

1. DATE AND GENERAL INFORMATION

This management's discussion and analysis ("MD&A") of GINSMS Inc. ("GINSMS" or the "Corporation") has been prepared by management and should be read in conjunction with the Corporation's annual audited financial statements and MD&A as at and for the year ended December 31, 2016, the Corporation's unaudited consolidated financial statements as at and for the three and nine months ended September 30, 2017, and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

This MD&A was prepared as of November 13, 2017. Additional information regarding the Corporation is available on SEDAR at www.sedar.com. All monetary amounts set forth in the MD&A are expressed in Canadian dollars, except where otherwise stated. Other currencies are mainly United States dollars ("USD"), Hong Kong dollars ("HKD"), China renminbi ("RMB"), Singapore dollars ("SGD"), Malaysian dollars ("MYR") and Indonesian rupiah ("IDR").

The Corporation Board of Directors has reviewed and approved this MD&A.

Caution Regarding Forward-Looking Information

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

A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to dependence on required licenses, dependence on major customers, system failures, delays and other problems, security and privacy breaches, adequacy of network resilience, network diversity and backup systems, loss of significant information, failure to develop, enhance or introduce new value-added services, competition, dependence on third-party software and equipment, market acceptance at desired pricing levels, key members of the management team, credit risk of accounts receivables, conflicts of interest, inability to satisfy customer demand for performance, price or terms and international risks. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, the Corporation cannot assure the reader that actual results will be consistent with these forward-looking statements.

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

- Management's belief that the availability of 3G/4G services in China and the rest of the world will continue to create demand for the Corporation's software products and services.

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- Management's belief that the future growth in messaging is in the area of application-to-person ("A2P") messaging and the Corporation's investment in this area will create a viable and profitable business in the future.
- Management's belief that the Corporation is able to generate sufficient amounts of cash through operations and financing activities to fulfil the working capital requirements of its present operations.

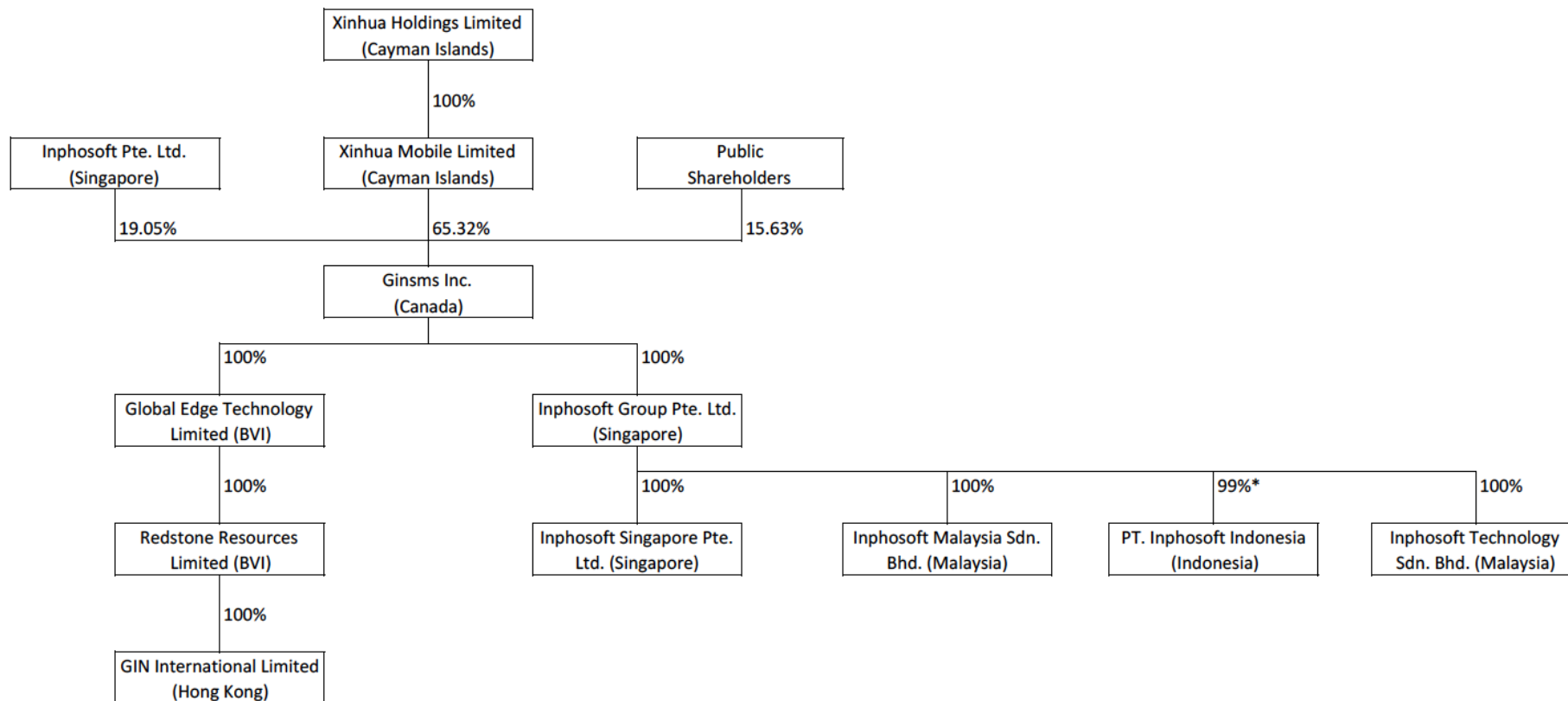
These forward-looking statements are made as of the date of this MD&A and the Corporation assumes no obligation to update or revise them to reflect new events or circumstances except as may be required by law. Accordingly, readers should not place undue reliance on the forward-looking statements. All forward-looking statements contained in this MD&A are qualified by this cautionary statement.

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2. OVERALL PERFORMANCE – DESCRIPTION AND OUTLOOK OF BUSINESS

Group Structure

The following chart depicts the structure of the group. The country of incorporation for each entity in the group is enclosed in brackets next to the name of the entity.



*The remaining 1% is held by Joel Siang Hui Chin, the Chief Executive Officer of the Corporation

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The Corporation has two main business segments:

- A. Messaging Business
- B. Software Products and Services

A. Messaging Business

The Corporation operates its messaging business through GIN International Ltd ("GIN"), its wholly-owned subsidiary in Hong Kong and focus exclusively on the application-to-peer ("A2P messaging") messaging business.

The A2P messaging service allows the transmission of short message services ("SMS") to mobile subscribers of more than 100 mobile operators globally. This is achieved through partnerships with service providers and direct connections with mobile operators globally. GIN's close working relationships with mobile operators in China, Hong Kong and Southeast Asia puts it in a good position to become a leading provider of A2P messaging service in Asia.

Through its cloud-based A2P messaging service, GIN enables mobile application developers, SMS gateways, enterprises and financial institutions to deliver SMS worldwide without any upfront capital investment through the use of GIN's application programming interface ("API").

Mobile application developers use A2P messaging service to deliver one-time-passwords ("OTP") for authentication of over-the-top ("OTT") mobile applications, in-app purchase confirmations or promotion of latest game releases. Enterprises and financial institutions use the A2P service in the areas of mobile marketing, mobile transactions, security, customer relationship management ("CRM") and enterprise resource planning ("ERP").

A Transparency Market Research report dated October 5, 2016 (<http://www.transparencymarketresearch.com/pressrelease/global-a2p-sms-market.htm>) stated that the global A2P SMS market revenue stood at US\$57.27 billion in 2015 and is expected to reach US\$83.03 billion by 2024, expanding at a compound annual growth rate ("CAGR") of 4.2% therein. The volume is projected to augment at a 4.1% CAGR from 2016 to 2024.

For the three and nine months ended September 30, 2017, GIN generated a slightly higher revenue of \$1,610,352 and \$4,582,962 for its A2P messaging service as compared to \$1,211,177 and \$4,100,354 the three and nine months ended September 30, 2016, respectively. This was caused by the higher volume of messaging traffic due to increased sales and marketing efforts undertaken by GIN in the third quarter ended September 30, 2017.

B. Software Products and Services

GINSMS operates its software products and services through Inphosoft Group Pte Ltd ("Inphosoft"), its wholly-owned subsidiary. Inphosoft is headquartered in Singapore with subsidiaries in Malaysia and Indonesia.

The activities of Inphosoft consist of providing software products and services with a focus in the following areas:

- i. Provision of products and solutions to mobile operators in the areas 3G/4G mobile data value-added services like mobile entertainment and mobile advertising.
- ii. Provision of mobile application development services.
- iii. Provision of support and maintenance services to customers that have purchased its products and solutions.

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- iv. Maintain the A2P Cloud platform, research and develop new services used by the Corporation's messaging business.

Inphosoft Singapore Pte Ltd ("ISPL")

ISPL provides software products and services to local enterprises in Singapore and global companies in the telecommunication industry. The products and services provided fall largely into the following categories:

- a. Products and solutions for mobile operators in the areas of 3G/4G mobile data value-added services like mobile entertainment and mobile advertising. Revenue is generated through license fees of ISPL's products and a negotiated fixed fee for developing the bespoke software solutions required by customers. The cost of sales incurred consists mainly of the salary of the employees working on these projects (tracked by the timesheets they fill). Occasionally, cost of sales may also include subcontractor fees paid to other companies. ISPL is not actively creating new products hence the revenue from license fees will continue to decrease over time.
- b. Mobile application development services to local enterprises. Revenue is generated by two methods:
- Charging a fixed fee to the customer for a project with a defined scope of work.
 - Charging the customer for the resources provided to the customer on a time and material basis. An example is the time and materials contract with Activate Interactive Pte Ltd ("Activate"). The cost of sales incurred consists mainly of the salary of employees working on these projects (tracked by the timesheets they fill).
- c. Support and maintenance services to customers that have purchased its products and services. ISPL will charge the customers a negotiated fee to provide support and maintenance services for a specified period (usually a year). The fee charged depends on the complexity of the products and solutions covered by the support and maintenance contract. Cost of sales incurred consists mainly of the salary of employees working on these projects.

