GINSMS INC.

NEWS RELEASE

GINSMS ANNOUNCES FINANCIAL RESULTS FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2016 AND PROVIDES FINANCIAL FORECASTS FOR YEAR 2017

Calgary, Alberta, February 13, 2017 – GINSMS Inc. (TSXV: GOK) ("GINSMS" or the "Corporation") has announced its financial results for the fourth quarter and twelve months ended December 31, 2016.

The annual audited financial statements of the Corporation for the twelve months ended December 31, 2016 are currently under audit and in the process of preparation. As required under Canadian securities law regulations, the Corporation will be disclosing and filing on SEDAR its annual audited financial statements and the related management's discussion and analysis ("MD&A") of the Corporation will be ready within 120 days after the end of its year end of December 31, 2016.

This financial disclosure was done in advance of the filing of the audited financial statements of the Corporation to allow GINSMS' ultimate holding company, Xinhua Holdings Limited ("Xinhua"), a public company in Japan, to use certain of GINSMS' financial information in the preparation of Xinhua's financial statements and announcements.

The Corporation's financial information for the twelve months ended December 31, 2016 is prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Highlights include:

- Revenue of $6,479,185 for the twelve-month period ended December 31, 2016 as compared to $3,888,690 for the nine-month period ended December 31, 2015.
- Revenue of $1,665,011 for the three-month period ended December 31, 2016 as compared to $1,486,851 for the three-month period ended December 31, 2015.
- Gross Profit of $1,043,789 for the twelve-month period ended December 31, 2016 as compared to gross profit of $429,264 for the nine-month period ended December 31, 2015.
- Gross Profit of $251,135 for the three-month period ended December 31, 2016 as compared to gross profit of $189,673 for the three-month period ended December 31, 2015.
- Operating expenses and finance costs decreased from $2,765,465 for the nine-month period ended December 31, 2015 to $2,551,304 for the twelve-month period ended December 31, 2016.
- Operating expenses and finance costs decreased from $803,803 for the three-month period ended December 31, 2015 to $680,307 for the three-month period ended December 31, 2016.
- Net loss of $1,507,635 for twelve-month period ended December 31, 2016 as compared to a net loss of $2,432,182 for nine-month period ended December 31, 2015.
- Net loss of $429,983 for three-month period ended December 31, 2016 as compared to a net loss of $707,289 for three-month period ended December 31, 2015.

- The cloud-based application-to-person messaging service (the "A2P messaging") that was introduced in March 27, 2014 has generated revenue of $1,359,032 and $5,459,386 for the three-month and twelve-month periods ended December 31, 2016, respectively.

Selected Profit and Loss Information

Financial Highlights	Three-month period ended December 31, 2016 (Unaudited)	Three-month period ended December 31, 2015 (Unaudited)	Twelve-month period ended December 31, 2016 (Unaudited)	Nine-month period ended December 31, 2015 (Audited)
Revenues $				
A2P Messaging Service	1,359,032	1,195,023	5,459,386	3,069,374
Software Product & Services	305,979	291,828	1,019,799	819,316
	1,665,011	1,486,851	6,479,185	3,888,690
Cost of sales $				
A2P Messaging Service	1,214,421	1,047,554	4,695,023	2,792,424
Software Product & Services	199,455	249,624	740,373	667,002
	1,413,876	1,297,178	5,435,396	3,459,426
Gross profit $				
A2P Messaging Service	144,611	147,469	764,363	276,950
Software Product & Services	106,524	42,204	279,426	152,314
	251,135	189,673	1,043,789	429,264
Gross margin %				
A2P Messaging Service	10.6%	12.3%	14.0%	9.0%
Software Product & Services	34.8%	14.5%	27.4%	18.6%
	15.1%	12.8%	16.1%	11.0%
Adjusted EBITDA(1) $	(150,958)	(383,247)	(455,475)	(904,932)
Adjusted EBITDA margin	(9.1)%	(25.8)%	(7.0)%	(23.3)%
Net earnings (loss) $	(429,983)	(707,289)	(1,507,635)	(2,432,182)
Net earnings (loss) margin	(25.8)%	(47.6)%	(23.3)%	(62.5)%
Net earnings (loss) per share $				
Basic	(0.003)	(0.005)	(0.011)	(0.029)
Diluted	(0.003)	(0.005)	(0.011)	(0.029)

(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 and 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

