of \$2,473,107. As stated in note 2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Corporation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

This section of our auditor's report is intended to describe the matters selected from those communicated with the Audit Committee that, in our professional judgment, were of most significance in our audit of the consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our report.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
GINSMS Inc.
(Incorporated in Alberta under the Canada Business Corporations Act)**

Other information

Management is responsible for the other information. The other information comprises all of the information included in the management's discussion and analysis other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as the management determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intend to liquidate the Corporation or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the management in discharging their responsibilities for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
GINSMS Inc.
(Incorporated in Alberta under the Canada Business Corporations Act)**

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Yam Tak Fai, Ronald.



Certified Public Accountants

March 27, 2024

GINSMS INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND DECEMBER 31, 2022

(In Canadian Dollars)

	Note	<u>2023</u>	<u>2022</u>
		\$	\$
Revenue	7	3,188,505	3,024,133
Cost of sales		(1,871,553)	(1,862,580)
Gross profit		1,316,952	1,161,553
Expenses			
Salaries and wages		(617,261)	(406,284)
Professional fees		(271,009)	(304,262)
Directors' fees		(40,000)	(40,000)
General and administrative		(312,666)	(121,168)
Allowance for doubtful debts		(104,666)	(12,932)
Depreciation of property, plant and equipment		(356)	(3,486)
Depreciation of right-of-use assets		(46,901)	(63,295)
Foreign currency exchange loss		(50,584)	(228,541)
Loss from operations		(126,491)	(18,415)
Finance costs			
Interest expenses		(7,159)	(5,733)
Loss before tax		(133,650)	(24,148)
Income tax credit/(expense)	9	3,994	(8,136)
Net loss for the year		(129,656)	(32,284)
Other comprehensive loss, net of tax:			
<i>Item that may be reclassified to profit or loss:</i>			
Foreign exchange differences on translating foreign operations		(12,118)	(42,256)
Total comprehensive loss for the year		(141,774)	(74,540)
Net loss for the year attributable to:			
Shareholders		(128,570)	(31,645)
Non-controlling interests		(1,086)	(639)
		(129,656)	(32,284)
Total comprehensive loss for the year attributable to:			
Shareholders		(140,464)	(74,336)
Non-controlling interests		(1,310)	(204)
		(141,774)	(74,540)
Loss per share	11		
Basic and Diluted (in Canadian cents)		(0.069)	(0.020)

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

GINSMS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023 AND 2022

(In Canadian Dollars)

	Note	2023	2022
		\$	\$
Non-current assets			
Property, plant and equipment	12	83,061	61,853
Right-of-use assets	13	30,954	75,879
Goodwill	14	-	-
		<u>114,015</u>	<u>137,732</u>
Current assets			
Accounts receivable	15	635,568	557,495
Deposits and prepayments		63,439	61,375
Current tax assets		330	199
Bank and cash balances		239,824	191,126
		<u>939,161</u>	<u>810,195</u>
Current liabilities			
Accounts payable and accrued liabilities	16	827,380	601,456
Advances from related parties	18	698,935	647,639
Loans from related parties	20	1,390,642	1,372,730
Promissory note payable	19	580,000	580,000
Lease liabilities	21	25,354	41,445
Current tax liabilities		3,972	7,130
		<u>3,526,283</u>	<u>3,250,400</u>
Net current liabilities		<u>(2,587,122)</u>	<u>(2,440,205)</u>
Total assets less current liabilities		<u>(2,473,107)</u>	<u>(2,302,473)</u>
Non-current liabilities			
Lease liabilities	21	-	(28,860)
NET LIABILITIES		<u>(2,473,107)</u>	<u>(2,331,333)</u>
EQUITY			
Share capital	22	15,148,160	15,148,160
Deficit		(17,913,638)	(17,785,068)
Accumulated other comprehensive income		307,289	319,183
Total deficiency attributable to equity shareholders of the Corporation		<u>(2,458,189)</u>	<u>(2,317,725)</u>
Non-controlling interests		<u>(14,918)</u>	<u>(13,608)</u>
TOTAL DEFICIENCY		<u>(2,473,107)</u>	<u>(2,331,333)</u>
Going concern (Note 2)			

Approved on behalf of the board on March 27, 2024

/s/ "Joel Siang Hui Chin"
 Director

/s/ "Paul Fung Yuen Law"
 Director

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

GINSMS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND DECEMBER 31, 2022

(In Canadian Dollars)

	Attributable to equity shareholders of the Corporation			Non-controlling interests	Total deficiency
	Share capital	Deficit	Accumulated other comprehensive income		
	\$	\$	\$	\$	\$
Balance as at January 1, 2022	11,415,709	(17,753,423)	361,874	(13,404)	(5,989,244)
Issuance of shares (Note 22(a))	3,732,451	-	-	-	3,732,451
Loss for the year	-	(31,645)	-	(639)	(32,284)
Other comprehensive (loss)/income	-	-	(42,691)	435	(42,256)
Changes in equity for the year	3,732,451	(31,645)	(42,691)	(204)	3,657,911
Balance as at December 31, 2022 and January 1, 2023	15,148,160	(17,785,068)	319,183	(13,608)	(2,331,333)
Loss for the year	-	(128,570)	-	(1,086)	(129,656)
Other comprehensive loss	-	-	(11,894)	(224)	(12,118)
Changes in equity for the year	-	(128,570)	(11,894)	(1,310)	(141,774)
Balance as at December 31, 2023	15,148,160	(17,913,638)	307,289	(14,918)	(2,473,107)