ISPL is also focused on developing new features, enhancing the performance as well as providing technical support for the A2P Cloud platform that supports the Corporation's A2P business. Salaries, office rental, amortization of development costs and interest expenses on loans from related parties are the major costs of ISPL.

Inphosoft Malaysia Sdn Bhd ("IMSB")

IMSB is providing services to enterprise customers in Malaysia and global companies in the telecommunication industry to develop bespoke software solutions that meet the requirements of customers. IMSB will charge a customer a negotiated fixed fee for each project. The cost of sales incurred consists mainly of the salary of employees working on these projects. IMSB does not earn revenue from license fee as it does not create new products. IMSB provides technical and sales resources to support GIN's A2P business operations. IMSB also outsources its technical resources to Activate on a time and material basis. Salaries and office rental are the major costs of IMSB.

PT Inphosoft Indonesia ("PTIN")

PTIN is providing services to enterprise customers in Indonesia to develop bespoke software solutions that meet the requirements of customers. PTIN does not earn revenue from license fee as it does not create new products. However, it outsources its resources to ISPL in area of research and development. PTIN has started to provide A2P messaging service in 2016. PTIN also outsources its

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technical resources to Activate on a time and material basis. Salaries, amortization of development costs and office rental are the major costs of PTIN.

Inphosoft Technology Sdn Bhd ("ITSB")

Finally, ITSB is a dormant company. Management feels that there is no foreseeable plan to utilize this company and will act to wind-up or dispose of this company in the future.

ISPL, IMSB and PTIN ("Inphosoft Subsidiaries") have time and material agreements ("T&M Agreements") with Activate to provide technical resources to Activate for the purpose of developing software for Activate's customers and to perform certain pre-sales roles, on a time and material basis. The revenue and margin of Inphosoft Subsidiaries have improved since the signing of the agreements with Activate. Activate is currently 43% owned by Xinhua Mobile Limited ("Xinhua Mobile"), the immediate parent of the Corporation, and 42% beneficially owned by Mr. Joel Siang Hui Chin ("Mr. Chin"), the Chief Executive Officer and a director of the Corporation.

The current focus of Inphosoft is to provide solution to support the need of existing customers and to look for additional enterprise customers to increase sales. Inphosoft is no longer focusing on creating new products. Hence professional fee and support and maintenance revenue will continue to increase or be stable. However, license fee revenue will decline over time.

This segment of the Corporation's business managed to have revenue of \$287,529 and \$843,917 for the three and nine months ended September 30, 2017, compared to the \$262,164 and \$713,820 for the three and nine months ended September 30, 2016, respectively.

On April 10, 2017, the Corporation completed a non-brokered private placement with its controlling shareholder, Xinhua Mobile. The private placement resulted in the Corporation raising USD700,000 and issuing 7,163,692 common shares to Xinhua Mobile at a subscription price of \$0.13 per common share (the "Private Placement") (*Section 10 - Shareholders' Equity & Disclosure of Outstanding Share Data*).

The net proceeds from the Private Placement increased the Corporation's current working capital and were used towards the Corporation's strategy to expand its A2P messaging business segment in Indonesia, Malaysia, Taiwan and China, and to support its software products and service business segment.

3. RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2017

Selected Profit and Loss Information

Financial Highlights	Three-month period ended September 30, 2017 (Unaudited)	Three-month period ended September 30, 2016 (Unaudited)	Nine-month period ended September 30, 2017 (Unaudited)	Nine-month period ended September 30, 2016 (Unaudited)
Revenue (\$)				
A2P Messaging Service	1,610,352	1,211,177	4,582,962	4,100,354
Software Products & Services	287,529	262,164	843,917	713,820
	1,897,881	1,473,341	5,426,879	4,814,174
Cost of sales (\$)				
A2P Messaging Service	1,460,254	1,003,415	4,216,796	3,480,602
Software Products & Services	304,424	182,441	641,631	540,918
	1,764,678	1,185,856	4,858,427	4,021,520
Gross profit (\$)				
A2P Messaging Service	150,098	207,762	366,166	619,752
Software Products & Services	(16,895)	79,723	202,286	172,902
	133,203	287,485	568,452	792,654
Gross margin				
A2P Messaging Service	9.3%	17.2%	8.0%	15.1%
Software Products & Services	(5.9)%	30.4%	24.0%	24.2%
	7.0%	19.5%	10.5%	16.5%
Adjusted EBITDA ⁽¹⁾ (\$)	2,346	(103,129)	(215,252)	(304,517)
Adjusted EBITDA margin	0.1%	(7.0)%	(4.0)%	(6.3)%
Net loss (\$)	(166,997)	(377,237)	(817,658)	(1,077,652)
Net loss margin	(8.8)%	(25.6)%	(15.1)%	(22.4)%
Loss per share (\$)				
Basic	(0.001)	(0.003)	(0.006)	(0.008)
Diluted	(0.001)	(0.003)	(0.006)	(0.008)

(1) Adjusted EBITDA is a non-IFRS measure which does not have any standardized meaning under IFRS. Adjusted EBITDA is related to cash earnings and is defined for these purposes as earnings before income taxes, depreciation and amortization (in both cost of sales and general and administration expenses), interest expenses, the accretion on obligations. Adjusted EBITDA also excludes certain non-recurring or non-cash expenditure. This non-IFRS measure is not recognized under IFRS and accordingly, shareholders are cautioned that this measure should not be construed as an alternative to net income determined in accordance with IFRS. The non-IFRS measure presented is unlikely to be comparable to similar measure presented by other issuers. The Corporation believes that Adjusted EBITDA is a meaningful financial metric as it measures cash generated from operations which the Corporation can use to fund working capital requirements, service interest and principal debt repayment and fund future growth initiatives.

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Revenue

For the three and nine months ended September 30, 2017, revenue was \$1,897,881 and \$5,426,879 compared to \$1,473,341 and \$4,814,174 for the three and nine months ended September 30, 2016. This is largely due to the increase in revenue in the messaging business segment.

a) Messaging business segment

The A2P messaging business generated revenue of \$1,610,352, \$1,623,150, \$1,349,460, \$1,359,032, \$1,211,177, \$1,483,777 and \$1,405,400 for the three-months periods ended September 30, 2017, June 30, 2017, March 31, 2017, December 31, 2016, September 30, 2016, June 30, 2016 and March 31, 2016, respectively.

Pricing of the A2P business is affected by volume, regulatory requirement in each country (i.e. destination of messages delivered), competition within the country and other factors. The margin varies from country to country and varies from customer to customer as the Corporation attempt to gain market share in different countries. The price per message is fixed for each customer but different customers may have difference price per message. The margin is lower in some countries where the messaging market is more competitive. In other market, due to the regulatory requirement, the Corporation can earn higher margin. The following analysis is based on the volume of messages delivered to various destinations. This differs from the segmented information for revenue by geographical location, which is based on the location of operations of our customers.

The increase in the revenue of the A2P messaging business is primarily caused by the increase in the volume of A2P messages delivered to Taiwan. Messages delivered to Taiwan totaled 16.9 million, representing 23.5% of the total volume for the three months ended September 30, 2017, which increased by 7.5% from the three months ended June 30, 2017. Revenue receivable for A2P messages delivered to Taiwan were mainly in Euro and cost payable from mobile operators and gateway provider in Taiwan were mainly in USD. With strengthening of Euro Dollars against United States Dollars, the Corporation was able to offer more competitive price to fight the stiff competition in Taiwan.

Messages delivered to Indonesia totaled 21.2 million, representing 29.5% of the total volume for the three months ended September 30, 2017, which increased slightly by 2.9% from the three months ended June 30, 2017, respectively as the Corporation continued to maintain the competitive pricing to the customers of its products.

Messages delivered to Malaysia totaled 22.6 million, representing 31.3% of the total volume for the three months ended September 30, 2017, which decreased marginally by 0.3% from the three months ended June 30, 2017, respectively despite the fact that there was no marketing campaign running during the quarter ended September 30, 2017. There was a few marketing campaigns launched during the quarter ended June 30, 2017.

Messages delivered to China totaled 9.8 million, representing 13.6% of the total volume for the three months ended September 30, 2017, which decreased marginally by 0.2% from the three months ended June 30, 2017 as there were lower demand from a few key customers.

The average price per message charged to customers is \$0.0223 for the three months ended September 30, 2017 compared to \$0.0231 for the three months ended June 30, 2017. The price per message charged to customers may differ greatly depending on the location where the A2P message is delivered. For example, A2P messages delivered to China are priced at less than 50% of A2P messages delivered to Indonesia, Malaysia and Taiwan. Therefore, the average price per message for the A2P business is dependent on the number of messages delivered to each

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country. Furthermore, the price per message per country charged to a customer may depend on the volume commitment of the customer. For the three months ended September 30, 2017, the average price per message decreased quarter-on-quarter primarily due to the higher volume of messages delivered to Taiwan where the price per message charged to customers is lower than the average price per message charged by the Corporation and lower volume of messages delivered to Malaysia and Indonesia where the price per message charged to customers is substantially higher than the average price per message charged by the Corporation, hence bringing down the overall average price per message.

b) Software products and services segment

Revenue in the software products and services segment generated through Inphosoft's key business partner, Activate, increased by 10.4% to \$211,964 for the three months ended September 30, 2017 but the decline in revenue of other customers has contributed to the decrease in revenue of the software products and services segment compared to the revenue generated in the three months ended June 30, 2017.

