

GINSMS INC.

Condensed Interim Consolidated Financial Statements
Three months period ended March 31, 2021 and 2020
(Unaudited)

To the Shareholders of GINSMS Inc.:

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

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

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

The auditor of GINSMS Inc. has not performed a review of the unaudited condensed interim consolidated financial statements for the three months periods ended March 31, 2021 and 2020.

May 28, 2021

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

/s/ "Kuen Kuen Lau"
Director

GINSMS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND MARCH 31, 2020 (Unaudited)

(In Canadian Dollars)

	Note	(Unaudited) March 31, 2021 \$	(Unaudited) March 31, 2020 \$
Revenue	7	536,186	724,746
Cost of sales		(320,885)	(464,042)
Gross profit		215,301	260,704
Expenses			
Salaries and wages		(73,879)	(96,015)
Professional fees		(81,277)	(67,647)
Directors' fees		(10,000)	(10,000)
General and administrative		(18,446)	(39,960)
Amortization and depreciation		(1,499)	(1,567)
Depreciation of right-of-use asset		(16,096)	(11,344)
Foreign currency exchange loss		(5,300)	(260,948)
Profit/(Loss) from operations		8,804	(226,777)
Finance costs			
Interest expenses		(3,121)	(4,525)
Profit/(Loss) before tax		5,683	(231,302)
Income tax credit		-	207
Net profit/(loss) for the period		5,683	(231,095)
Other comprehensive income, net of tax:			
<i>Items that may be reclassified to profit or loss:</i>			
Foreign exchange differences on translating foreign operations		89,589	145,611
Total comprehensive profit/(loss) for the period		95,272	(85,484)
Net profit/(loss) for the period attributable to:			
Shareholders		5,657	(229,707)
Non-controlling interest		26	(1,388)
		5,683	(231,095)
Total comprehensive profit/(loss) for the period attributable to:			
Shareholders		94,926	(84,198)
Non-controlling interest		346	(1,286)
		95,272	(85,484)
Profit/(Loss) per share	10		
Basic (in Canadian cents)		0.004	(0.15)
Diluted		0.004	N/A

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

GINSMS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2021 AND DECEMBER 31, 2020

(In Canadian Dollars)

	Note	(Unaudited) March 31, 2021 \$	(Audited) December 31, 2020 \$
Non-current assets			
Property, plant and equipment	11	34,888	39,999
Right-of-use assets	12	97,277	73,331
Goodwill	13	-	-
		<u>132,165</u>	<u>113,330</u>
Current assets			
Accounts receivable	14	508,189	557,834
Other receivables, prepayments and deposits		73,005	76,576
Bank and cash balances		<u>174,949</u>	<u>296,312</u>
		<u>756,143</u>	<u>930,722</u>
Current liabilities			
Accounts payable and accrued liabilities	15	561,593	749,061
Advances from related parties	17	1,076,533	1,100,130
Loan from related parties	19	4,869,306	4,933,186
Promissory note payable	18	580,000	580,000
Lease Liabilities	20	68,322	38,717
Current tax liabilities		<u>1,461</u>	<u>1,490</u>
		<u>7,157,215</u>	<u>7,402,584</u>
Net current liabilities		<u>(6,401,072)</u>	<u>(6,471,862)</u>
Total assets less current liabilities		<u>(6,268,907)</u>	<u>(6,358,532)</u>
Non-current liabilities			
Lease Liabilities	20	<u>28,982</u>	<u>34,629</u>
		<u>28,982</u>	<u>34,629</u>
NET LIABILITIES		<u>(6,297,889)</u>	<u>(6,393,161)</u>
EQUITY			
Share capital	21	11,415,709	11,415,709
Deficit		(18,028,553)	(18,034,210)
Accumulated other comprehensive income		<u>328,718</u>	<u>239,449</u>
Total deficiency attributable to equity shareholders of the Corporation		<u>(6,284,126)</u>	<u>(6,379,052)</u>
Non-controlling interests		<u>(13,763)</u>	<u>(14,109)</u>
TOTAL DEFICIENCY		<u>(6,297,889)</u>	<u>(6,393,161)</u>