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

GINSMS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND DECEMBER 31, 2022

(In Canadian Dollars)

	<u>2023</u>	<u>2022</u>
	\$	\$
OPERATING ACTIVITIES		
Net loss before tax	(133,650)	(24,148)
Interest expenses	7,159	5,733
Foreign currency exchange loss	50,584	228,541
Depreciation of property, plant and equipment	40,966	30,240
Depreciation of right-of-use assets	46,901	63,295
Allowance for doubtful debts	104,666	12,932
Changes in non-cash working capital items:		
Accounts receivable	(181,958)	30,909
Deposits and prepayments	(2,064)	1,610
Accounts payable and accrued liabilities	225,924	10,083
Interest on lease liabilities	(7,159)	(5,733)
Income tax refunded	884	1,552
Net cash generated from operating activities	<u>152,253</u>	<u>355,014</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(61,919)	(60,247)
Net cash used in investing activities	<u>(61,919)</u>	<u>(60,247)</u>
FINANCING ACTIVITIES		
Advances from related parties	431,853	89,056
Repayment of advances from related parties	(385,951)	(348,646)
Principal elements of lease payments	(46,816)	(72,078)
Net cash used in financing activities	<u>(914)</u>	<u>(331,668)</u>
Effect of exchange rate changes on cash held in foreign currencies	(40,722)	44,086
Increase in cash	<u>48,698</u>	<u>7,185</u>
Cash, beginning of year	<u>191,126</u>	<u>183,941</u>
Cash, end of year	<u><u>239,824</u></u>	<u><u>191,126</u></u>

**GINSMS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

(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 26 to the consolidated financial statements.

In the opinion of the management 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 Standard 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"). 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 and develop new features as and when necessary, to support the Corporation's A2P business.
- iii. Outsource 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 CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards issued by the International Accounting Standards Board ("IFRS Accounting Standards"). IFRS Accounting Standards comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations.

The consolidated financial statements were authorised for issue by the Board of Directors on March 27, 2024.

The International Accounting Standards Board (the "IASB") has issued certain new and revised IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Corporation. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Corporation for the current and prior accounting periods reflected in these consolidated financial statements.

Amounts are reported in Canadian dollars ("CDN" or "\$") unless otherwise indicated.

The Corporation incurred a loss of \$129,656 during the year ended December 31, 2023 and as of that date, the Corporation had net current liabilities of \$2,587,122 and net liabilities of \$2,473,107. As at December 31, 2023, the Corporation had bank and cash balances of \$239,824, while the outstanding advances from related parties, loans from related parties and promissory note payable amounted to \$698,935, \$1,390,642 and \$580,000 respectively were originally due within one year.

These events and conditions indicate the existence of a material uncertainty which may cast significant doubt about the Corporation's ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, the directors of the Corporation had adopted the going concern basis in the preparation of these consolidated financial statements of the Corporation based on the measures including but not limited to the following:

- (a) As set out in notes 18, 19 and 20, the liquidity risk is mitigated as related parties have confirmed with the Corporation that they will not demand settlement of the interest-free loans of \$1,009,307 and cash advances of \$698,707 until the Corporation is in sound financial position to repay to them. Furthermore, the immediate parent and the promissory note holder have confirmed with the Corporation that they will not demand settlement of the loan of \$381,335 and promissory note of \$580,000, respectively until the Corporation is in sound financial position to repay to them; and
- (b) The management will continuously and closely monitor the Corporation's liquidity position and financial performance and implement measures to improve the Corporation cash flows.

Notwithstanding, material uncertainty exists as to whether the Corporation will be able to continue as a going concern which would depend upon whether the Corporation can continue to extend the advances, loans and promissory note from related parties when the advances, loans and promissory note fall due on the extended maturity dates.

The directors of the Corporation have estimated the Corporation's cash requirements by preparing a Corporation cashflow forecast for the 15 months ending 31 March 2025. The directors of the Corporation are of the opinion that the Corporation has sufficient working capital for its present requirements, that is for 15 months ending 31 March 2025. Accordingly, the directors of the Corporation are of the view that it is appropriate to adopt the going concern basis in preparing these consolidated financial statements.

**GINSMS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

2. BASIS OF PREPARATION (CONT'D)

Should the Corporation be unable to operate as a going concern in the foreseeable future, adjustments would have to be made to write down the carrying value of the Corporation's assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets as current assets. The effect of these adjustments has not been reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

(a) Application of new and revised IFRS Accounting Standards

The Corporation has applied the following amendments to IFRS Accounting Standards issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after January 1, 2023 for the preparation of the consolidated financial statements:

Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

Except as described below, the application of the new and amendments to IFRS Accounting Standards in the current year has had no material impact on the Corporation's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impact on application of Amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies"

The Corporation has adopted Amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies" for the first time in the current year. IAS 1 "Presentation of Financial Statements" is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 "Making Materiality Judgements" (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

**GINSMS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONT'D)

(a) Application of new and revised IFRS Accounting Standards (cont'd)

Impact on application of Amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies" (cont'd)

The application of the amendments has had no material impact on the Corporation's financial positions and performance but has affected the disclosure of the Corporation's accounting policies set out in Note 4 to the consolidated financial statements.