Revenue in the software products and services segment increased by 9.7% from \$262,164 for the three months ended September 30, 2016 and decreased by 6.1% from \$306,211 for the three months ended June 30, 2017 to \$287,529 for the three months ended September 30, 2017.

There was increase in chargeable hours of Inphosoft staff required to provide technical and support resources to Activate. However, the decrease in revenue earned from a key customer eroded the revenue of the software products and services segment compared to three-month period ended June 30, 2017. Moving forward, the Corporation believes that the business environment in the software products and services will remain challenging. The Corporation believes it needs to focus its efforts on other areas in order to create new revenue streams.

Cost of Sales

	Three-month period ended September 30, 2017 (Unaudited)	Three-month period ended September 30, 2016 (Unaudited)	Nine-month period ended September 30, 2017 (Unaudited)	Nine-month period ended September 30, 2016 (Unaudited)
Amortization				
- Development expenditures	25,598	29,084	82,408	87,091
Depreciation				
- Property, plant and equipment	5,123	10,046	14,224	29,438
Salaries and wages	248,939	124,402	484,714	334,729
Subcontractor costs	1,461,523	1,009,662	4,221,113	3,482,042
Software & hardware	12,162	9,562	22,201	51,472
Others	11,333	3,100	33,767	36,748
	1,764,678	1,185,856	4,858,427	4,021,520

For the three and nine months ended September 30, 2017, cost of sales was \$1,764,678 and \$4,858,427 compared to \$1,185,856 and \$4,021,520 for the three and nine months ended September 30, 2016, respectively.

a) Messaging business segment

For the A2P messaging business, the subcontractor costs are the costs paid to mobile operators and gateway providers ("A2P Suppliers") for usage of their infrastructure to deliver A2P messages to mobile subscribers. The A2P Suppliers charged GIN a per-message cost for

delivering the message. The cost per message differs depending on the country where the message was delivered and the volume commitment that GIN has with the A2P suppliers. The higher the volume commitment, the lower the rates that GIN will be charged by the providers.

The increase of 44.8% in the subcontractor costs in the quarter ended September 30, 2017 from the quarter ended September 30, 2016 was higher than the increase of 33.0% in revenue in A2P messaging service in the same quarter and was mainly due to the Corporation faced stiff competition and resulted in higher revenue but with lower margin for the messages delivered to Taiwan.

The decrease of 6.7% in the subcontractor costs in the quarter ended September 30, 2017 from the preceding quarter ended June 30, 2017 was caused by lower subcontractor costs for the messages delivered to Malaysia higher than the decrease of 0.8% in revenue in A2P messaging service in the quarter ended September 30, 2017 from preceding quarter ended June 30, 2017. The lower subcontractor costs for the messages delivered to Malaysia were explained by the fact that there was no marketing campaign in the quarter ended September 30, 2017. The marketing campaign was launched in Malaysia in the preceding quarter ended June 30, 2017.

b) Software product and services segment

Revenues for the software products and services segment are not dependent on the amount of message volume. The cost of sales for the software products and services business is comprised of salaries and wages, amortization, depreciation and purchase of software and hardware.

Increase of salaries and wages in costs of sales for the quarter ended September 30, 2017 compared to both the corresponding quarter ended September 30, 2016 and the preceding quarter ended June 30, 2017 is partly due to an increase in chargeable hours of Inphosoft staff required to provide technical and support resources to Activate and also due to reclassification of staff chargeable hours from operating expenses to costs of sales for the quarters ended March 31, 2017 and June 30, 2017 which took place in the current quarter ended September 30, 2017.

Gross Margin

Despite the fact that there was an increase in revenue in the messaging segment and the software products and services segment in the quarter ended September 30, 2017 compared to the quarter ended September 30, 2016, the overall gross margin of the Corporation declined to 7.0% in the three months ended September 30, 2017 from 19.5% in the quarter ended September 30, 2016. The significantly gross loss of 5.9% earned in the software products and services segment was due to reclassification of staff chargeable hours from operating expenses to costs of sales for the quarters ended March 31, 2017 and June 30, 2017 which took place in the current quarter ended September 30, 2017.

With the reclassification of staff chargeable hours from operating expenses to costs of sales, the gross margin in the software products and services segment in the quarters ended March 31, 2017, June 30, 2017 and September 30, 2017 were 29.9%, 26.5% and 16.1%, respectively.

Revenue from Activate contributed to significant increase in gross margin of the software products and services segment in recent years. Revenue from broad-based professional services provided to Activate is based on a time and material costs. Activate is a government contractor that provides software products and services tailored to the needs of agencies and ministries of the Singapore government. Activate values the skills and expertise of Inphosoft and Inphosoft is able to command a premium for its service to Activate. Gross margin of 16.1% was earned from the services rendered to Activate for the quarter ended September 30, 2017 which was lower than the gross margin of

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26.5% earned for the quarter ended June 30, 2017. This is mainly due to the decrease in the number of hours by the experienced management staff from the Corporation's Singapore subsidiary involved in new projects awarded by Activate. The experienced management staff commands higher chargeable hourly rates.

For the A2P messaging business, the gateway fee charged depends on how GIN negotiated the fees based on the estimated volume of messages to pass through the gateway. During the launching phase of the A2P messaging business, while no revenue was generated from this business, GIN had to charge lower fees to attract new customers. At the same time, the gateway would not provide better rate to GIN as a new player in the A2P messaging market. Consequently, the gross margin of the A2P messaging business was on average less than 10%. The gross margin improved from 13.9% in the quarter ended March 31, 2016, to 14.6% in the quarter ended June 30, 2016, to 17.2% in the quarter ended September 30, 2016, but dipped to 10.6% in the quarter ended December 31, 2016 to finally improved slightly to 11.5% in the quarter ended March 31, 2017 but dipped to 3.7% in the quarter ended June 30, 2017 and increased to 9.3% in the quarter ended September 30, 2017 mainly due to improvement in gross margin for messages delivered to Malaysia offset by the lower gross margin for messages delivered to Taiwan.

For the software products and services segment, the revenue is mainly generated from the following two streams:

a) Professional services fees

Professional services revenue is generated by two methods:

- Charging a fixed fee to the customer for a project with a defined scope of work. This is mainly for developing be-spoke software solutions that meet the need of the customers.
- Charging the customer for the resources provided to the customer on a time and material basis. A fixed fee per resource per unit time (usually hour or day) is charged to the customer based on a negotiated fee for the said resource. An example is the time and materials contract with Activate.

The cost of sales incurred consists of the salary of the employees working on these projects (tracked by the timesheets they fill). For the development of a be-spoke software solution based on a fixed fee, the gross margin can fluctuate depending on the fee that was negotiated and also the ability to deliver the project as per planned. Typically, the gross margin has been in the range of 10% to 20%. For time and material contracts, the gross margin is based on the mark-up for each resource, which can range from 20% for resources based in Singapore to 50% for resources based in Malaysia and Indonesia.

b) Support and maintenance fees

Inphosoft charges a fee to customers who have elected to purchase after sale support and maintenance services. The fee is usually charged on a yearly basis pre-paid in advance. Support and maintenance is provided round the clock seven days a week to customers who have purchased Inphosoft's products or bespoke software, or both, and the support and maintenance services. Cost of sales incurred is mainly the salary of the employees providing round the clock support services. The gross margin for the support and maintenance contracts is usually more than 20%.

Inphosoft research and develops its own software products for the telecommunication industry and these software products are sold by charging customers license fees in return for the right-to-use the software. The license fee revenue has been decreasing because Inphosoft has not

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been creating new products and the old products did not achieve the sales volume initially expected. The revenue from license fees has now become insignificant.

The gross margin for the software products and services is 16.1% for the three months ended September 30, 2017 when the adjustment of cost of sales for the quarters ended March 31, 2017 and June 30, 2017 were excluded. The gross margin is slightly lower than management's long-term expectations of approximately 20% to 25%, due to the decreased involvement of experienced management staff from the Corporation's Singapore subsidiary in new projects awarded by Activate. The more experienced management staff commands higher chargeable hourly rates. This margin could be adversely affected if there are cases of project cost overrun. Project cost overrun can occur during the delivery of a software solution to customers.

Operating Expenses and Finance Costs

	Three-month period ended September 30, 2017 (Unaudited)	Three-month period ended September 30, 2016 (Unaudited)	Nine-month period ended September 30, 2017 (Unaudited)	Nine-month period ended September 30, 2016 (Unaudited)
Salaries and wages	78,556	230,043	534,941	734,732
Professional fees	51,904	85,472	264,039	263,169
Foreign exchange loss/(gain)	(31,867)	40,688	(90,646)	16,504
Other general & administrative expenses	62,985	73,541	182,250	199,295
Allowance/(Reversal of allowance) for doubtful debts	-	-	7,489	-
Depreciation (expense) -Property, plant and equipment	296	3,338	1,146	9,942
Interest expenses	138,439	233,157	486,937	647,355
	300,313	666,239	1,386,156	1,870,997

Operating expenses and finance costs amounted to \$300,313 and \$1,386,156 for the three and nine months ended September 30, 2017, respectively, lower than operating expenses and finance costs for the three and nine months ended September 30, 2016. This was partly due to better utilization of the technical staff who charged more staff hours as cost of sales to projects instead of operating expenses. It was also partly due to reclassification of staff chargeable hours amounting to \$63,095 from operating expenses to costs of sales for the quarters ended March 31, 2017 and June 30, 2017 which took place in the current quarter ended September 30, 2017.