Cost of Sales

	Three-month period ended December 31, 2016 (Unaudited)	Three-month period ended December 31, 2015 (Unaudited)	Twelve-month period ended December 31, 2016 (Unaudited)	Nine-month period ended December 31, 2015 (Audited)
Amortization				
- Development expenditures	29,180	28,695	116,271	86,571
Depreciation				
- Property, plant and equipment	6,569	9,289	36,007	27,482
Salaries and wages	151,949	126,307	486,678	419,443
Subcontractor costs	1,217,683	1,046,494	4,699,725	2,802,416
Software & hardware	4,739	65,952	56,211	69,167
Others	3,756	20,441	40,504	54,347
	1,413,876	1,297,178	5,435,396	3,459,426

Operating Expenses and Finance Costs

	Three-month period ended December 31, 2016 (Unaudited)	Three-month period ended December 31, 2015 (Unaudited)	Twelve-month period ended December 31, 2016 (Unaudited)	Nine-month period ended December 31, 2015 (Audited)
Salaries and wages	189,229	169,942	923,961	500,667
Director fees	40,000	40,000	40,000	40,000
Professional fees	66,573	343,925	329,742	536,415
Foreign exchange loss/(gain)	79,400	(8,220)	95,904	134,333
Other general & administrative expenses	62,640	65,257	261,935	236,834
(Write back)/allowance for doubtful debts	(8,249)	18,056	(8,249)	18,056
Depreciation (expense)				
- Property, plant and equipment	1,292	3,204	11,234	9,791
Interest expenses	249,422	171,639	896,777	471,005
Accretion on obligations	-	-	-	818,364
	680,307	803,803	2,551,304	2,765,465

Selected Balance Sheet Information

	December 31, 2016 (Unaudited) $	December 31, 2015 (Audited) $
Current Assets		
Accounts receivable	1,822,661	1,536,894
Other receivables, prepayments and deposits	164,182	136,588
Bank and cash balances	139,808	310,805
	2,126,651	1,984,287
Non-Current Assets		
Property, plant and equipment	35,660	53,156
Development expenditures	464,779	576,986
TOTAL ASSETS	2,627,090	2,614,429
Current Liabilities		
Accounts payable and accrued liabilities	2,096,917	1,844,293
Advance from a related party	756,079	556,370
Promissory note payable	436,000	400,000
Loans from related parties	261,273	-
Current tax liabilities	5,317	89,885
	3,555,586	2,890,548
Non-Current Liabilities		
Loans from related parties	3,740,061	2,943,129
Deferred tax liability	1,208	3,321
TOTAL LIABILITIES	7,296,855	5,836,998
Equity		
Share capital	10,484,429	10,484,429
Reserves	-	-
Deficit	(15,395,462)	(13,889,187)
Accumulated other comprehensive income	248,035	187,496
Total equity (deficiency) attributable to equity shareholders	(4,662,998)	(3,217,262)
Non-controlling interest	(6,767)	(5,307)
TOTAL EQUITY (DEFICIENCY)	(4,669,765)	(3,222,569)
TOTAL LIABILITIES & EQUITY	2,627,090	2,614,429

Total assets of GINSMS including cash, accounts receivable, other receivables, prepayment and deposits, property, plant and equipment and development expenditures as at December 31, 2016 amounted to $2,627,090 compared to $2,614,429 as at December 31, 2015. Bank and cash balances amounted to $139,808 as at December 31,2016 decrease by 55% compared to $310,805 as at December 31, 2015. The decrease was mainly due to operating loss and getting fewer loans from the related parties in the twelve months ended December 31, 2016 as the Corporation relied more on the cash flow from its operations. The cash flow from financing activities is $416,760 for the twelve months ended December 31, 2016 compared to $864,627 for the nine months ended December 31, 2015.