Approved on behalf of the board on May 28, 2021

 Director
 /s/ "Joel Siang Hui Chin"

 Director
 /s/ "Kuen Kuen Lau"

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

GINSMS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND MARCH 31, 2020 (Unaudited)

(In Canadian Dollars)

	Attributable to equity shareholders of the Corporation				Non-controlling interests	Total deficiency
	Share capital	Deficit	Accumulated other comprehensive income	Total		
	\$	\$	\$	\$	\$	\$
Balance as at January 1, 2021	11,415,709	(18,034,210)	239,449	(6,379,052)	(14,109)	(6,393,161)
Profit for the period	-	5,657	-	5,657	26	5,683
Other comprehensive income	-	-	89,269	89,269	320	89,589
Balance as at March 31, 2021	<u>11,415,709</u>	<u>(18,028,553)</u>	<u>328,718</u>	<u>(6,284,126)</u>	<u>(13,763)</u>	<u>(6,297,889)</u>
	Attributable to equity shareholders of the Corporation				Non-controlling interests	Total deficiency
	Share capital	Deficit	Accumulated other comprehensive income	Total		
	\$	\$	\$	\$	\$	\$
Balance as at January 1, 2020	11,415,709	(18,032,088)	189,253	(6,427,126)	(13,019)	(6,440,145)
Loss for the period	-	(229,707)	-	(229,707)	(1,388)	(231,095)
Other comprehensive income	-	-	145,509	145,509	102	145,611
Balance as at March 31, 2020	<u>11,415,709</u>	<u>(18,261,795)</u>	<u>334,762</u>	<u>(6,511,324)</u>	<u>(14,305)</u>	<u>(6,525,629)</u>

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

GINSMS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND MARCH 31, 2020 (Unaudited)

(In Canadian Dollars)

	<u>(Unaudited)</u> <u>March 31,</u> <u>2021</u>	<u>(Unaudited)</u> <u>March 31,</u> <u>2020</u>
	\$	\$
OPERATING ACTIVITIES		
Net profit/(loss) for the period	5,683	(231,095)
Deferred tax credit	-	(207)
Lease interest on right-of-use asset	3,121	4,525
Foreign currency exchange loss	5,300	260,948
Depreciation of property, plant and equipment	7,042	7,652
Depreciation of right-of-use assets	16,096	11,344
Changes in non-cash working capital items:		
Accounts receivable	49,645	(115,750)
Other receivables, prepayments and deposits	3,571	6,323
Accounts payable and accrued liabilities	(187,473)	(75,801)
Interest on lease liabilities	(3,121)	(4,525)
Net cash used in operating activities	<u>(100,136)</u>	<u>(136,586)</u>
FINANCING ACTIVITIES		
Advances from related parties	-	124,727
Repayment of advance from a related party	-	(1,173)
Principal elements of lease payments	(26,288)	(10,875)
Net cash (used in)/generated from financing activities	<u>(26,288)</u>	<u>112,679</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,813)	(7,918)
Net cash used in from investing activities	<u>(2,813)</u>	<u>(7,918)</u>
Effect of exchange rate changes on cash held in foreign currencies	7,874	27,638
Decrease in cash	<u>(121,363)</u>	<u>(4,187)</u>
Cash, beginning of period	<u>296,312</u>	<u>194,411</u>
Cash, end of period	<u><u>174,949</u></u>	<u><u>190,224</u></u>

GINSMS INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND MARCH 31, 2020 (Unaudited)

(In Canadian Dollars)

1. GENERAL INFORMATION

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

The Corporation is an investment holding company. The principal activities of its subsidiaries are set out in note 23 to the unaudited condensed interim consolidated financial statements.

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

Beat Holdings' securities are listed on Tokyo Stock Exchange's Second Section (9399).