The lower operating expenses and finance costs for three and nine months ended September 30, 2017 were also due to the lower interest rate on the loans in connection with the Private Placement. Mr. Chin, IPL and Xinhua Mobile have all agreed to lower the interest rate on the loans to 12% per annum effective March 1, 2017 as compared to 24%/28% per annum prior to March 1, 2017.

Net loss

The net loss for the three and nine months ended September 30, 2017 amounted to \$166,997 and \$817,658 to a net loss of \$377,237 and \$1,077,652 for the three and nine months ended September 30, 2016, respectively.

The lower net loss for the three and nine months ended September 30, 2017 was mainly due to lower interest expenses and higher foreign exchange gain earned.

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Selected Balance Sheet Information

The figures reported below are based on the unaudited consolidated financial statements of the Corporation which have been prepared in accordance with IFRS.

	September 30, 2017 (Unaudited) \$	December 31, 2016 (Audited) \$
Current Assets		
Accounts receivable	2,808,918	1,822,661
Other receivables, prepayments and deposits	151,757	164,182
Bank and cash balances	121,246	139,808
	3,081,921	2,126,651
Non-Current Assets		
Property, plant and equipment	38,333	35,660
Development expenditures	375,960	464,779
TOTAL ASSETS	3,496,214	2,627,090
Current Liabilities		
Accounts payable and accrued liabilities	2,805,709	2,096,917
Advance from a related party	434,289	756,079
Promissory note payable	472,000	436,000
Loans from a related party	273,878	261,273
Current tax liabilities	596	5,317
	3,986,472	3,555,586
Non-Current Liabilities		
Loans from related parties	3,960,453	3,740,061
Deferred tax liability	1,129	1,208
TOTAL LIABILITIES	7,948,054	7,296,855
Equity		
Share capital	11,415,709	10,484,429
Deficit	(16,211,201)	(15,395,462)
Accumulated other comprehensive income	352,013	248,035
Total equity (deficiency) attributable to equity shareholders	(4,443,479)	(4,662,998)
Non-controlling interest	(8,361)	(6,767)
TOTAL EQUITY (DEFICIENCY)	(4,451,840)	(4,669,765)
TOTAL LIABILITIES & EQUITY	3,496,214	2,627,090

Total assets of GINSMS including cash, accounts receivable, other receivables, prepayment and deposits, property, plant and equipment and development expenditures as at September 30, 2017 amounted to \$3,496,214 compared to \$2,627,090 as at December 31, 2016. Bank and cash balances amounted to \$121,246 compared to \$139,808, a decrease of 13.3%. The decrease was mainly due to proceed from private placement by the immediate parent in the prior quarter ended June 30, 2017 were used in the operation of the Corporation for the quarter ended September 30, 2017 and refund of some of the advance from a related party. The cash flow from financing activities is \$627,980 for the nine months ended September 30, 2017 compared to \$405,535 for the nine months ended September 30, 2016.

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Accounts receivable

	September 30, 2017 (Unaudited) \$	December 31, 2016 (Audited) \$
Trade receivables (third parties)	2,316,598	1,613,612
Less: Allowance for doubtful debts (third parties)	(17,504)	(10,133)
Receivable from related parties	502,995	144,819
Accounts due from customers on contracts	6,829	74,363
	2,808,918	1,822,661

Included in accounts receivable at September 30, 2017 are receivables of \$493,861 due from Activate, which is currently 42% beneficially owned by the Chief Executive Officer of the Corporation and 43% owned by Xinhua Mobile and receivable of \$9,134 due from Actxa Pte Ltd ("Actxa"), which is 85% beneficially owned by the Chief Executive Officer of the Corporation.

Increase in trade receivables (third parties) are mainly due to increase in revenue in the quarter ended September 30, 2017.

Accounts payable and accrued liabilities

	September 30, 2017 (Unaudited) \$	December 31, 2016 (Audited) \$
Trade payables (third parties)	1,329,669	1,073,417
Trade payables from related parties	23,318	1,080
Amounts due to customers on contracts	53,336	61,849
Deferred income	31,073	42,747
Accrued liabilities and receipt in advance	1,368,313	917,824
	2,805,709	2,096,917

- a) Increase in trade payables as at September 30, 2017 compared to December 31, 2016 was due to decline in creditor turnover caused by the Corporation taking longer time to settle payables.

Included in accounts payables at September 30, 2017 are payables of \$21,753 and \$1,565 due to Activate and Actxa, respectively.

- b) Amounts due from/to customers on contracts are related to the professional fees revenue of the software products and services segment. For the professional fees revenue, the subsidiaries will issue invoice to the customers based on the timeframe specified in the contracts but the project manager will assess the progress of the project work and determine the percentage of completion based on actual work performed by the staff at the end of the month. When the revenue computed using the percentage of completion is more than the invoiced amount for the month, the understated revenue is considered amounts due from customers on contracts. When the revenue computed using the percentage of completion is less than the invoiced amount for the month, the overstated revenue is considered amounts due to customers on contract.
- c) Deferred income is related to the support and maintenance revenue of the software products and services segment. For support and maintenance revenue, the subsidiaries will usually invoice the customers in advance for the support and maintenance services to be provided in the coming year. Deferred income is computed for the number of months of unutilized support and maintenance service paid in advance by the customers.

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- d) Increase in accrued liabilities as at September 30 2017 compared with December 31, 2016 was mainly due to more accrual of messaging service fees that were incurred but not invoiced by the mobile operators and gateway providers for the quarter ended September 30, 2017.

Loans from Related Parties

		September 30, 2017 (Unaudited) \$\$	December 31, 2016 (Audited) \$
Loans from the director and Chief Executive Officer of the Corporation	(a)	3,121,221	2,962,538
Loan from a director of a subsidiary	(b)	-	17,880
Loan from Inphosoft Pte Ltd. ("IPL")	(c)	839,232	759,643
Loan from the immediate parent	(d)	273,878	261,273
		4,234,331	4,001,334

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

- (a) The loans are from Mr. Chin, and originally bear interest at a rate of 24% (December 31, 2016: 24%) per annum (compounded daily based on a 365-day year) and were originally set to mature on or before September 30, 2015.
- (b) The loan is from Mr. Xu Hongwei, a director of a subsidiary of the Corporation and bear interest at a rate of 24% (December 31, 2016: 24%) per annum (compounded daily based on a 365-day year), and was originally set to mature on June 12, 2014.

On March 27, 2017, the Corporation and Mr. Xu Hongwei reached an agreement to waive the accumulated loan interest of approximately \$4,500 and to settle the full loan for a consideration of approximately \$14,000.

- (c) The loan is from IPL, a shareholder of the Corporation, originally bears interest at a rate of 24% (December 31, 2016: 24%) per annum (compounded daily based on a 365-day year), and has no fixed term of repayment. Mr. Chin, and 2 directors of the Corporation's subsidiaries, Mr. Wang Xianxiang and Mr. Xu Hongwei, have significant influence over IPL.
- (d) The loan is from Xinhua Mobile, the immediate parent of the Corporation, and originally bears interest at a rate of 28% (December 31, 2016: 28%) per annum (compounded daily based on a 365-day year) and was originally set to mature on June 30, 2017.

In connection with the Private Placement, Mr. Chin, IPL and Xinhua Mobile have all agreed to: (i) lower the interest rate on the loans described under (a), (c) and (d) above to 12% per annum effective March 1, 2017; and (ii) extend the maturity date of such loans to March 31, 2018.

For the three months ended September 30, 2017, Mr. Chin and IPL have also advised the Corporation that they will not recall the loans described under (a) and (c) above and have advised the Corporation that they will not demand payment of the loans before September 30, 2018.

In addition to the above loans, Mr. Chin and IPL have also provided interest-free advances of \$378,470 and \$55,819 to the Corporation, respectively. The loans and advance are used to finance the operations of the Corporation.

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Promissory note payable

In 2016, IPL, the beneficiary of a promissory note issued by the Corporation, agreed to extend the due date of its promissory note to March 31, 2017 and reset the interest rate thereon to 12% per annum effective April 1, 2016. In March 2017, in connection with the Private Placement, IPL agreed to further extend the maturity date on the Corporation's promissory note to March 31, 2018.

4. SUMMARY OF QUARTERLY RESULTS

The quarterly information set forth below has been presented on the same basis as the audited consolidated financial statements, and all necessary adjustments have been included in the amounts stated below to present fairly the unaudited quarterly results when read in conjunction with the unaudited consolidated financial statements and the notes thereto.