(b) Revised IFRS Accounting Standards in issue but not yet effective

The Corporation has not early applied the following amendments to standards and interpretation that have been issued but are not yet effective .

	Effective for accounting periods beginning on or after
Amendments to IAS 1 - Classification of Liabilities as Current or Non-current	January 1, 2024
Amendments to IAS 1 - Non-current Liabilities with Covenants	January 1, 2024
Amendments to IFRS 16 - Lease Liability in a Sales and Leaseback	January 1, 2024
Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements	January 1, 2024
Amendments to IAS 21 - Lack of Exchangeability	January 1, 2025
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the IASB

The directors of the Corporation anticipate that the application of all other amendments to IFRS Accounting Standards will not have material impact on the consolidated financial statements in the foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards 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 material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**GINSMS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(a) Consolidation

The consolidated financial statements include the financial statements of the Corporation and its subsidiaries made up to December 31. Subsidiaries are entities over which the Corporation has control. The Corporation controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Corporation has power over an entity when the Corporation has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Corporation considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Corporation. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Corporation's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealized profits are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Corporation.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Corporation. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of comprehensive income (loss) as an allocation of profit or loss and total comprehensive income (loss) between the non-controlling shareholders and owners of the Corporation.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Corporation and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Corporation's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Corporation.

GINSMS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(b) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Corporation's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Corporation's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Corporation.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Corporation at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Corporation's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in CDN, which is the Corporation's functional and presentation currency.

The primary functional currencies of its subsidiaries are Hong Kong Dollars ("HKD") and Singapore Dollars ("SGD"). These currencies are freely convertible into foreign currencies.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(c) Foreign currency translation (cont'd)

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all foreign operations (none of which has the currency of hyperinflationary economy) that have a functional currency different from the Corporation's presentation currency are translated into the Corporation's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in other comprehensive income/(loss) and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

GINSMS INC.
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4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(d) Property, plant and equipment

Property, plant and equipment are held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost over the estimated useful lives on a straight-line basis. The useful lives are 3 - 5 years.

The useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(e) Leases

At inception of a contract, the Corporation assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) The Corporation as a lessee

Where the contract contains lease component(s) and non-lease component(s), the Corporation has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Corporation recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Corporation are primarily laptops and office furniture. When the Corporation enters into a lease in respect of a low-value asset, the Corporation decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(e) Leases (cont'd)

(i) The Corporation as a lessee (cont'd)

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

To determine the incremental borrowing rate, the Corporation:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Corporations, which does not have recent third-party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

Right-of-use assets in which the Corporation is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Corporation will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(e) Leases (cont'd)

(i) The Corporation as a lessee (cont'd)

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

(f) Contract assets and contract liabilities

Contract asset is recognised when the Corporation recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ("ECL") in accordance with the policy set out in note 4(t) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Corporation recognises the related revenue. A contract liability would also be recognised if the Corporation has an unconditional right to receive consideration before the Corporation recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(g) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Corporation entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The Corporation derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Corporation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Corporation recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Corporation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Corporation continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

GINSMS INC.
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4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(g) Recognition and derecognition of financial instruments (cont'd)

The Corporation derecognises financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(h) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments

Debt investments held by the Corporation are classified into amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

(i) Trade and other receivables

A receivable is recognised when the Corporation has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Corporation has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Corporation holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less allowance for credit losses.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Corporation's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flow. Cash and cash equivalents are assessed for ECL.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(k) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRS Accounting Standards. An equity instrument is any contract that evidences a residual interest in the assets of the Corporation after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(l) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Corporation has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(m) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Corporation are recorded at the proceeds received, net of direct issue costs.

(o) Revenue and other income

Revenue is recognised when control over a service is transferred to the customer, at the amount of promised consideration to which the Corporation is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue from provision of messaging services is recognised over time as services are provided to customers.

Revenue from provision of support and maintenance services is recognised over time when the services are rendered, by reference to time lapsed.

Revenue from outsourcing technical resources is recognised over time as services provided.

Interest income is recognised as it accrues using the effective interest method.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(p) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Corporation contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Corporation and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Corporation to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Corporation can no longer withdraw the offer of those benefits, and when the Corporation recognises restructuring costs and involves the payment of termination benefits.

