



## NEWS RELEASE

### **GINSMS ANNOUNCES FINANCIAL RESULTS FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2015**

Calgary, Alberta, November 11, 2015 – GINSMS Inc. (TSXV: GOK) (the “Company”) has announced its financial results for the second quarter and six months ended September 30, 2015.

The complete financial results for GINSMS are available at [www.sedar.com](http://www.sedar.com). Highlights include:

- Revenue of \$1,330,793 and \$2,401,839 for the three and six month period ended September 30, 2015 respectively as compared to \$313,559 and \$646,662 for the three and six month period ended September 30, 2014 respectively.
- Gross Profit of \$162,273 and \$239,591 for the three and six month period ended September 30, 2015 respectively as compared to \$13,688 and \$67,754 for the three and six month period ended September 30, 2014 respectively.
- Selling, general and administrative expenses increased slightly from \$389,581 and \$733,624 for the three and six month period ended September 30, 2014 respectively to \$472,642 and \$837,345 for the three and six month period ended September 30, 2015 respectively.
- Net loss of \$888,217 and \$1,724,893 for three and six month period ended September 30, 2015 respectively as compared to a net loss of \$857,801 and \$1,590,226 for the three and six month period ended September 30, 2014 respectively.
- The cloud-based application-to-person messaging service (the “A2P messaging”) that was introduced in March 27, 2014 has generated revenue of \$1,066,242 and \$1,874,351 for the three and six month period ended September 30, 2015 respectively.

On March 27, 2014, GINSMS announced that it had launched a cloud based A2P messaging. Mobile application developers use A2P messaging service to deliver one-time-passwords (“OTP”) for authentication of over-the-top (“OTT”) mobile applications such as Whatsapp, WeChat, Line and KakaoTalk, in-app purchase confirmations or promotion of latest game releases. Enterprises and financial institutions use the A2P messaging service in the areas of mobile marketing, mobile transactions, security, customer relationship management (“CRM”) and enterprise resource planning (“ERP”). A research paper by Transparency Market Research titled "A2P SMS Market -Global Industry Analysis, Size, Share, Growth, Trends and Forecast, 2014 - 2020," that was published on October 14, 2014 estimated the market size of the A2P messaging business to be US\$53.07 billion globally in 2013 and growing at a compounded annual growth rate of 4.2% till 2020.

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

below shows the monthly revenue generated for the A2P business in the six months ended ending September 30, 2015:

Revenue (\$ thousand)	Apr 2015	May 2015	Jun 2015	Jul 2015	Aug 2015	Sep 2015
A2P Messaging Service	262	271	275	334	360	372

### Selected Profit and Loss Information

Financial Highlights	Three-month period ended September 30, (Unaudited)		Six-month period ended September 30, (Unaudited)	
	2015	2014	2015	2014
Revenues \$				
A2P Messaging Service	1,066,242	104,836	1,874,351	182,951
IOSMS Messaging Service	-	9,148	-	33,327
Software Product & Services	264,551	199,575	527,488	430,384
	1,330,793	313,559	2,401,839	646,662
Cost of sales \$				
A2P Messaging Service	966,867	96,840	1,744,871	169,890
IOSMS Messaging Service	-	28,740	-	71,784
Software Product & Services	201,653	174,291	417,377	337,234
	1,168,520	299,871	2,162,248	578,908
Gross profit \$				
A2P Messaging Service	99,375	7,996	129,480	13,061
IOSMS Messaging Service	-	(19,592)	-	(38,457)
Software Product & Services	62,898	25,284	110,111	93,150
	162,273	13,688	239,591	67,754
Gross margin %				
A2P Messaging Service	9.3%	7.6%	6.9%	7.1%
IOSMS Messaging Service	-	(214.2%)	-	(115.4%)
Software Product & Services	23.8%	12.7%	20.9%	21.6%
	12.2%	4.4%	10.0%	10.5%
EBITDA <sup>(1)</sup> \$	(271,943)	(320,110)	(521,685)	(559,108)
EBITDA margin	(20.4%)	(102.1%)	(21.7%)	(86.5%)
Net earnings \$	(888,217)	(857,801)	(1,724,893)	(1,590,226)
Net earnings margin	(66.7%)	(273.6%)	(71.8%)	(245.9%)
Net earnings (loss) per share \$				
Basic	(0.01)	(0.02)	(0.03)	(0.03)
Diluted	(0.01)	(0.02)	(0.03)	(0.03)

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

## **Outlook**

The Company announces its financial forecasts for the twelve months ending December 31, 2016. The information included in this news release represents management's guidance as approved on November 11, 2015. The financial outlook was prepared for Xinhua Holdings Limited, the ultimate holding company of the Company, for its reporting obligations in Japan.