\$	Oct-Dec15	Jan-Mar16	Apr-Jun16	Jul-Sep16	Oct-Dec16	Jan-Mar17	Apr-Jun17	Jul-Sep17
Revenue								
A2P Messaging Service	1,195,023	1,405,400	1,483,777	1,211,177	1,359,032	1,349,460	1,623,150	1,610,352
Software Products & Services	291,828	256,012	195,644	262,164	305,979	250,177	306,211	287,529
	1,486,851	1,661,412	1,679,421	1,473,341	1,665,011	1,599,637	1,929,361	1,897,881
Cost of Sales								
A2P Messaging Service	1,047,554	1,209,744	1,267,443	1,003,415	1,214,421	1,193,936	1,562,606	1,460,254
Software Products & Services	249,624	184,267	174,210	182,441	199,455	151,738	185,469	304,424
	1,297,178	1,394,011	1,441,653	1,185,856	1,413,876	1,345,674	1,748,075	1,764,678
Operating Expenses ⁽¹⁾	614,108	266,815	523,745	433,082	439,134	405,379	324,477	161,874
Net Loss Before Income Taxes	(614,130)	(198,873)	(500,716)	(378,754)	(429,172)	(366,578)	(284,016)	(167,110)
Income Taxes expense (recovery)	93,159	530	296	(1,517)	811	-	67	(113)
Net Loss	(707,289)	(199,403)	(501,012)	(377,237)	(429,983)	(366,578)	(284,083)	(166,997)
Net Loss (per share)								
Basic	(0.005)	(0.001)	(0.004)	(0.003)	(0.003)	(0.003)	(0.002)	(0.001)
Diluted	(0.005)	(0.001)	(0.004)	(0.003)	(0.003)	(0.003)	(0.002)	(0.001)

(1) Represent the sum of selling, general and administrative expense. For comparative purpose, interest expenses, allowance for doubtful debts and reversal of allowance for doubtful debts were excluded from the Operating Expenses calculation.

The A2P SMS service generated revenue for the first time for the quarter ended June 30, 2014, increased in the quarters ended from September 30, 2014 to the quarter ended June 30, 2016. The revenue dipped for the quarter ended September 30, 2016 primarily due to the loss of major customers by the Corporation's major customers. Management has worked hard to replace the revenue lost through these major customers and revenue for the quarter ended December 31, 2016 but revenue slightly dipped for the quarter ended March 31, 2017 and bounced back in the quarter ended June 30, 2017 and dipped in the quarter ended September 30, 2017. Management has set a goal to steer the A2P business to more growth in the coming quarters. The Corporation intends to expand its A2P messaging service customer base by directly marketing the service to more countries in Northeast Asia. The Corporation will also offer additional value-added services on its A2P cloud messaging platform to service the needs of a wider range of customers. This is expected to increase the number of customers in countries the Corporation operates. Although the software products and services segment shows signs of improvement in late 2016, there was a slight dip for the quarter ended March 31, 2017 and bounced back in the quarter ended June 30, 2017 and dipped in the

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quarter ended September 30, 2017. Management is still unable to determine where the trend is moving with respect to this particular business segment.

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5. LIQUIDITY AND CAPITAL RESOURCES

Financial Highlights	Three-month period ended September 30, 2017 (Unaudited) (\$)	Three-month period ended September 30, 2016 (Unaudited) (\$)	Nine-month period ended September 30, 2017 (Unaudited) (\$)	Nine-month period ended September 30, 2016 (Unaudited) (\$)
Cash, beginning of period	406,573	59,048	139,808	310,805
Operating activities				
Net loss for the period	(166,997)	(377,237)	(817,658)	(1,077,652)
Current tax expense/(recovery)	26	646	(4,724)	1,472
Deferred tax recovery	-	(2,158)	-	(2,158)
Allowance for doubtful debts	-	-	7,489	-
Interest expenses	138,439	233,157	486,937	647,355
Foreign currency exchange loss/(gain)	(31,867)	40,688	(90,646)	16,504
Amortization & depreciation	31,017	42,467	97,778	126,471
Changes in working capital items	(170,144)	87,433	(281,071)	(139,117)
Income tax refunded	-	(538)	-	(87,502)
Net cash generated from/(used in) operating activities	(199,526)	24,458	(601,895)	(514,627)
Financing activities				
Advance from a related party	50,599	48,624	202,904	253,828
Repayment of advance from a related party	(123,295)	-	(492,207)	(67,323)
Loans from related parties	-	-	-	219,030
Repayment of loan to a related party	-	-	(13,997)	-
Proceed from private placement	-	-	931,280	-
Net cash (used in)/generated from financing activities	(72,696)	48,624	627,980	405,535
Investing activities				
Purchase of property, plant and equipment	(13,886)	(3,772)	(18,832)	(28,983)
Development expenditures	-	-	(112)	(2,849)
Net cash used in investing activities	(13,886)	(3,772)	(18,944)	(31,832)
Effect of exchange rate changes on cash held in foreign currencies	781	(22,311)	(25,703)	(63,834)
Increase/(Decrease) in cash	(285,327)	46,999	(18,562)	(204,758)
Cash, end of period	121,246	106,047	121,246	106,047

The capital resources of the Corporation are comprised mainly of the equity of the Corporation. The debts of the Corporation are comprised mainly of a promissory note payable and loans from related parties.

GINSMS has a deteriorated liquidity position for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016 primarily due to the fact that proceeds from the Private Placement have been used for the operation of the Corporation and to repay part of the advance from a related party (*Section 10 - Shareholders' Equity & Disclosure of Outstanding Share Date*).

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GINSMS is facing a lower liquidity risks as it has lower working capital deficiency of \$904,551 as at September 30, 2017 as compared to \$1,428,935 as at December 31, 2016 as a result of the Private Placement. The Corporation's liabilities now include an interest-bearing promissory note payable, advance from a related party and the interest-bearing loans from related parties.

The operation of the Corporation is partially financed by proceed from the \$931,280 Private Placement, and the interest-bearing loans from related parties and the advances from related parties amounting to 4,234,331 and \$434,289 respectively as at September 30, 2017 as compared to being financed by the interest-bearing loans from related parties and advance from a related party \$4,001,334 and \$756,079 as at December 31, 2016 respectively. The terms and conditions of the loans are described above under *Section 3 – Loans from Related Parties*.

The Corporation also has liabilities related to operating lease obligations for the lease of its office space. The Corporation has lease agreements outstanding for various terms up to November 30, 2018. Payments are to be incurred in SGD, RMB and IDR. The Canadian dollar equivalent as of September 30, 2017 is a total of \$64,601, of which \$61,045 is to be incurred within one year of the statement of financial position date and \$3,556 after one year and within five years.

The liquidity risk has been mitigated as on April 10, 2017, the Corporation raised USD700,000 from the Private Placement. In connection with the Private Placement, all related parties have agreed to extend the maturity date of their loans and promissory note to March 31, 2018, and lower the loan interest rate to 12% per annum effective March 1, 2017. Mr. Chin and IPL have also subsequently advised the Corporation that they will not recall the loans before September 30, 2018.

The A2P messaging service is the main business focus of the Corporation and the Corporation is required to continue to invest in research and development to come up with new services that will increase the competitiveness of the A2P messaging service. The expected capital expenditure for research and development is less than \$10,000 per quarter. Capital expenditures related to hardware purchase to maintain capacity to meet planned growth in the A2P messaging service have been fully paid and no further investment is expected for the next 12 months.

Management of the Corporation is committed to grow the business of the Corporation. In order for the Corporation to expand the A2P messaging business, management is also planning to launch fund raising campaigns through issuance of bonds, private placement or other sources.

6. OFF BALANCE SHEET ARRANGEMENTS

GINSMS does not have off-balance sheet arrangements.

GINSMS INC.**MANAGEMENT'S DISCUSSION AND ANALYSIS****AS AT AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017****7. TRANSACTIONS WITH RELATED PARTIES**

The Corporation was a party to the following related party transactions that have been recorded at their exchange amounts for the three and nine months ended September 30, 2017 and September 30, 2016:

	Three-month period ended September 30, 2017 (Unaudited) (\$)	Three-month period ended September 30, 2016 (Unaudited) (\$)	Nine-month period ended September 30, 2017 (Unaudited) (\$)	Nine-month period ended September 30, 2016 (Unaudited) (\$)
Software products and services revenue from companies controlled by a director ¹	220,079	109,930	539,904	260,443
Cost of hardware paid to a company controlled by a director ²	1,419	378	1,790	669
Accounting fee revenue from a company controlled by a director	8,118	-	27,212	-
Accounting fee paid to an officer ³	13,644	16,278	52,162	60,527
Rent charged by a company controlled by a director	14,082	14,548	42,706	43,561
Interest charged on loan from a director	93,200	160,810	335,348	457,013
Interest charged / (waived) on loan from a director of a subsidiary	-	1,016	(3,768)	2,847
Interest charged on loan from a shareholder ⁴	25,053	43,133	88,119	120,943
Interest charged on loan from immediate parent	8,187	16,198	31,239	42,552
Interest charged on promissory note from a shareholder ⁴	12,000	12,000	36,000	24,000

Notes:

1. Software products and services revenue earned from Activate and Actxa, companies controlled by Mr. Chin, for the professional services rendered by Inphosoft Subsidiaries on a time and material basis.
2. Cost of hardware purchased from Actxa, a company controlled by Mr. Chin, and by IMSB, a subsidiary of the Corporation.
3. Accounting fee paid to the Interim Chief Financial Officer, Ms. Shum Chee Ming, in relation to her role as finance manager preparing management reports of the Corporation.
4. Inphosoft Pte Ltd. is a shareholder of the Corporation.

As of September 30, 2017, the Corporation has non-trade loans from related parties of \$4,234,331 (Section 3 – *Loans from Related Parties*) and advance of \$434,289 (December 31, 2016 - \$4,001,334 and \$756,079). The loans and advances are used to finance the operations of the Corporation.

Included in accounts payables and accrued liabilities are amounts of \$69,800 (December 31, 2016 - \$89,158) owed to related parties. Included in accounts receivable is a trade receivable of \$502,995 (December 31, 2016 - \$144,819) owed by related parties.