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Corporation that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

GINSMS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(r) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Corporation's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Corporation recognises the right-of-use assets and the related lease liabilities, the Corporation first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Corporation applies IAS 12 requirements to right-of-use assets and lease liabilities separately. The Corporation recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised and a deferred tax liability for all taxable temporary differences.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(r) Taxation (cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends either to settle its current tax assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

(s) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of comprehensive income (loss) to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset / cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset / cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(t) Impairment of financial assets and contract assets

The Corporation recognises a loss allowance for ECL on trade receivables and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Corporation always recognises lifetime ECL for trade receivables and contract assets. The ECL on these financial assets are estimated using a provision matrix based on the Corporation's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Corporation recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Corporation measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(t) Impairment of financial assets and contract assets (cont'd)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Corporation compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Corporation considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Corporation's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Corporation's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Corporation presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Corporation has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Corporation assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) The financial instrument has a low risk of default,
- (ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (iii) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(t) Impairment of financial assets and contract assets (cont'd)

Significant increase in credit risk (cont'd)

The Corporation considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Corporation regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Corporation considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Corporation, in full (without taking into account any collaterals held by the Corporation).

Irrespective of the above analysis, the Corporation considers that default has occurred when a financial asset is more than 90 days past due unless the Corporation has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(t) Impairment of financial assets and contract assets (cont'd)

Write-off policy

The Corporation writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Corporation's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Corporation's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated 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 original effective interest rate.

If the Corporation has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Corporation measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Corporation recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(u) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Corporation has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(u) Provisions and contingent liabilities (cont'd)

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(v) Events after the reporting period

Events after the reporting period that provide additional information about the Corporation's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

In applying the Corporation's accounting policies, which are described in note 4, the management are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the management has made the following judgment that has the most significant effect on the amounts recognised 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 ongoing availability of finance to the Corporation and enhancement of the various strategies to improve the Corporation cash flows. Details are explained in note 2 to the consolidated financial statements.

GINSMS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONT'D)

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) Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Corporation has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Corporation estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

The carrying amount of property, plant and equipment and right-of-use assets as at December 31, 2023 were \$83,061 (2022: \$61,853) and \$30,954 (2022: \$75,879) respectively.

(b) Impairment of trade receivables

The Corporation uses practical expedient in estimating ECL on trade receivables using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Corporation's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Corporation's trade receivables are disclosed in note 4(t).

As at December 31, 2023, the carrying amount of trade receivables is \$635,568 (net of allowance for doubtful debts of \$116,802) (2022: \$557,495 (net of allowance for doubtful debts of \$12,915)).

GINSMS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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 December 31, 2023						
	CDN \$	SGD \$	HKD \$	USD \$	Euro \$	Others \$	Total \$
Bank and cash balances	9,337	21,727	3,215	39,883	1,478	164,184	239,824
Trade receivables	-	570,476	-	328	26,270	38,494	635,568
Deposits	-	-	-	-	27,034	21,881	48,915
Accounts payable and accrued liabilities	(80,173)	(76,201)	(169,897)	(47,399)	(1,881)	(400,912)	(776,463)
Advances from related parties	-	(247,119)	(451,816)	-	-	-	(698,935)
Promissory note payable	(580,000)	-	-	-	-	-	(580,000)
Loans from related parties	-	(497,395)	-	(893,247)	-	-	(1,390,642)

	At December 31, 2022						
	CDN \$	SGD \$	HKD \$	USD \$	Euro \$	Others \$	Total \$
Bank and cash balances	6,106	38,162	2,804	40,624	241	103,189	191,126
Trade receivables	-	369,750	-	1,956	154,652	31,137	557,495
Deposits	-	-	-	-	26,909	21,789	48,698
Accounts payable and accrued liabilities	(44,753)	(63,085)	(187,955)	(6,724)	(41,302)	(222,378)	(566,197)
Advances from related parties	-	(130,471)	(300,214)	-	-	(216,954)	(647,639)
Promissory note payable	(580,000)	-	-	-	-	-	(580,000)
Loans from related parties	-	(475,993)	-	(896,737)	-	-	(1,372,730)

At December 31, 2023, if the SGD had weakened or strengthened 5 per cent (2022: 5 per cent) against USD with all other variables held constant, consolidated loss after tax would have been approximately \$25,000 (2022: \$25,000) higher or lower, arising mainly as a result of the foreign exchange loss or profit denominated on net payables denominated in USD.

At December 31, 2023, if the CAD had weakened or strengthened 5 per cent (2022: 5 per cent) against USD with all other variables held constant, consolidated loss after tax would have been approximately \$19,000 (2022: \$19,000) higher or lower, arising mainly as a result of the foreign exchange loss or gain denominated on net payables denominated in USD.

GINSMS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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

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 has concentration of credit risk as 67% (2022: 42%) and 98% (2022: 96%) of the total trade receivables was due from the Corporation's largest customer and the five largest customers respectively.

The Corporation measures loss allowances for trade receivables 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.