The principal activities of the Corporation are as follows:

(a) Provision of messaging service ("Messaging Service")

The Corporation, through its subsidiary, GIN International Limited in Hong Kong, was originally involved in the provision of inter-operator short message services. On March 27, 2014, the Corporation launched its cloud-based application-to-peer ("A2P") messaging service ("A2P Service"). 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 CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND MARCH 31, 2020 (Unaudited)**

2. BASIS OF PREPARATION

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

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

The Corporation has faced considerable competition in its existing principal activities, and the profitability of the businesses has been affected. As at March 31, 2021, the Corporation had net current liabilities and net liabilities of \$6,401,072 and \$6,297,889 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Corporation's ability to continue as a going concern. Therefore, the Corporation may be unable to realize its assets and discharge its liabilities in the normal course of business.

The spread of COVID-19 in all relevant jurisdictions has impacted the Corporation's operation and customer base and uncertainty regarding the extent, duration and are having a material impact on all aspects of the Corporation's operations. The Corporation confirms to adopt the going concern basis in preparing its unaudited condensed interim consolidated financial statements. Management has instituted plans to address these matters:

- (a) The liquidity risk is mitigated as related parties have confirmed with the Corporation that they will not demand settlement of the interest-free loans of \$4,506,847 and cash advances of \$1,076,533 until the Corporation is in sound financial position to repay to them. Furthermore, the immediate parent and the promissory note holder have agreed to extend the due dates of the loan of \$362,459 and promissory note of \$580,000 to March 31, 2022 and have confirmed with the Corporation that they will not demand settlement of the loan and promissory note until the Corporation is in sound financial position to repay to them.
- (b) The ultimate parent has agreed to provide adequate funds for the Corporation to meet all third party obligations for at least the ensuing twelve month period.
- (c) The directors will continuously and closely monitor the Corporation's liquidity position and financial performance and implement measures to improve the Corporation cash flows.

As a result, after considering all relevant information, including its actions completed to date and its future plans, the management has concluded that the Corporation is able to continue as a going concern for a period of 12 months from March 31, 2021.

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND MARCH 31, 2020 (Unaudited)**

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The new and revised international financial reporting standards that have been adopted by the Corporation are described in Note 3 of the audited consolidated financial statements for the year ended December 31, 2020.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed interim consolidated financial statements as at and for the three months ended March 31, 2021 have been prepared under the historical cost convention.

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

The unaudited condensed interim consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the audited consolidated financial statement for the twelve months ended December 31, 2020 which has been prepared in accordance with IFRS.

GINSMS INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND MARCH 31, 2020 (Unaudited)

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgement in applying accounting policies

In the process of applying the accounting policies, the directors have 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 unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of the ultimate parent at a level sufficient to finance the working capital requirements of the Corporation. Details are explained in note 2 to the unaudited condensed interim consolidated financial statements.

Key sources of estimation uncertainty

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

(a) Impairment of trade receivables and contract assets

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

As at March 31, 2021, the carrying amount of trade receivables and contract assets is \$508,189 (net of allowance for doubtful debts of \$25,575) (December 31, 2020: \$557,834 (net of allowance for doubtful debts of \$25,876)).

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND MARCH 31, 2020 (Unaudited)****6. FINANCIAL RISK MANAGEMENT**

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

(a) Foreign currency risk

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

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

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

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

	At March 31, 2021						
	CDN \$	SGD \$	HKD \$	USD \$	Euro \$	Others \$	Total \$
Bank and cash balances	2,746	62,142	2,849	32,468	4,822	69,922	174,949
Trade receivables	-	425,616	-	730	74,368	7,475	508,189
Other receivables and Deposits	-	-	106	-	25,484	22,553	48,143
Accounts payable and accrued liabilities	(89,925)	(35,210)	(110,323)	(6,368)	(38,308)	(248,446)	(528,580)
Advances from related parties	-	(163,642)	(284,313)	-	-	(628,578)	(1,076,533)
Promissory note payable	(580,000)	-	-	-	-	-	(580,000)
Loans from related parties	-	(1,451,731)	(2,563,980)	(853,595)	-	-	(4,869,306)