The T&M Agreements, entered into by the Inphosoft Subsidiaries and Activate, allows Activate to use resources from the Inphosoft Subsidiaries on a time and material basis such that Activate can earn revenues from its customers. Activate generates revenue by providing software products and services, primarily in the area of mobile applications and games to its customers that include various agencies and ministries of the Singapore government. Activate can subcontract parts of its projects to the Inphosoft Subsidiaries which possess software development skillsets and to utilize the staff of such Inphosoft Subsidiaries to perform certain pre-sales roles, on a time and material basis. The

professional services provided by the Inphosoft Subsidiaries are broad-based ranging from account management, pre-sales support, design and development of software programs, project management, testing, deployment and support and maintenance of software programs.

The non-exclusive T&M Agreements were initially entered into for a period of one year and have been subsequently automatically renewed on a yearly basis. These T&M Agreement can be terminated at any time upon one party giving to the other a 30-day termination notice. Under these T&M Agreements, Activate will settle invoices within 14 days, any late payment is subject to a 1% late interest charge. The Inphosoft Subsidiaries and Activate are bound by the terms and conditions of a non-disclosure agreement concluded between them.

The Inphosoft Subsidiaries agreed to provide intellectual property indemnity to Activate and its customers in the event of any suit or proceeding being brought against Activate and its customers for a violation of intellectual property rights by the Inphosoft Subsidiaries. All rights, title and interest to any copyrights and other intellectual property rights produced by the Inphosoft Subsidiaries solely in the course of services provided to Activate are the sole and exclusive properties of Activate, once the services provided by the Inphosoft Subsidiaries have been paid in full. Activate has the right to assign to its customers any and all such intellectual property rights, without limitation.

The subcontractor fee charged by ISPL represents a margin of approximately 20% on staff costs. Gross margin of IMSB and PTIN from work performed for Activate is higher because the invoicing to Activate is in SGD and a higher margin is built-in to cater for currency risk as revenue is charged in SGD. The margin is even higher now that SGD has strengthened against MYR and IDR in the current period. Gross margin of IMSB and PTIN are higher also because the cost of resources in Singapore is a lot more expensive than in Malaysia and Indonesia. During the arms-length negotiation in April 2016, Activate was willing to pay IMSB and PTIN the rates quoted as they are still a lot cheaper than paying for similar resources in Singapore.

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

8. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CHANGES) AND BASIS OF PRESENTATION AND ADOPTION OF IFRS

The significant accounting policies used in the preparation of the Corporation's unaudited consolidated financial statements are described in Note 3 of the audited consolidated financial statements for the twelve-month financial year ended December 31, 2016. There have been no changes to our accounting policies since December 31, 2016.

9. FINANCIAL INSTRUMENTS

Financial instruments of the Corporation consist of cash, account receivables, accounts payable, accrued liabilities, interest-free advance from a related party, interest-bearing loans of related parties and a promissory note payable. GINSMS limits exposure to credit loss by placing its cash with high credit quality financial institutions.

The carrying amounts of cash, accounts receivable and other accounts payable, accrued liabilities, interest-free advance from a related party and interest-bearing loans of related parties approximate their values due to the short-term nature of these instruments. The functional currency of Global

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Edge Technology Limited and GIN is the HKD. In the case of Inphosoft Group, the functional currency is principally that of the SGD but also the IDR and the MYR. In accordance with Canadian GAAP, the consolidated financial statements of the Corporation, which are prepared using the functional currencies, have been translated into Canadian dollars. Assets and liabilities are translated at exchange rates applicable at the balance sheet dates; revenues and expenses are translated at the average exchange rates applicable during the period covered by the financial statements; and capital and statutory capital reserves are translated at historical exchange rates.

10.SHAREHOLDERS' EQUITY & DISCLOSURE OF OUTSTANDING SHARE DATA**Shareholders' equity**

	September 30, 2017 (Unaudited) \$	December 31, 2016 (Audited) \$
Share capital	11,415,709	10,484,429
Deficit	(16,211,201)	(15,395,462)
Accumulated other comprehensive income	352,013	248,035
Non-controlling interest	(8,361)	(6,767)
	(4,451,840)	(4,669,765)

Shareholders' equity as at September 30, 2017, showed a deficit of \$4,451,840, improving from a deficit of \$4,669,765 as at December 31, 2016. The improvement in shareholders' equity is due to the capital injection of \$931,280 by Xinhua for the nine months ended September 30, 2017.

To address the going concern issue, the Corporation has instituted the following plan:

- (a) The Corporation intends to expand its A2P messaging service customer base by directly marketing the service to more countries in Northeast Asia. The Corporation will also offer additional value-added services on its A2P cloud messaging platform to service the needs of a wider range of customers. This is expected to increase the number of customers in countries the Corporation operates including Singapore, Indonesia and Malaysia. Based on these initiatives, management believes that the Corporation will have the ability to continue its operations for the next twelve months. Part of the net proceeds from the USD700,000 Private Placement are used to fund the expansion of the A2P messaging services.
- (b) Despite of the Corporation's liabilities which include a promissory note payable, the interest-free advances from a related party and the interest-bearing loans from the related parties, the liquidity risk is addressed and mitigated as mentioned in Section 5 of this MD&A.

Authorized share capital

The authorised share capital of the Corporation consists of an unlimited number of common shares and an unlimited number of preferred shares.

The holders of the common shares are entitled to dividends, if, as and when declared by the Board of Directors, to one vote per share at meetings of the shareholders and, upon dissolution, to share equally in such assets of the Corporation as are distributable to the holders of common shares.

The holders of the preferred shares are entitled to preference over the holders of common shares with respect to the payment of dividends, dissolution or winding-up or any other return of capital or distribution of assets for the purpose of winding up the Corporation's affairs. As at the date thereof, there are no preferred shares issued and outstanding.

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The table below summarizes the issued and outstanding shares of the Corporation for the nine months ended September 30, 2017 versus the twelve months ended December 31, 2016.

Issued	September 30, 2017		December 31, 2016	
	Shares	Amount (\$)	Shares	Amount (\$)
Balance, beginning/end of period / year	142,630,169	10,484,429	142,630,169	10,484,429
Issuance of shares in a private placement	7,163,692	931,280	-	-
Balance, beginning/end of period / year	149,793,861	11,415,709	142,630,169	10,484,429

Information on the Corporation's capital, including the numbers of common shares issued and outstanding is contained in the Corporation's unaudited consolidated financial statements which are available at www.sedar.com.

On April 10, 2017, the Corporation completed the Private Placement. The Private Placement resulted in the Corporation raising USD700,000 and issuing 7,163,692 common shares to Xinhua Mobile at a subscription price of \$0.13 per common share.

Stock-based compensation plan

On May 13, 2009, the Corporation adopted a stock option plan which provides that the Board of Directors of the Corporation may, from time to time, in its discretion and in accordance with the TSX Venture Exchange requirements, grant to directors, officers, employees and consultants of the Corporation and its subsidiaries, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the total number of issued and outstanding common shares of the Corporation for a period of up to ten years from the date of the grant. The Board of Directors of the Corporation has discretion to determine vesting conditions affecting the stock options.

Options granted to consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least twelve months with no more than $\frac{1}{4}$ of the options vesting in any three month period. The number of common shares reserved for issuance to any individual director or officer of the Corporation will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants, if any, will not exceed 2% of the issued and outstanding common shares.

If an optionee ceases to be a director, officer, or technical consultant of the Corporation for any reason other than death, the optionee may exercise options at the date of the cessation of the optionee's position or arrangement with the Corporation, provided that if the cessation of such position or arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

As of September 30, 2017 and December 31, 2016, there are no options outstanding.

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11. SEGMENTED INFORMATION

a) Revenue by customers

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

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

b) Revenue by geographical location (by location of operations)

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

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b) Revenue by geographical location (by location of operations) (Cont'd)

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

c) Total assets by geographical location

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

d) Financial information by business segments

	Messaging	Software products and services	Unallocated	Total
	\$	\$	\$	\$
Nine-months period ended September 30, 2017 (Unaudited)				
Revenue	4,582,962	843,917	-	5,426,679
Intersegment revenue	-	234,941	-	234,941
Amortization and depreciation	-	97,778	-	97,778
Interest income	2	51	-	53
Interest and finance expenses	234,785	184,913	67,239	486,937
Income tax refund	-	(46)	-	(46)
Segment profits / (losses)	159,804	(796,995)	(180,467)	(817,658)
Additions to segment non-current assets	-	18,944	-	18,944
At September 30, 2017 (Unaudited)				
Segment assets	2,364,850	1,121,798	9,566	3,496,214
Segment liabilities	(5,334,532)	(1,630,376)	(983,146)	(7,948,054)

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

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

12. 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.

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13. OTHER MD&A REQUIREMENTS

The Company announced its financial forecasts for the twelve months ending December 31, 2017 on February 13, 2017. The table below shows an analysis of the difference between the actual and forecasted financial highlights for the three months ended September 30, 2017.