Expected loss rates are based on actual loss experience over a period of 36 months before December 31, 2023 or January 1, 2023 respectively. 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.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	<u>2023</u>	<u>2022</u>
	\$	\$
At January 1	12,915	-
Allowance for doubtful debt	104,666	12,932
Exchange differences	<u>(779)</u>	<u>(17)</u>
At December 31	<u>116,802</u>	<u>12,915</u>

GINSMS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

6. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

Other financial assets at amortised cost

All of the Corporation's financial assets at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12-month expected losses. These instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

(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:

	On demand or less than 1 year \$		Total \$
At December 31, 2023			
Accounts payable and accrued liabilities	776,463		776,463
Advances from related parties	698,935		698,935
Promissory note payable	580,000		580,000
Loans from related parties	1,390,642		1,390,642
Lease liabilities	26,257		26,257
	Less than 1 year \$	Between 1 and 2 years \$	Total \$
At December 31, 2022			
Accounts payable and accrued liabilities	566,197	-	566,197
Advances from related parties	647,639	-	647,639
Promissory note payable	580,000	-	580,000
Loans from related parties	1,372,730	-	1,372,730
Lease liabilities	48,395	30,368	78,763

The Corporation has working capital deficiency of \$2,587,122 as at December 31, 2023 (2022: \$2,440,205). The liquidity risk is mitigated as related parties have confirmed with the Corporation that they will not demand settlement of the interest-free loans of \$1,009,307 (2022: \$982,932) and cash advances of \$698,707 (2022: \$647,639) until the Corporation is in sound financial position to repay to them. Furthermore, the immediate parent and the promissory note holder have confirmed with the Corporation that they will not demand settlement of the loan of \$381,335 (2022: \$389,798) and promissory note of \$580,000 (2022: \$580,000) until the Corporation is in sound financial position to repay to them.

GINSMS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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 December 31, 2023 and 2022.

(e) Categories of financial instruments

	<u>2023</u>	<u>2022</u>
	\$	\$
Financial assets:		
Financial assets measured at amortised cost	924,307	797,319
Financial liabilities:		
Financial liabilities at amortised costs	3,446,040	3,166,566
Lease liabilities	25,354	70,305

(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 December 31, 2023, 12.51% (2022: 12.51%) of the shares were held in public hands.

There have been no changes in the Corporation's capital management policies for the years ended December 31, 2023 and December 31, 2022.

GINSMS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

7. REVENUE

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

	<u>2023</u>	<u>2022</u>
	\$	\$
Revenue from contracts with customers within the scope of IFRS 15		
A2P Messaging Service income	986,715	1,428,885
Software Products & Services income	2,177,713	1,542,539
	3,164,428	2,971,424
Other income		
Administrative fee income	24,077	52,709
	3,188,505	3,024,133

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 years ended December 31, 2023 and December 31, 2022 as indicated in the following table.

	<u>2023</u>		<u>2022</u>	
	\$	% of total revenue	\$	% of total revenue
Customer A	1,510,790	47.4	985,373	32.6
Next five top customers				
Customer B	478,672	15.0	446,002	14.7
Customer C	341,984	10.7	436,752	14.4
Customer D	148,235	4.6	122,189	4.0
Customer E	123,004	3.9	153,224	5.1
Customer F	116,706	3.7	230,616	7.6
All other customers	469,114	14.7	649,977	21.6
	3,188,505	100.0	3,024,133	100.0

GINSMS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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8. SEGMENT INFORMATION (CONT'D)

(b) Revenue by geographical location

	2023		2022	
	\$	% of total revenue	\$	% of total revenue
Singapore	2,013,538	63.1	1,456,620	48.2
Indonesia	413,811	13.0	489,437	16.2
Other Asian countries	372,061	11.7	431,058	14.3
Europe	200,917	6.3	248,129	8.2
United States	182,531	5.7	387,783	12.8
Other regions	5,647	0.2	11,106	0.3
	3,188,505	100.0	3,024,133	100.0

(c) Total non-current assets by geographical location

	2023		2022	
	\$	% of total non-current assets	\$	% of total non-current assets
Indonesia	100,787	88.4	125,074	90.8
Other Asian countries	13,228	11.6	12,658	9.2
	114,015	100.0	137,732	100.0

(d) Financial information by business segments

	MS	SPS	Unallocated	Total
	\$	\$	\$	\$
Year ended December 31, 2023				
Revenue	986,715	2,201,790	-	3,188,505
Intersegment revenue	35,469	273,994	-	309,463
Amortisation and depreciation	-	87,867	-	87,867
Interest income	314	524	-	838
Interest and finance expenses	-	7,159	-	7,159
Income tax credit	(893)	(3,101)	-	(3,994)
Segment profits/(losses)	23,889	44,398	(197,943)	(129,656)
Additions to segment non-current assets	-	61,919	-	61,919
As at December 31, 2023				
Segment assets	120,626	907,460	25,090	1,053,176
Segment liabilities	(401,139)	(1,784,184)	(1,340,960)	(3,526,283)

GINSMS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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8. SEGMENT INFORMATION (CONT'D)

(d) **Financial information by business segments (cont'd)**

	<u>MS</u>	<u>SPS</u>	<u>Unallocated</u>	<u>Total</u>
	\$	\$	\$	\$
Year ended December 31, 2022				
Revenue	1,428,885	1,595,248	-	3,024,133
Intersegment revenue	18,593	282,161	-	300,754
Amortisation and depreciation	-	93,535	-	93,535
Interest income	81	243	-	324
Interest and finance expenses	-	5,733	-	5,733
Income tax expense	-	8,136	-	8,136
Segment (losses)/profits	(222,553)	468,152	(277,883)	(32,284)
Additions to segment non-current assets	-	153,224	-	153,224
As at December 31, 2022				
Segment assets	240,217	686,685	21,025	947,927
Segment liabilities	<u>(435,726)</u>	<u>(1,689,510)</u>	<u>(1,154,024)</u>	<u>(3,279,260)</u>

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

9. INCOME TAX (CREDIT)/EXPENSE

(a) Income tax (credit)/expense has been recognised in profit or loss as following:

	<u>2023</u>	<u>2022</u>
	\$	\$
Current tax		
Provision for the year	-	7,278
(Over)/under-provision in prior years	<u>(3,994)</u>	<u>858</u>
	<u>(3,994)</u>	<u>8,136</u>

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Corporation operates, based on existing legislation, interpretation and practices in respect thereof.