	At December 31, 2020						
	CDN \$	SGD \$	HKD \$	USD \$	Euro \$	Others \$	Total \$
Bank and cash balances	2,423	46,886	3,065	105,287	67,517	71,134	296,312
Trade receivables	-	485,670	-	701	40,309	31,154	557,834
Other receivables and Deposits	-	3,575	108	-	25,924	23,066	52,673
Accounts payable and accrued liabilities	(88,014)	(23,905)	(144,119)	(37,009)	(53,175)	(305,797)	(652,019)
Advances from related parties	-	(167,778)	(289,228)	-	-	(643,124)	(1,100,130)
Promissory note payable	(580,000)	-	-	-	-	-	(580,000)
Loans from related parties	-	(1,445,456)	(2,608,304)	(879,426)	-	-	(4,933,186)

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND MARCH 31, 2020 (Unaudited)****6. FINANCIAL RISK MANAGEMENT (CONT'D)****(a) Foreign currency risk (cont'd)**

At March 31, 2021, if the SGD had weakened or strengthened 5 per cent against USD with all other variables held constant, consolidated loss after tax and the deficiency for the year would have been \$20,000 (December 31, 2020: \$20,000) higher or lower, arising mainly as a result of the foreign exchange gain or loss denominated on net payables denominated in USD.

(b) Credit risk

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

Trade receivables and contract assets

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

The Corporation measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Corporation's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Corporation's different customer bases.

Expected loss rates are based on actual loss experience over the past 4 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Corporation's view of economic conditions over the expected lives of the receivables.

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND MARCH 31, 2020 (Unaudited)****6. FINANCIAL RISK MANAGEMENT (CONT'D)****(b) Credit risk (cont'd)**Trade receivables and contract assets

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

	(Unaudited) As at March 31, 2021	(Audited) As at December 31, 2020
	\$	\$
At beginning of period/ year	25,876	25,872
Allowance for doubtful debt for the year	-	2,083
Exchange differences	(301)	(2,079)
At end of period/year	<u>25,575</u>	<u>25,876</u>

(c) Liquidity risk

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

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

	Less than 1 year \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Total \$
At March 31, 2021				
Accounts payable and accrued liabilities	528,580	-	-	528,580
Advances from related parties	1,076,533	-	-	1,076,533
Promissory note payable	580,000	-	-	580,000
Loans from related parties	4,869,306	-	-	4,869,306
Lease liabilities	74,977	29,491	-	104,468
At December 31, 2020				
Accounts payable and accrued liabilities	652,019	-	-	652,019
Advance from related parties	1,100,130	-	-	1,100,130
Promissory note payable	580,000	-	-	580,000
Loans from related parties	4,933,186	-	-	4,933,186
Lease liabilities	45,756	36,606	-	82,362

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND MARCH 31, 2020 (Unaudited)****6. FINANCIAL RISK MANAGEMENT (CONT'D)****(c) Liquidity risk (cont'd)**

The Corporation has working capital deficiency of \$6,401,072 as at March 31, 2021 (December 31, 2020: \$6,471,862). 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 \$4,506,847 and cash advances of \$1,076,533 until the Corporation is in sound financial position to repay to them. Furthermore, the immediate parent and the promissory note holder have agreed to extend the due dates of the loan of \$362,459 and promissory note of \$580,000 to March 31, 2022 and have confirmed with the Corporation that they will not demand settlement of the loan and promissory note until the Corporation is in sound financial position to repay to them.

(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, 2021 and 2020.

(e) Categories of financial instruments

	<i>(Unaudited)</i> As at March 31, 2021	<i>(Audited)</i> As at December 31, 2020
	\$	\$
Financial assets:		
Financial assets measured at amortised cost	731,281	906,819
Financial liabilities:		
Financial liabilities at amortized costs	<u>7,054,419</u>	<u>7,265,335</u>

(f) Fair values

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

(g) Capital management

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

The Corporation manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity ratio analysis. The capital is generally used for defraying the administrative expenses in promoting the objectives of the Corporation. The external imposed capital requirement for the Corporation is to have a public float of at least 10% of the shares in order to maintain its listing on the TSX Venture Exchange. As at March 31, 2021, 15.63% of the shares were held in public hands.