Selected Liquidity and Capital Resources Information

Financial Highlights	Three-month period ended December 31, 2016 (Unaudited)	Three-month period ended December 31, 2015 (Unaudited)	Twelve-month period ended December 31, 2016 (Unaudited)	Nine-month period ended December 31, 2015 (Audited)
Cash, beginning of period	106,047	127,232	310,805	515,208
Operating activities				
Net loss for the period	(429,983)	(707,289)	(1,507,635)	(2,432,182)
Current tax expense	845	93,411	2,317	93,411
Deferred tax expense/(recovery)	35	(15)	(2,123)	2,570
Interest expenses	249,422	171,639	896,777	471,005
Foreign currency exchange loss/(gain)	79,400	(8,220)	95,904	134,333
(Write back)/allowance for doubtful debts	(8,249)	18,056	(8,249)	18,056
Accretion on convertible debentures	-	-	-	818,364
Amortization & depreciation	37,041	41,187	163,512	123,844
Changes in working capital items	72,853	195,733	(66,264)	(83,859)
Income tax paid	(599)	(4,963)	(88,101)	(4,963)
Net cash generated from/(used in) operating activities	765	(200,461)	(513,862)	(859,421)
Financing activities				
Advance from a related party	67,007	290,787	320,835	680,248
Repayment of advance from a related party	(56,369)	-	(123,105)	(102,994)
Loans from related parties	-	55,242	219,030	287,373
Net cash generated from financing activities	10,638	346,029	416,760	864,627
Investing activities				
Development expenditures	-	(16,260)	(2,865)	(47,036)
Purchase of property, plant and equipment	(684)	(5,461)	(29,667)	(19,628)
Net cash used in investing activities	(684)	(21,721)	(32,532)	(66,664)
Effect of exchange rate changes on cash held in foreign currencies	23,042	59,726	(41,363)	(142,945)
(Decrease)/increase in cash	33,761	183,573	(170,997)	(204,403)
Cash, end of period	139,808	310,805	139,808	310,805

SEGMENTED INFORMATION

a) Revenue by customers

	Twelve-month period ended December 31, 2016 (Unaudited)		Nine-month period ended December 31, 2015 (Audited)	
	$	% of total revenue	$	% of total revenue
Customer A	1,939,640	29.9	1,541,256	39.6
Next five top customers				
Customer B	1,395,637	21.5	543,441	14.0
Customer C	1,234,139	19.0	713,375	18.3
Customer D	408,837	6.3	390,340	10.0
Customer E	398,248	6.1	270,061	6.9
Customer F	387,597	6.0	-	-
All other customers	715,087	11.2	430,217	11.2
Total	6,479,185	100.0	3,888,690	100.0

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

	Twelve-month period ended December 31, 2016 (Unaudited)		Nine-month period ended December 31, 2015 (Audited)	
	$	% of total revenue	$	% of total revenue
Singapore	3,228,246	49.8	2,283,942	58.8
United Arab Emirates	1,234,139	19.0	713,375	18.3
Other Asia countries	332,934	5.1	166,539	4.3
Europe	259,479	4.0	123,137	3.2
United States	1,397,145	21.6	552,740	14.2
Other regions	27,242	0.5	48,957	1.2
Total	6,479,185	100.0	3,888,690	100.0

c) Total assets by geographical location

	As at December 31, 2016 (Unaudited)		As at December 31, 2015 (Audited)	
	$	% of total assets	$	% of total assets
Singapore	2,054,528	78.2	1,918,993	73.4
United Arab Emirates	10,494	0.4	31,636	1.2
Other Asia countries	408,701	15.6	549,122	21.0
Europe	12,255	0.5	34,066	1.3
United States	109,930	4.2	39,116	1.5
Other regions	31,182	1.1	41,496	1.6
Total	2,627,090	100.0	2,614,429	100.0

d) Financial information by business segments

	Messaging	Software products and services	Unallocated	Total
	$	$	$	$
Twelve-months period ended December 31, 2016 (Unaudited)				
Revenue	5,459,386	1,019,799	-	6,479,185
Intersegment revenue	-	348,241	-	348,241
Amortization and depreciation	(14)	(163,478)	(20)	(163,512)
Interest income	3	47	-	50
Interest and finance expenses	(440,771)	(359,656)	(96,350)	(896,777)
Income tax expense	-	(120)	-	(120)
Segment profit / (loss)	177,405	(1,309,326)	(375,714)	(1,507,635)
Additions to segment non-current assets	-	32,532	-	32,532
At December 31, 2016 (Unaudited)				
Segment assets	1,668,101	932,918	26,071	2,627,090
Segment liabilities	(4,417,575)	(1,923,647)	(955,633)	(7,296,855)

	Messaging	Software products and services	Unallocated	Total
	$	$	$	$
Nine-month period ended December 31, 2015 (Audited)				
Revenue	3,069,374	819,316	-	3,888,690
Intersegment revenue	-	115,828	-	115,828
Amortization and depreciation	(375)	(123,380)	(89)	(123,844)
Interest income	4	30	-	34
Interest and finance expenses	(259,971)	(211,034)	(818,364)	(1,289,369)
Income tax expense	-	(95,981)	-	(95,981)
Segment losses	(45,159)	(1,082,895)	(1,304,128)	(2,432,182)
Additions to segment non-current assets	-	66,664	-	66,664
At December 31, 2015 (Audited)				
Segment assets	1,360,033	1,220,699	33,697	2,614,429
Segment liabilities	(3,467,382)	(1,769,000)	(600,616)	(5,836,998)

Outlook

The Corporation announces its financial forecasts for the twelve months ending December 31, 2017. The information included in this news release represents management's guidance as approved on February 13, 2017. The financial outlook was prepared for Xinhua Holdings Limited, the ultimate holding company of the Corporation, for its reporting obligations in Japan.