Pursuant to relevant law and regulations in Canada, the corporate income tax applicable to the Corporation is 23% for the year ended December 31, 2023 (2022: 23%).

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9. INCOME TAX (CREDIT)/EXPENSE (CONT'D)

- (b) The reconciliation between the income tax (credit)/expense and the product of loss before tax multiplied by the combined Canadian and foreign rates is as follows:

	<u>2023</u>	<u>2022</u>
	\$	\$
Loss before tax	(133,650)	(24,148)
Income tax rate	<u>23%</u>	<u>23%</u>
Computed income tax benefit	(30,740)	(5,553)
Effects of tax rate in different countries	46,562	1,475
Increase (decrease) resulting from:		
Non-taxable income	(24,927)	(14)
Non-deductible expenses	37,635	73,536
Change in unrecognised temporary differences	34,437	19,737
Utilisation of tax loss not recognised	(62,967)	(81,903)
(Over)/under-provision in prior year	<u>(3,994)</u>	<u>858</u>
Income tax (credit)/expense	<u>(3,994)</u>	<u>8,136</u>

(c) **Deferred tax assets and liabilities**

The Corporation has deferred tax losses which are being carried forward and which may be utilised to reduce future taxable income. Deferred taxes are also provided as a result of temporary differences between the income tax values and the carrying amount of assets and liabilities. The components of the net deferred tax assets (liabilities) were as follows:

	<u>2023</u>	<u>2022</u>
	\$	\$
Long-term deferred tax assets:		
Non-capital loss carried forward	1,057,423	1,064,931
Capital allowance	(2)	(2)
Timing difference	195	32,711
Issue costs	(468)	(468)
Less: Unrecognised temporary differences	<u>(1,057,148)</u>	<u>(1,097,172)</u>
	<u>-</u>	<u>-</u>
Long-term deferred tax liabilities:		
Property, plant and equipment	<u>-</u>	<u>-</u>

As of December 31, 2023, the Corporation and its subsidiaries had income tax losses of approximately \$4,588,000 (2022: \$4,761,000), which arose from the several jurisdiction available for offset against future profits. No deferred tax asset has been recognised in respect of all the unused tax losses due to the unpredictability of future profits streams. Included in unrecognised tax losses are losses of approximately \$3,984,000 (2022: \$4,200,000) that will expire on various dates up to 2043 (2022: 2042). Other tax losses may be carried forward indefinitely.

GINSMS INC.
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10. EMPLOYEE BENEFITS EXPENSE

	<u>2023</u>	<u>2022</u>
	\$	\$
Directors' fees	<u>40,000</u>	<u>40,000</u>
Employee benefits expense (including key management personnel):		
Salaries, bonuses and allowances (Note)	<u>1,484,461</u>	1,111,231
Retirement benefit scheme contributions	<u>251,588</u>	<u>146,062</u>
	<u>1,736,049</u>	<u>1,257,293</u>
	<u>1,776,049</u>	<u>1,297,293</u>

Note: Included expenses of \$1,118,788 (2022: \$851,008) recognised in cost of sales.

11. LOSS PER SHARE

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

	<u>2023</u>	<u>2022</u>
	\$	\$
Loss		
Loss for the purpose of calculating basic loss per share	<u>(128,570)</u>	<u>(31,645)</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>187,118,368</u>	<u>154,702,289</u>

The Corporation did not have any dilutive potential ordinary shares. Diluted loss per share was the same as the basic loss per share for the years ended December 31, 2023 and December 31, 2022.

GINSMS INC.
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12. **PROPERTY, PLANT AND EQUIPMENT**

	Computer equipment and software
	\$
Cost	
At January 1, 2022	175,373
Additions	60,247
Written off	(67,576)
Exchange difference	(5,186)
	<u>162,858</u>
At December 31, 2022 and January 1, 2023	162,858
Additions	61,919
Written off	(3,005)
Exchange difference	(102)
	<u>221,670</u>
At December 31, 2023	221,670
Accumulated depreciation and impairment	
At January 1, 2022	142,174
Depreciation	30,240
Written off	(67,576)
Exchange difference	(3,833)
	<u>101,005</u>
At December 31, 2022 and January 1, 2023	101,005
Depreciation	40,966
Written off	(3,005)
Exchange difference	(357)
	<u>138,609</u>
At December 31, 2023	138,609
Carrying amount	
As at December 31, 2023	<u><u>83,061</u></u>
As at December 31, 2022	<u><u>61,853</u></u>

GINSMS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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13. RIGHT-OF-USE ASSETS

	Leased properties
	\$
At January 1, 2022	48,777
Addition	92,977
Depreciation	(63,295)
Exchange differences	<u>(2,580)</u>
At 31 December 2022 and January 1, 2023	75,879
Depreciation	(46,901)
Exchange differences	<u>1,976</u>
At December 31, 2023	<u><u>30,954</u></u>

Lease liabilities of \$25,354 (2022: \$70,305) are recognised with related right-of-use assets of \$30,954 (2022: \$75,879) as at December 31, 2023. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

	<u>2023</u>	<u>2022</u>
	\$	\$
Depreciation expenses on right-of-use assets	46,901	63,295
Interest expense on lease liabilities (included in finance cost)	7,159	5,733
Expenses relating to short-term lease (included in administrative)	<u>20,274</u>	<u>-</u>

Details of total cash outflow for leases is set out in note 23(b).