There have been no changes in the Corporation's capital management policies for the period ended March 31, 2021 and year ended December 31, 2020.

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND MARCH 31, 2020 (Unaudited)****7. REVENUE**

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

	<i>(Unaudited)</i> Three months ended March 31, 2021 \$	<i>(Unaudited)</i> Three months ended March 31, 2020 \$
Revenue from contracts with customers within the scope of IFRS 15		
Service income	463,771	701,732
Other income		
Miscellaneous income	72,415	23,014
	<u>536,186</u>	<u>724,746</u>

8. SEGMENT INFORMATION

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

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

(a) Revenue by customers

The revenues are primarily generated in HKD, USD, and SGD. Six major customers have contributed to sales revenue for the three months ended March 31, 2021 and three months ended March 31, 2020 as indicated in the following table.

	Three months ended March 31, 2021 \$	% of total revenue	Three months ended March 31, 2020 \$	% of total revenue
Customer A	260,155	48.5	189,677	26.2
Next five top customers				
Customer B	92,340	17.2	154,175	21.3
Customer C	39,867	7.4	108,261	14.9
Customer D	16,755	3.1	5,254	0.7
Customer E	13,472	2.5	31,989	4.4
Customer F	13,446	2.5	14,622	2.0
All other customers	100,151	18.8	220,768	30.5
	<u>536,186</u>	<u>100.0</u>	<u>724,746</u>	<u>100.0</u>

GINSMS INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND MARCH 31, 2020 (Unaudited)

8. SEGMENT INFORMATION (CONT'D)

(b) Revenue by geographical location

	<i>(Unaudited)</i> Three months ended March 31, 2021		<i>(Unaudited)</i> Three months ended March 31, 2020	
	\$	% of total revenue	\$	% of total revenue
Singapore	333,170	62.1	277,760	38.3
Indonesia	56,623	10.6	113,515	15.7
Other Asia countries	23,537	4.4	55,942	7.7
Europe	27,621	5.2	56,759	7.8
United States	94,038	17.5	209,358	28.9
Other regions	1,197	0.2	11,412	1.6
	<u>536,186</u>	<u>100.0</u>	<u>724,746</u>	<u>100.0</u>

(c) Total assets by geographical location

	<i>(Unaudited)</i> Three months ended March 31, 2021		<i>(Audited)</i> Twelve months ended December 31, 2020	
	\$	% of total assets	\$	% of total assets
Singapore	73,031	8.2	45,245	4.3
Indonesia	549,620	61.9	586,881	56.2
Other Asia countries	208,649	23.5	381,092	36.5
Europe	5,300	0.6	5,006	0.5
United States	47,357	5.3	20,717	2.0
Other regions	4,351	0.5	5,111	0.5
	<u>888,308</u>	<u>100.0</u>	<u>1,044,052</u>	<u>100.0</u>

(d) Financial information by business segments

	MS	SPS	Unallocated	Total
	\$	\$	\$	\$
Year ended March 31, 2021 (Unaudited)				
Revenue	173,398	362,788	-	536,186
Intersegment revenue	10,581	44,211	-	54,792
Amortisation and depreciation	-	23,138	-	23,138
Interest income	-	36	-	36
Interest and finance expenses	-	3,121	-	3,121
Segment (losses)/profits	(22,538)	68,311	(40,090)	5,683
Additions to segment non-current assets	-	44,799	-	44,799
As at March 31, 2021				
Segment assets	147,155	738,583	2,570	888,308
Segment liabilities	(3,675,015)	(1,154,319)	(2,356,863)	(7,186,197)

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND MARCH 31, 2020 (Unaudited)****8. SEGMENT INFORMATION (CONT'D)****(d) Financial information by business segments (cont'd)**