Financial Outlook

Financial Highlights	Actual (\$)	Forecasted (\$)	Variance (\$)	Variance (%)
	Jul-Sep 2017	Jul-Sep 2017	Jul-Sep 2017	Jul-Sep 2017
Revenues \$				
A2P Messaging Service	1,610,352	1,668,761	(58,409)	(3.5)%
Software Product & Services	287,529	314,410	(26,881)	(8.5)%
	1,897,881	1,983,171	(85,290)	(4.3)%
Cost of sales \$				
A2P Messaging Service	1,460,254	1,450,414	9,840	0.7%
Software Product & Services	304,424	231,571	72,853	31.5%
	1,764,678	1,681,985	82,693	4.9%
Gross profit (loss) \$				
A2P Messaging Service	150,098	218,347	(68,249)	(31.3)%
Software Product & Services	(16,895)	82,839	(99,734)	(120.4)%
	133,203	301,186	(167,983)	(55.8)%
Gross margin %				
A2P Messaging Service	9.3%	13.1%	(3.8)%	(29.0)%
Software Product & Services	(5.9)%	26.3%	(32.2)%	(122.4)%
	7.0%	15.2%	(8.2)%	(53.9)%
Selling, general and administrative expenses	(193,758)	(380,872)	187,114	(49.1)%
Operating loss	(60,555)	(79,686)	19,131	(24.0)%
Non-operating income	17	-	17	-
Non-operating expenses	(106,572)	(283,221)	176,649	(62.4)%
Ordinary loss	(167,110)	(362,907)	195,797	(54.0)%
Extraordinary gains	-	-	-	-
Extraordinary losses	-	-	-	-
Loss before tax and non-controlling interest	(167,110)	(362,907)	195,797	(54.0)%
Income taxes refund	113	-	113	-
Non-controlling interest	648	-	648	-
Net loss attributable to shareholders	(166,349)	(362,907)	196,558	(54.2)%
Adjusted EBITDA	2,346	(39,711)	42,057	(105.9)%

Notes:

- (1) Adjusted EBITDA is a non-GAAP measure related to cash earnings and is defined for these purposes as earnings before income taxes, depreciation & amortization (in both cost of sales and general and administration expenses), interest expenses and also excludes certain non-recurring or non-cash expenditure.
- (2) Non-operating income included interest income and other non-operating income. Non-operating expenses included loss on foreign exchange and interest expense.

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For the three months ended September 30, 2017,

- Revenue for the A2P messaging service was \$58,409 lower than forecasted primarily because of lower than expected number of messages delivered to China. The decline was partially offset by the improvement in number of messages delivered to Malaysia, Indonesia and Taiwan.
- The significantly gross loss of 5.9% earned in the software products and services segment was due to reclassification of staff chargeable hours from operating expenses to costs of sales for the quarters ended March 31, 2017 and June 30, 2017 which took place in the current quarter ended September 30, 2017. The gross margin for the software products and services is 16.1% for the three months ended September 30, 2017 when the adjustment of cost of sales for the quarters ended March 31, 2017 and June 30, 2017 were excluded. The adjusted gross margin of 16.1% for Software Products and Services was lower than forecasted due to the decline in revenue from a key customer offset the increase in revenue from Activate. Gross margin of 9.3% for the A2P messaging service segment was lower than forecasted due to lower margin for revenue generated from messages delivered to Northeast Asia for the quarter. The decline in number of messages delivered to Northeast Asia resulted in lower discount given by mobile operators and gateway providers in Northeast Asia.
- Selling, general and administrative expenses were \$187,114 lower than forecasted due to reclassification of staff chargeable hours from operating expenses to costs of sales for the quarters ended March 31, 2017 and June 30, 2017 amounting to \$63,095 in the current quarter ended September 30, 2017. In addition, there was more sales staff hired than forecasted.
- Non-operating expenses were \$176,649 lower than forecasted partially because the related parties agreed to lower the loan interest rate to 12% per annum from March 1, 2017 following the Private Placement.
- Net loss attributable to shareholders was \$166,349, which was \$196,558 lower than forecasted due to the lower loan interest rate charged to loans from related parties despite lower gross margin earned for the quarter.

The table below shows an analysis of the difference between the actual and forecasted financial highlights for the nine months ended September 30, 2017.

Financial Highlights	Actual (\$)	Forecasted (\$)	Variance (\$)	Variance (%)
	Jan-Sep 2017	Jan-Sep 2017	Jan-Sep 2017	Jan-Sep 2017
Revenues \$				
A2P Messaging Service	4,582,962	4,784,319	(201,357)	(4.2)%
Software Product & Services	843,917	943,189	(99,272)	(10.5)%
	5,426,879	5,727,508	(300,629)	(5.2)%
Cost of sales \$				
A2P Messaging Service	4,216,796	4,161,198	55,598	1.3%
Software Product & Services	641,631	693,996	(52,365)	(7.5)%
	4,858,427	4,855,194	3,233	0.1%
Gross profit (loss) \$				
A2P Messaging Service	366,166	623,121	(256,955)	(41.2)%
Software Product & Services	202,286	249,193	(46,907)	(18.8)%
	568,452	872,314	(303,862)	(34.8)%
Gross margin %				
A2P Messaging Service	8.0%	13.0%	(5.0)%	(38.7)%
Software Product & Services	24.0%	26.4%	(2.5)%	(9.3)%

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Financial Highlights	Actual (\$)	Forecasted (\$)	Variance (\$)	Variance (%)
	Jan-Sep 2017	Jan-Sep 2017	Jan-Sep 2017	Jan-Sep 2017
	10.5%	15.2%	(4.8)%	(31.2)%
Selling, general and administrative expenses	(989,918)	(1,142,616)	152,698	-13.4%
Operating loss	(421,466)	(270,302)	(151,164)	55.9%
Non-operating income	53	-	53	-
Non-operating expenses	(396,291)	(817,856)	421,565	(51.5)%
Ordinary loss	(817,704)	(1,088,158)	270,454	(24.9)%
Extraordinary gains	-	-	-	-
Extraordinary losses	-	-	-	-
Loss before tax and non-controlling interest	(817,704)	(1,088,158)	270,454	(24.9)%
Income taxes	46	-	46	-
Non-controlling interest	1,919	-	1,919	-
Net loss attributable to shareholders	(815,739)	(1,088,158)	272,419	(25.0)%
Adjusted EBITDA	(215,252)	(151,052)	(64,200)	42.5%

Risks and Uncertainties

Through its operations, the Corporation is exposed to various business risks and uncertainties which could have an impact on its capacity to achieve its growth objectives. Consequently, the following factors should be taken into account when evaluating the Corporation's future prospects:

Dependence on Required Licenses

The A2P messaging business in Hong Kong is a highly regulated business activity and requires licenses from the Hong Kong Telecommunications Authority ("TA"), without which GIN would be unable to operate. GIN is subject to the rules and regulations of the TA, which regulates the telecom industry in Hong Kong, and the Hong Kong Office of Communications Authority ("HOCA"), which assists the TA in enforcing and administering the *Telecommunications Ordinance*. The TA's authority includes regulating and licensing telecom facilities and managing the radio frequency spectrum. If the TA determines that GIN has violated Hong Kong's telecom laws or regulations or the conditions of its licenses, the TA may suspend or cancel GIN's licenses or take other action detrimental to GIN. GIN is also subject to various other rules, laws and ordinances applicable to companies operating in Hong Kong, including, for example, laws relating to obscenity and privacy. If GIN is found to be in violation of these laws, it may face judgments or consequences detrimental to its business. In addition, the Public Non-exclusive Telecommunications Service (PNETS) licence granted by HOCA to GIN is normally valid for one year, subject to renewal at the discretion of HOCA and compliance of all terms and conditions of the licenses. In the event that HOCA refuses to renew any of the existing licenses of GIN, GIN's ability to offer its services will be adversely affected. The Chief Executive in council of the HOCA may also cancel or suspend licenses if it considers that it is in the public's interest to do so. Moreover, if the TA changes its existing regulations or policies such as those governing interconnection or competition, including the requirement on GIN to obtain separate or further licenses for its existing operations or services, or to obtain licenses in respect of its future operations or services based on new communication technologies, the Corporation's results of

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operations, financial condition, business and prospects could be adversely affected. GIN may also incur extra costs in order to comply with technical specifications or other conditions resulting from any enacted or proposed changes in the applicable laws and regulations. As a result, the Corporation's financial condition, results of operations and/or prospects may be adversely affected. The business of the Corporation's customers is also subject to regulations. As a result, such regulations could indirectly affect the Corporation's business. As communications technologies and the telecom industry continue to evolve, the regulations governing the telecom industry may change. If this were to occur, the demand for the Corporation's services could change in ways that GIN cannot easily predict and may result in a decline in the Corporation's revenue.

Dependence on Major Customers

The Corporation depends on major customers for a significant portion of its business and the loss of any of such customers could materially and adversely affect the Corporation, and hence the Corporation's business and financial position. A significant portion of the Corporation's revenue has been and is expected to continue to be, derived from a limited number of customers. Most of these customers are major operators of telecom services in the Asia Pacific region. There can be no assurance that its major customers will continue to use its services. In the event that any of these customers cease to use the services of the Corporation and the Corporation fails to replace such customer(s), the Corporation's business and financial position may be materially and adversely affected.

System Failures, Delays and Other Problems

System failures, delays and other problems could harm the Corporation's reputation and business, cause it to lose customers and expose GINSMS to customer liability. GIN's system architecture is contingent on its ability to process a high volume of transactions in a timely and effective manner. GIN may experience failures or interruptions of its systems and services, or other problems in connection with its operations as a result of, amongst others things:

- damage to or failure of its computer software or hardware or its infrastructure and connections;
- data processing errors by its systems;
- computer viruses or software defects;
- physical or electronic break-ins, sabotage, intentional acts of vandalism and similar events; and
- failure of GIN to adapt to rapid technological changes in the telecom industry.