The Corporation leases an office, for its operations. Lease contract is entered into for fixed term of 2 years (2022: 2 to 3 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Corporation applies the definition of a contract and determines the period for which the contract is enforceable.

14. GOODWILL

The goodwill represents the excess of the consideration on acquisition of Inphosoft Group Pte. Limited and its subsidiaries (the "Inphosoft Group") in prior years. 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 allocated to the Inphosoft Group of \$2,830,364 was considered fully impaired during the year ended March 31, 2015.

GINSMS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

15. ACCOUNTS RECEIVABLE

	<u>2023</u>	<u>2022</u>
	\$	\$
Trade receivables	752,370	570,410
Less: Allowance for doubtful debts	<u>(116,802)</u>	<u>(12,915)</u>
Total	<u><u>635,568</u></u>	<u><u>557,495</u></u>

As at December 31, 2023, an allowance of \$116,802 (2022: \$12,915) was made for ECL on trade receivables.

16. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2023</u>	<u>2022</u>
	\$	\$
Trade payables	7,642	26,812
Contract liabilities (Note 17)	23,427	-
Accrued liabilities and other payables	<u>796,311</u>	<u>574,644</u>
Total	<u><u>827,380</u></u>	<u><u>601,456</u></u>

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

17. CONTRACT LIABILITIES

	<u>2023</u>	<u>2022</u>
	\$	\$
Billings in advance of performance obligation		
- Software products and services	<u><u>23,427</u></u>	<u><u>-</u></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.

GINSMS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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18. ADVANCES FROM RELATED PARTIES

The balances represent advances from an officer, ultimate parent and related companies which are unsecured, interest-free and repayable on demand.

The officer, ultimate parent and related companies have confirmed to the Corporation that they will not demand settlement of the advances until the Corporation is in sound financial position to repay to them.

19. PROMISSORY NOTE PAYABLE

\$

As at January 1, 2022 and December 31, 2022,
 January 1, 2023 and December 31, 2023

580,000

The promissory note payable is from Inphosoft Pte. Ltd. ("IPL") (Note 20(a)) and is interest free, unsecured and repayable on demand. IPL has confirmed that it will not demand settlement of the note payable until the Corporation is in sound financial position.

20. LOANS FROM RELATED PARTIES

	Note	<u>2023</u>	<u>2022</u>
		\$	\$
Current:			
Loan from a related party	(a)	865,409	840,432
Loan from immediate parent	(b)	381,335	389,798
Loans from a director	(c)	143,898	142,500
Total		<u>1,390,642</u>	<u>1,372,730</u>

All above loans from related parties are interest-free, non-trade nature, unsecured and repayable on demand.

- (a) The loan is from IPL. 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 it will not demand settlement of the loan until the Corporation is in sound financial position to repay.
- (b) The loan is from Xinhua Mobile, the immediate parent of the Corporation. Xinhua Mobile confirmed to the Corporation that it will not demand settlement of the loan until the Corporation is in sound financial position to repay.
- (c) The loans are from the Corporation's director, Mr. Joel Siang Hui Chin who confirmed to the Corporation that he will not demand settlement of the loans until the Corporation is in sound financial position to repay to him.

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21. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2023	2022	2023	2022
	\$	\$	\$	\$
Within one year	26,257	48,395	25,354	41,445
In the second to fifth years, inclusive	-	30,368	-	28,860
	26,257	78,763	25,354	70,305
Less: Future finance charges	(903)	(8,458)	N/A	N/A
Present value of lease obligations	25,354	70,305	25,354	70,305
Less: Amount due for settlement within 12 months (shown under current liabilities)			-	(41,445)
Amount due for settlement after 12 months			25,354	28,860

The lease liabilities are denominated in Indonesian Rupiah.

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:

	Note	2023		2022	
		Common shares	Amount	Common shares	Amount
			\$		\$
Balance, beginning of year		187,118,368	15,148,160	149,793,861	11,415,709
Issuance of shares	(a)	-	-	37,324,507	3,732,451
Balance, end of year		187,118,368	15,148,160	187,118,368	15,148,160

- (a) On October 17, 2022, pursuant to the debt to equity conversion agreement entered between the Corporation and Mr. Joel Siang Hui Chin, a director of the Corporation, for the repayment, by way of share issuance, of loans from the director amounting to \$3,732,451. Following receipt of approval from the TSXV Venture Exchange, the Corporation has issued 37,324,507 common shares of the Corporation at a price of \$0.10 per common share on November 14, 2022. For details, please refer to the announcement of the Corporation dated October 17, 2022 and November 15, 2022 respectively.