	MS	SPS	Unallocated	Total
	\$	\$	\$	\$
Year ended March 31, 2020 (<i>Unaudited</i>)				
Revenue	410,227	314,519	-	724,746
Intersegment revenue	-	60,113	-	60,113
Amortisation and depreciation	-	18,996	-	18,996
Interest income	-	82	-	82
Interest and finance expenses	-	4,525	-	4,525
Income tax credit	-	(207)	-	(207)
Segment losses	(3,796)	(34,081)	(193,218)	(231,095)
Additions to segment non-current assets	-	7,918	-	7,918
As at March 31, 2020				
Segment assets	238,858	650,113	2,780	891,751
Segment liabilities	<u>(3,705,096)</u>	<u>(2,461,162)</u>	<u>(1,251,122)</u>	<u>(7,417,380)</u>

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

GINSMS INC.
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9. EMPLOYEE BENEFITS EXPENSE

	<i>(Unaudited)</i> Three months ended March 31, 2021 \$	<i>(Unaudited)</i> Three months ended March 31, 2020 \$
Directors' fees	10,000	10,000
Employee benefits expense (including key management personnel):		
Salaries, bonuses and allowances (Note)	222,545	220,326
Retirement benefit scheme contributions	28,163	26,018
	<u>250,708</u>	<u>246,344</u>
	<u>260,708</u>	<u>256,344</u>

Note: Included expenses of \$176,829 (Three months ended March 31, 2020: \$150,329) recognised in cost of sales.

10. PROFIT/(LOSS) PER SHARE

The calculation of the basic profit/(loss) per share is based on the following:

	<i>(Unaudited)</i> Three months ended March 31, 2021 \$	<i>(Unaudited)</i> Three months ended March 31, 2020 \$
Profit/(Loss)		
Profit/(Loss) for the purpose of calculating basic loss per share	<u>5,657</u>	<u>(229,707)</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>149,793,861</u>	<u>149,793,861</u>

The Corporation did not have any dilutive potential ordinary shares during the three months ended March 31, 2021 and March 31, 2020.

GINSMS INC.
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11. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment and software
	\$
Cost	
At January 1, 2020	147,841
Additions	18,732
Exchange difference	<u>(3,075)</u>
At December 31, 2020 and January 1, 2021	163,498
Additions	2,813
Exchange difference	<u>(4,153)</u>
At March 31, 2021	<u>162,158</u>
Accumulated depreciation and impairment	
At January 1, 2020	96,982
Depreciation	28,686
Exchange difference	<u>(2,169)</u>
At December 31, 2020 and January 1, 2021	123,499
Depreciation	7,042
Exchange difference	<u>(3,271)</u>
At March 31, 2021	<u>127,270</u>
Carrying amount	
As at March 31, 2021	<u>34,888</u>
As at December 31, 2020	<u>39,999</u>

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND MARCH 31, 2020 (Unaudited)****12. RIGHT-OF-USE ASSETS**

	Leased properties	Total
	\$	\$
At January 1, 2020	120,385	120,385
Depreciation	(44,340)	(44,340)
Exchange differences	(2,714)	(2,714)
At December 31, 2020 and January 1, 2021	73,331	73,331
Addition	41,986	41,986
Depreciation	(16,096)	(16,096)
Exchange difference	(1,944)	(1,944)
At March 31, 2021	<u>97,277</u>	<u>97,277</u>

Lease liabilities of \$97,304 (December 31, 2020: \$73,346) are recognised with related right-of-use assets of \$97,277 (December 31, 2020: \$73,331) as at March 31, 2021. 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.

	(Unaudited) Three months ended March 31, 2021	(Unaudited) Three months ended March 31, 2020
	\$	\$
Depreciation expenses on right-of-use assets	16,096	11,344
Interest expense on lease liabilities (included in finance cost)	3,121	4,525
Expenses relating to short-term lease (included in administrative)	<u>1,494</u>	<u>8,218</u>

The Corporation leased offices in Indonesia and Malaysia, for its operations. Lease contract were entered into for fixed term of 2-3 years.