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

a. Continued business from the Corporation's major customers. The actual gross margin of Software Products and Services achieved 27.4% for the year ended December 31, 2016 and with the expected increased revenue earned from business with key customers of the Corporation, the forecasted gross margin range of 26.1% to 26.6% in 2017 is reasonable and achievable. The gross margin from the key customers usually earns more than 24%.

b. The actual growth rate of A2P business for the three months ended December 31, 2016 was 12.2% compared to the three months ended September 30, 2016. 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 Corporation operates that will significantly affect the pricing of the Corporation'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 Corporation's A2P customers.

e. Except for the interest expense on loans from related parties, the expenses were forecasted to increase in line with the forecasted 4.16% inflation in 2017. Interest expenses were computed based on interest rate of 24% per annum on the estimated outstanding loans in 2017.

f. Continued ability to obtain financing through loans and cash advances to support the sales operations of the Corporation.

In addition, the Corporation expects to record net earnings in the financial year ending December 2020 (instead of 2019 as announced on March 30, 2016) and recover from its current negative net asset position by the end of the 2022 financial year (instead of 2020 as announced on March 30, 2016). This is due to slower growth than originally expected resulting from the loss of a major customer sending A2P messages to China and also the delay in obtaining the necessary financing to grow the business. The purpose of this financial outlook is to allow the Corporation's ultimate holding company, Xinhua, to make reference and/or to use such outlook in its own financial disclosure. The operation of GINSMS is a major part of the growth strategy of Xinhua. As such, Xinhua believes that disclosing such information would be useful for its shareholders. Consequently readers of this press release are cautioned that the financial outlook of GINSMS concerning its net earnings and net assets positions is forward looking information and may not be appropriate for other purposes.

Financial Highlights	Forecast	Forecast	Forecast	Forecast
($)	Jan – Mar 2017	Apr – Jun 2017	Jul – Sep 2017	Oct – Dec 2017
Revenues $				
A2P Messaging Service	1,520,785	1,594,773	1,668,761	1,742,749
Software Product & Services	314,369	314,410	314,410	314,410
	1,835,154	1,909,183	1,983,171	2,057,159

Financial Highlights	Forecast	Forecast	Forecast	Forecast
($)	Jan – Mar 2017	Apr – Jun 2017	Jul – Sep 2017	Oct – Dec 2017
Cost of sales $				
A2P Messaging Service	1,323,954	1,386,830	1,450,414	1,513,998
Software Product & Services	230,854	231,571	231,571	232,246
	1,554,808	1,618,401	1,681,985	1,746,244
Gross profit $				
A2P Messaging Service	196,831	207,943	218,347	228,751
Software Product & Services	83,515	82,839	82,839	82,164
	280,346	290,782	301,186	310,915
Gross margin %				
A2P Messaging Service	12.9%	13.0%	13.1%	13.1%
Software Product & Services	26.6%	26.3%	26.3%	26.1%
	15.3%	15.2%	15.2%	15.1%
Selling, general and administrative expenses	(380,872)	(380,872)	(380,872)	(380,872)
Operating loss	(100,526)	(90,090)	(79,686)	(69,957)
Non-operating income	-	-	-	-
Non-operating expenses	(259,641)	(274,994)	(283,221)	(295,884)
Ordinary loss	(360,167)	(365,084)	(362,907)	(365,841)
Extraordinary gains	-	-	-	-
Extraordinary losses	-	-	-	-
Loss before tax and non-controlling interest	(360,167)	(365,084)	(362,907)	(365,841)
Income taxes	-	-	-	-
Non-controlling interest	-	-	-	-
Net loss for the period	(360,167)	(365,084)	(362,907)	(365,841)
Adjusted EBITDA	(61,226)	(50,115)	(39,711)	(29,307)

(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 and 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.

(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 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 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 Corporation operates, conflicts of interest and residency of directors and officers. 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.

- Management’s belief that the future growth in messaging is in the area of A2P Messaging Service 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 press release 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. 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 2017 financial results, as well as our objectives, strategic priorities and business outlook for fiscal 2017, and in obtaining a better understanding of the Corporation’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.

For further information, please contact:

GINSMS Inc.
Joel Chin, CEO
Tel: +65-6441-1029
Email: investor.relations@ginsms.com