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23. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOW

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Corporation's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Corporation's consolidated statement of cash flows as cash flows from financing activities.

	January 1, 2023	Cash flows	Interest expenses	Exchange differences	December 31, 2023
	\$	\$	\$	\$	\$
Advances from related parties (note 18)	647,639	45,902	-	5,394	698,935
Promissory note payable (note 19)	580,000	-	-	-	580,000
Loans from related parties (note 20)	1,372,730	-	-	17,912	1,390,642
Lease liabilities (note 21)	70,305	(53,975)	7,159	1,865	25,354
	<u>2,670,674</u>	<u>(8,073)</u>	<u>7,159</u>	<u>25,171</u>	<u>2,694,931</u>

	January 1, 2022	Inception	Cash flows	Non-cash transaction (Note 25)	Interest expenses	Exchange differences	December 31, 2022
	\$	\$	\$		\$	\$	\$
Advances from related parties (note 18)	878,410	-	(259,590)	-	-	28,819	647,639
Promissory note payable (note 19)	580,000	-	-	-	-	-	580,000
Loans from related parties (note 20)	4,826,177	-	-	(3,732,451)	-	279,004	1,372,730
Lease liabilities (note 21)	46,093	92,977	(77,811)	-	5,733	3,313	70,305
	<u>6,330,680</u>	<u>92,977</u>	<u>(337,401)</u>	<u>(3,732,451)</u>	<u>5,733</u>	<u>311,136</u>	<u>2,670,674</u>

(b) Total cash outflow for leases

Amounts included in the consolidated statements of cash flows for lease comprise the following:

	2023	2022
	\$	\$
Within operation cash flow	27,433	5,733
Within financing cash flow	46,816	72,078
	<u>74,249</u>	<u>77,811</u>

The amount related to the following:

	2023	2022
	\$	\$
Lease rental paid	<u>74,249</u>	<u>77,811</u>

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24. RELATED PARTY TRANSACTIONS

- (a) In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements. The Corporation had the following related party transactions for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
	\$	\$
Revenue and administrative fee income from companies controlled by immediate parent/ a director	1,989,461	1,648,943
Administrative fee income from ultimate parent	24,077	22,590
Accounting fees paid to an officer	14,915	16,135

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

	Accounts receivable	Accounts payable and accrued liabilities	Advances payable	Promissory note payable	Loan payables
	\$	\$	\$	\$	\$
As at December 31, 2023					
Directors	-	(80,113)	(508,388)	-	(143,898)
An officer	-	(239)	-	-	-
Companies controlled by a director	679,369	(8,734)	(228)	-	-
A related party	-	-	(40,114)	(580,000)	(865,409)
Immediate parent	-	-	-	-	(381,335)
Ultimate parent	6,113	-	(150,205)	-	-
As at December 31, 2022					
Directors	-	(40,000)	(300,215)	-	(142,500)
Companies controlled by a director	363,709	(3,911)	(306,009)	-	-
A related party	-	-	(41,415)	(580,000)	(840,432)
Immediate parent	-	-	-	-	(389,798)
Ultimate parent	5,936	-	-	-	-

The amounts due of \$89,086 (2022: \$43,911) included in accounts payable and accrued liabilities are interest-free, unsecured and repayable on demand. For trade receivables from related parties, the amounts due are interest-free, unsecured and were repayable according to trade terms.

- (c) Key management personnel compensation

	<u>2023</u>	<u>2022</u>
	\$	\$
Accounting fees	14,915	16,135
Directors' fees	40,000	40,000
Total	54,915	56,135

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25. NON-CASH TRANSACTION

On October 17, 2022, pursuant to the debt to equity conversion agreement entered between the Corporation and Mr. Joel Siang Hui Chin, a director of the Corporation agreed for the repayment, by way of share issuance, of loans from the director amounting to \$3,732,451. The amount of \$3,732,451 was settled by issuance of 37,324,507 common shares of the Corporation at a price of \$0.10 per common share.

26. PARTICULARS OF SUBSIDIARIES

Particulars of the principal subsidiaries as at December 31, 2023 and December 31, 2022 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 / Singapore	1,000,000 ordinary shares of SGD1,614,500	100%	-	Investment holding
Inphosoft Singapore Pte. Limited	Singapore / Singapore	300,000 ordinary shares of SGD300,000	-	100%	Provision for messaging service and outsourcing of technical resources to customers
PT Inphosoft Indonesia	Indonesia / Indonesia	962,500 ordinary shares of Indonesian Rupiahs 962,500,000	-	99%	Provision for messaging service and outsourcing of technical resources to customers
GIN International Limited	Hong Kong / Singapore	100 ordinary shares of HKD100	-	100%	Provision for short message services
Inphosoft Malaysia Sdn. Bhd.	Malaysia / Malaysia	100,000 ordinary Shares of Malaysian Ringgit ("MYR") 100,000	-	100%	Provision for messaging service and outsourcing of technical resources to customers

As at December 31 2023, the bank and cash balances of the Group's subsidiary in the Malaysia denominated in MYR amounted to \$41,513 (2022: \$28,051) is subject to local exchange control regulations.