13. GOODWILL

	\$
Cost less impairment	
At January 1, 2020, December 31, 2020, January 1, 2021 and March 31, 2021	<u>-</u>

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

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND MARCH 31, 2020 (Unaudited)****14. ACCOUNTS RECEIVABLE**

	<u>(Unaudited)</u>	<u>(Audited)</u>
	As at March 31, 2021	As at December 31, 2020
	\$	\$
Trade receivables	533,764	583,710
Less: Allowance for doubtful debts	(25,575)	(25,876)
Total	<u>508,189</u>	<u>557,834</u>

As at March 31, 2021, an allowance was made for estimated irrecoverable trade receivables of approximately \$26,000 (December 31, 2020: \$26,000).

15. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>(Unaudited)</u>	<u>(Audited)</u>
	As at March 31, 2021	As at December 31, 2020
	\$	\$
Trade payables	22,268	76,515
Contract liabilities (Note 16)	5,162	60,874
Accrued liabilities and other payable	534,163	611,672
Total	<u>561,593</u>	<u>749,061</u>

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

16. CONTRACT LIABILITIES

	<u>(Unaudited)</u>	<u>(Audited)</u>
Contract liabilities	As at March 31, 2021	As at December 31, 2020
	\$	\$
Billings in advance of performance obligation		
- Software products and services	<u>5,162</u>	<u>60,874</u>

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

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

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND MARCH 31, 2020 (Unaudited)****17. ADVANCES FROM RELATED PARTIES**

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

The officer 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.

18. PROMISSORY NOTE PAYABLE

	<u>Total</u>
	\$
As at January 1, 2020, December 31, 2020, January 1, 2021 and March 31, 2021	<u>580,000</u>

During the quarter ended March 31, 2021, the Corporation negotiated with the note holder, Inphosoft Pte. Ltd. ("IPL") (Note 19(b)) on extending the due date of the note payable and IPL has agreed to extend the due date of the promissory note payable to March 31, 2022. Moreover, IPL confirmed that it will not demand settlement of the note payable until the Corporation is in sound financial position. IPL also agreed to convert the note payable from that with simple interest of 12% per annum to interest-free with effect from January 1, 2020.

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND MARCH 31, 2020 (Unaudited)****19. LOANS FROM RELATED PARTIES**

	Note	<u>(Unaudited)</u> As at March 31, 2021 \$	<u>(Audited)</u> As at December 31, 2020 \$
Current:			
Loan from a related party	(b)	812,660	822,911
Loan from immediate parent	(c)	362,459	366,775
Loans from a director	(a)	3,694,187	3,743,500
Total		<u>4,869,306</u>	<u>4,933,186</u>

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

- (a) The loans are from the Corporation's director, Mr. Joel Siang Hui Chin, and are interest free loans, unsecured and repayable on demand. During the quarter ended March 31, 2021, Mr. Joel Siang Hui Chin 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.
- (b) The loan is from IPL, the former holding company of Inphosoft Group Pte. Ltd., and is interest-free. On September 24, 2015, IPL converted its convertible debentures of the Corporation and became a shareholder of the Corporation. A director of the Corporation, Mr. Joel Siang Hui Chin, two directors of the Corporation's subsidiaries, Mr. Wang Xianxiang and Mr. Xu Hongwei, each has significant influence over IPL. During the quarter ended March 31, 2021, IPL 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 loan is from Xinhua Mobile, the immediate parent of the Corporation, and are interest free loans, unsecured and repayable on demand. During the quarter ended March 31, 2021, Xinhua Mobile agreed to extend the due date of the loan to March 31, 2022 and confirmed to the Corporation that it will not demand settlement of the loan until the Corporation is in sound financial position to repay.

GINSMS INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND MARCH 31, 2020 (Unaudited)

20. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	As at March 31, 2021	As at December 31, 2020	As at March 31, 2021	As at December 31, 2020
	\$	\$	\$	\$
Within one year	74,977	45,756	68,322	38,717
In the second to fifth years, inclusive	29,491	36,606	28,982	34,629
	104,468	82,362	97,304	73,346
Less: Future finance charges	(7,164)	(9,016)	N/A	N/A
Present value of lease obligations	97,304	73,346	97,304	73,346
Less: Amount due for settlement within 12 months (shown under current liabilities)			(68,322)	(38,717)
Amount due for settlement after 12 months			28,982	34,629

The weighted average incremental borrowing rates applied to lease liabilities for the quarter ended 31 March, 2021 was 5.5% - 15.0% (December 31, 2020: 15.0%). The lease liabilities are denominated in Indonesian Rupiah and Malaysian Ringgit (December 31, 2020: Indonesian Rupiah).