If GIN cannot adequately ensure that its network services perform consistently at a high level or otherwise fails to meet its customers' expectations:

- it may experience damage to its reputation, which may adversely affect its ability to attract or retain customers for its existing services, and may also make it more difficult for GIN to market its existing or future services;
- it may suffer significant damage or expose itself to customer liability claims, under its contracts or otherwise, including the requirement to pay penalties relating to service level requirements in its contracts;
- its operating expenses or capital expenditures may increase as a result of corrective actions that GIN must perform;
- GIN's customers may reduce their use of GIN's services; or
- one or more of its significant contracts may be terminated early, or may not be renewed.

These or other consequences would adversely affect the Corporation's revenue and performance.

Security and Privacy Breaches

Security or privacy breaches may result in an interruption of service or a reduced quality of service, which could increase GIN's costs or result in a reduction in the use of GIN's services by its customers. GIN's systems may be vulnerable to physical break-ins, computer viruses, attacks by computer hackers or similar disruptive problems. If unauthorized users gain access to GIN's databases, they may be able to steal, publish, delete or modify sensitive information that is stored or transmitted on GIN's networks and which GIN is required by its contracts to keep confidential. A security or privacy breach could result in an interruption of service or a reduced quality of service. Confidential information internal to GIN may also be disclosed to unauthorized personnel who may use such information in a manner adverse to the interests of GIN. Hackers may attempt to "flood" the network, thereby preventing legitimate network traffic or to disrupt the connection between two machines, thereby preventing access to a service or preventing a particular individual from accessing a service. The Corporation may therefore be required to make significant expenditures in connection with corresponding corrective or preventive measures. In addition, a security or privacy breach may harm GIN's reputation and cause its customers to reduce their use of GIN's services, which could harm the Corporation's revenue and business prospects. In addition, GIN's revenue may be adversely affected by un-captured usage, in the event that GIN's system is "hacked" into, resulting in transmissions that may not be detected by its billing system. Further, the increase in traffic as a result of such unauthorized "hacking" may slow or overload GIN's transmission network, thereby adversely affecting the overall quality of services which GIN provides to its paying customers. GIN's exposure to telecom security concerns is heightened as Hong Kong and Chinese laws relating to liability under such circumstances are relatively new. In addition, GIN does not carry "errors and omissions" or other insurance covering losses or liabilities caused by computer viruses or security breaches, which under such circumstances could mitigate damages that GIN may suffer. If GIN incurs any such losses or liabilities, the Corporation's operating results, financial condition, business and prospects may be adversely affected.

Adequacy of Network Resilience, Network Diversity and Backup Systems

Inadequate network resilience, network diversity and backup systems may result in service disruptions. Any failure of GIN's backup systems or any insufficiency in GIN's redundancy capacity may disrupt GIN's operations. GIN regularly reviews its network and assesses its vulnerability to such outside factors. However, there can be no assurance that GIN's existing alternative routes and cable diversity will provide adequate backup for all types of service interruptions that may occur. Moreover, even with these contingency measures, service disruptions could last for a considerable period of time before complete service can be restored. This may cause customers to reduce their use of GIN's services, which could harm the Corporation's revenue and business prospects.

Loss of Significant Information

Loss of significant information may adversely affect the Corporation's business. In cases of a failure of GIN's data storage system, GIN may lose critical network or billing data, source code, proprietary production system designs or important email correspondence with its customers and suppliers.

Failure to Develop, Enhance or Introduce New Value-Added Services ("VAS")

If the Corporation fails to develop or introduce on a timely basis new VAS, its business will suffer. Rapid change in technology, short product life cycles, changes in customer requirements and evolving industry standards characterize the markets for the Corporation's products. The success of the Corporation depends on the Corporation's ability to timely develop and introduce innovative new VAS that gain market acceptance. The Corporation may not be successful in forecasting future customer requirements or in selecting, developing and marketing new products or enhancing the Corporation's existing products on a timely or cost-effective basis. Moreover, the Corporation may

encounter technical problems in connection with its product development that could result in delayed introduction or its inability to introduce new products or product enhancements. Such cancellations or delays could result in a decrease in sales or a loss of customers, or both. The Corporation may also focus on technologies that do not function as expected or are not widely adopted. In addition, products or technologies developed by others may render the Corporation's products non-competitive or obsolete and result in a significant reduction in traffic volume from the Corporation's customers and the loss of existing and prospective customers.

Competition

The market for communications services is extremely competitive and rapidly changing. The Corporation faces competition from other providers of connectivity and value-added services, some of which are larger and may be better funded than the Corporation. A number of the Corporation's current and potential competitors may have greater name recognition and/or more extensive customer bases than GIN. Increasing competition could result in reduced revenue, reduced sales margins and loss of market share, any one of which could harm the business of the Corporation.

Dependence on Third-Party Software and Equipment

The failure of third-party software and equipment that GIN uses in its systems may cause interruptions or failures of its systems. In addition to the use of the internet and certain telecom networks maintained by broker carriers and other third parties for the transmission of data traffic, GIN also incorporates hardware, software and equipment developed by third parties into its systems. As a result, GIN's ability to provide interoperability services depends in part on the continued performance and support of these third-party products. If these products experience failures or contain defects, and the third parties supplying these products fail to provide adequate remedial support, this may result in the interruption or unsatisfactory performance of GIN's systems or services.

Market Acceptance at Desired Pricing Levels

The Corporation's failure to achieve or sustain market acceptance at desired pricing levels may impact its ability to maintain profitability or positive cash flow. The Corporation's competitors and customers may cause the Corporation to reduce the prices it charges for its services which in turn could adversely affect the Corporation's profitability and cash flow. The primary sources of pricing pressure include:

- competitors offering competing services at reduced prices, or bundling and pricing services in a manner which makes it difficult for the Corporation to compete; and
- customers with a significant volume of transactions may have enhanced leverage in pricing negotiations with the Corporation;

GINSMS may not be able to offset the effects of all or any price reductions.

Key Members of the Management Team

The loss of any key members of the management team may impair the Corporation's ability to identify and secure new contracts with customers or otherwise manage its business effectively. The Corporation's success depends, in part, on the continued contributions of its senior management. Most of them are well experienced in the telecom industry and have in depth knowledge of various aspects of the development of a telecom business.

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Credit Risk of Accounts Receivable

The Corporation is subject to credit risk in respect of its accounts receivable. GINSMS provides credit periods to its customers, which are calculated from the dates the invoices are issued by GINSMS to the dates of payment by the customers. Although GINSMS implements credit control policies and measures, GINSMS cannot assure that these measures are adequate in protecting GINSMS against material credit risks. GINSMS may provide services to customers who do not provide sufficient deposits, advance payments or bank guarantees for GINSMS' services. Moreover, should GINSMS' customers be unable to pay in full for any reason, the Corporation's profit and cash flow will be adversely affected. Any delay in the payment by customers may also adversely affect the Corporation's operations and financial position. The Corporation may have to sustain legal costs in pursuing unsettled invoices, a process which is time-consuming and may be affected by a variety of factors including any counterclaim from such non-paying customers. Even if the Corporation obtains favourable judgments, enforcement of such judgments may take time and may not always be successful.

Conflicts of Interest

Certain directors and officers of the Corporation are also directors, officers, or shareholders of other companies that may operate in the same sectors as the Corporation. Such associations may give rise to conflicts of interest from time to time. The directors of the Corporation are required by law to act honestly and in good faith with a view to the best interests of the Corporation and to disclose any interest which they may have in any project or opportunity of the Corporation. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict is required under the *Canada Business Corporations Act* to disclose his interest and to abstain from voting on such matter.

Inability to Satisfy Customer Demand for Performance, Price or Terms

The market in which Inphosoft operates is highly competitive, and Inphosoft expects that the level of competition on pricing and product offering will continue to be intense. Additionally, certain emerging markets, such as countries in the Middle-East, Africa, South America and Southeast Asia, are particularly sensitive to pricing as a key differentiator. Where price is a primary decision driver, Inphosoft may not be able to effectively compete or it may choose not to compete due to unacceptable margins. If Inphosoft is not able or chooses not to compete against its current and future competitors, its current and potential customers may choose to purchase similar products offered by Inphosoft's competitors, which would negatively affect its revenues or profitability, or both. The markets for Inphosoft's products are subject to rapid technological changes, evolving industry standards and regulatory developments, and its operating results depend to a significant extent on its ability to adapt to these changes. Inphosoft competes principally on the basis of: (i) product performance and functionality; (ii) product quality and reliability; (iii) customer service and support; and (iv) price. Many of Inphosoft competitors have substantially broader product portfolios and financial and technological resources, product development, marketing, distribution and support capabilities, name recognition and established relationships with telecommunications service providers than it has. Certain competitors of Inphosoft may price their products at unsustainably low levels in an effort to acquire market share or delay or avoid business failures. Inphosoft may not be able to compete effectively against existing or future competitors or to maintain or capture meaningful market share, and Inphosoft's business could be harmed if its competitors' products and services provide higher performance, offer additional features and functionality or are more reliable or less expensive than its products. Increased competition could force Inphosoft to lower its prices or take other actions to differentiate its products, which could adversely affect its business.

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International Risks

GINSMS's international operations is significant and it intends to continue to expand these international operations, particularly in Asia. Foreign operations face additional specific local risks, which may adversely affect GINSMS, including but not limited to, change in legal and regulatory requirements and less favourable intellectual property laws, change in local tax rates and other potentially adverse tax consequences (including the cost of repatriation of earnings), collectability of accounts in foreign jurisdictions, and burdens of complying with a wide variety of foreign laws, including changing import and export regulations.