The material factors and assumptions used to develop the financial outlook include:

- a. Continued business from the Company's major customers. The actual gross margin of Software Products and Services achieved 23.8% for the quarter ended September 30, 2015 and with the expected increased revenue earned from business with key customers of the Corporation, the forecasted gross margin from 21.2% to 24.2% in 2016 is reasonable and achievable. The gross margin from the key customers usually earns more than 24%.
- b. Effectiveness of the Company's sales and marketing strategy and efforts for the A2P business resulting in a 3% month-to-month growth of A2P revenue. The actual average monthly growth rate of A2P business had been 10% from January 2015 to September 2015. The North Asia region experienced the largest growth rate and the revenue from this region commanded the high margin earned. 3% monthly growth is a conservative forecast growth rate so as to take into consideration of the other regions that did not grow as much as the North Asia region.
- c. No significant changes in the environment (including competition) where the Company operates that will significantly affect the pricing of the Company's services resulting in changes of the gross margin for the various business segments.
- d. Timely completion and launch of certain additional value-added services for the Company's A2P customers.
- e. The forecasted selling, general and administrative and non-operating expenses for the quarters in 2016 did not have accretion on obligations as the convertible debentures of the Corporation had been fully converted into common shares of the Corporation on September 24, 2015. Except for the interest expense on loans from related parties, the expenses were forecasted to increase in line with the forecasted 4% inflation in 2016. Interest expenses were computed based on interest rate of 24% per annum on the estimated outstanding loans in 2016.

The table below shows the summary of the financial forecast highlights for the twelve months ending December 31, 2016:

<b>Financial Highlights</b>	Forecast	Forecast	Forecast	Forecast
(\$)	Jan – Mar	Apr – Jun	Jul – Sep	Oct – Dec
	2016	2016	2016	2016
Revenues \$				
A2P Messaging Service	1,290,153	1,419,168	1,561,085	1,717,194
IOSMS Messaging Service	-	-	-	-
Software Product & Services	263,345	263,345	263,345	263,345
	1,553,498	1,682,513	1,824,430	1,980,539
Cost of sales \$				
A2P Messaging Service	1,232,308	1,349,299	1,482,489	1,624,048
IOSMS Messaging Service	-	-	-	-

Software Product & Services	199,728	202,575	205,171	207,601
	1,432,036	1,551,874	1,687,660	1,831,649
Gross profit (loss) \$				
A2P Messaging Service	57,845	69,869	78,596	93,146
IOSMS Messaging Service	-	-	-	-
Software Product & Services	63,617	60,770	58,174	55,744
	121,462	130,639	136,770	148,890
Gross margin %				
A2P Messaging Service	4.5%	4.9%	5.0%	5.4%
IOSMS Messaging Service	-	-	-	-
Software Product & Services	24.2%	23.1%	22.1%	21.2%
	7.8%	7.8%	7.5%	7.5%
Selling, general and administrative expenses	(412,787)	(383,899)	(443,540)	(376,055)
Operating (loss)	(291,325)	(253,260)	(306,771)	(227,165)
Non-operating income	100	100	100	100
Non-operating expenses	(232,293)	(302,949)	(408,625)	(427,893)
Ordinary (loss)	(523,518)	(556,109)	(715,296)	(654,958)
Extraordinary gains	-	-	-	-
Extraordinary losses	-	-	-	-
(Loss) before tax and minority interest	(523,518)	(556,109)	(715,296)	(654,958)
Income taxes	-	-	-	-
Minority interest	-	-	-	-
Net (loss) for the period	(523,518)	(556,109)	(715,296)	(654,958)
EBITA	(242,329)	(201,417)	(252,331)	(170,295)

(1) 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) and interest expenses.

(2) Non-operating income included interest income and other non-operating income. Non-operating expenses included loss on foreign exchange and interest expense.

## About GINSMS

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

solutions worldwide. GINSMS has offices in China, Singapore, Hong Kong, Malaysia and Indonesia.

### **Forward Looking Statements**

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

A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to dependence on major customers, system failures, delays and other problems, increasing competition, security and privacy breaches, dependence on third-party software and equipment, adequacy of network reliance, network diversity and backup systems, loss of significant information, insurance coverage, capacity limits, rapid technology changes, market acceptance, decline in volume of attractions, retention of key members of the management team, success of expansion into Chinese and other Asian markets, credit risk, consolidation of existing customers, dependence on required licenses, economy and politics in countries where the Company operates, conflicts of interest and residency of directors and officers. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, the Company cannot assure the reader that actual results will be consistent with these forward-looking statements.

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

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

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

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