21. SHARE CAPITAL

Authorised:

Unlimited common shares

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

Issued:

	(Unaudited) Three months ended March 31, 2021		(Audited) Twelve months ended December 31, 2020
Common shares	Amount	Common shares	Amount
	\$		\$
Balance, beginning and end of year	149,793,861	149,793,861	11,415,709

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND MARCH 31, 2020 (Unaudited)****22. RELATED PARTY TRANSACTIONS**

- (a) The Corporation had the following related party transactions for the three months ended March 31, 2021 and March 31, 2020:

	(Unaudited) Three months ended March 31, 2021	(Unaudited) Three months ended March 31, 2020
	\$	\$
Revenue from companies controlled by immediate parent/ a director	271,690	253,547
Accounting fees paid to an officer	22,847	14,851

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

	Accounts receivable \$	Accounts payables and accrued liabilities \$	Advances payable \$	Promissory note payable \$	Loan payables \$
As at March 31, 2021 (Unaudited)					
Directors	-	(90,000)	(284,313)	-	(3,694,187)
An officer	-	(7,419)	-	-	-
Companies controlled by a director	429,473	(3,335)	(747,964)	-	-
A related party	-	-	(44,256)	(580,000)	(812,660)
Immediate parent	-	-	-	-	(362,459)
As at December 31, 2020 (Audited)					
Directors	-	(80,000)	(289,228)	-	(3,743,500)
An officer	-	(7,357)	-	-	-
Companies controlled by a director	495,424	(3,320)	(766,088)	-	-
A related party	-	-	(44,814)	(580,000)	(822,911)
Immediate parent	-	-	-	-	(366,775)

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND MARCH 31, 2020 (Unaudited)****22. RELATED PARTY TRANSACTIONS (CONT'D)****(c) Key management personnel compensation**

	(Unaudited) Three months ended March 31, 2021	(Unaudited) Three months ended March 31, 2020
	\$	\$
Accounting fees	22,847	14,851
Directors' fees	10,000	10,000
Total	32,847	24,851

23. PARTICULARS OF SUBSIDIARIES

Particulars of the principal subsidiaries as at March 31, 2021 and December 31, 2020 are as follows:

Name	Place of incorporation / registration and operation	Particular of issued share capital	Percentage of ownership interest / voting power / profit sharing		Principal activities
			Direct	Indirect	
Inphosoft Group Pte. Limited	Singapore	1,000,000 ordinary shares of SGD1,614,500	100%	-	Investment holding
PT Inphosoft Indonesia	Indonesia	1,000 ordinary shares of IDR962,500,000	-	99%	Provision for messaging service and outsourcing of technical resources to customers
GIN International Limited	Hong Kong	100 ordinary shares of HKD100	-	100%	Provision for short message services

24. EVENTS AFTER THE REPORTING PERIOD**Uncertainty of the Coronavirus (COVID-19) Outbreak**

The extent that the coronavirus (COVID-19) outbreak will spread widely and its impact on our result will depend on future developments, which are highly uncertain and unpredictable. Although uncertain at this time, the outbreak could impede our ability to sell, grow and attract new customers. A number of our employees travel frequently to establish and maintain relationships with our customers. Although we continue to monitor the situation and may adjust our current policies as more information and guidance become available, suspending travel, not doing business in-person, and employees government imposed quarantined or sanitary public health authority imposed closures could negatively impact our operations and marketing efforts and also challenge our ability to enter into new customer contracts in a timely manner, which in turn could harm our business performance and the recoverability of the account receivables

GINSMS INC.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND MARCH 31, 2020 *(Unaudited)***

25. APPROVAL OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed interim consolidated financial statements were approved and authorised for issue by the Board of Directors on May 28, 2021.