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 period ended December 31, 2015, the Corporation's consolidated financial statements as at and for the three and nine months ended December 31, 2015, and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Corporation has changed its financial year end to December 31, 2015, instead of March 31, 2016. This is in line with the financial year end of its ultimate holding company, Xinhua Holdings Limited.

This MD&A was prepared as of March 30, 2016. 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 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:

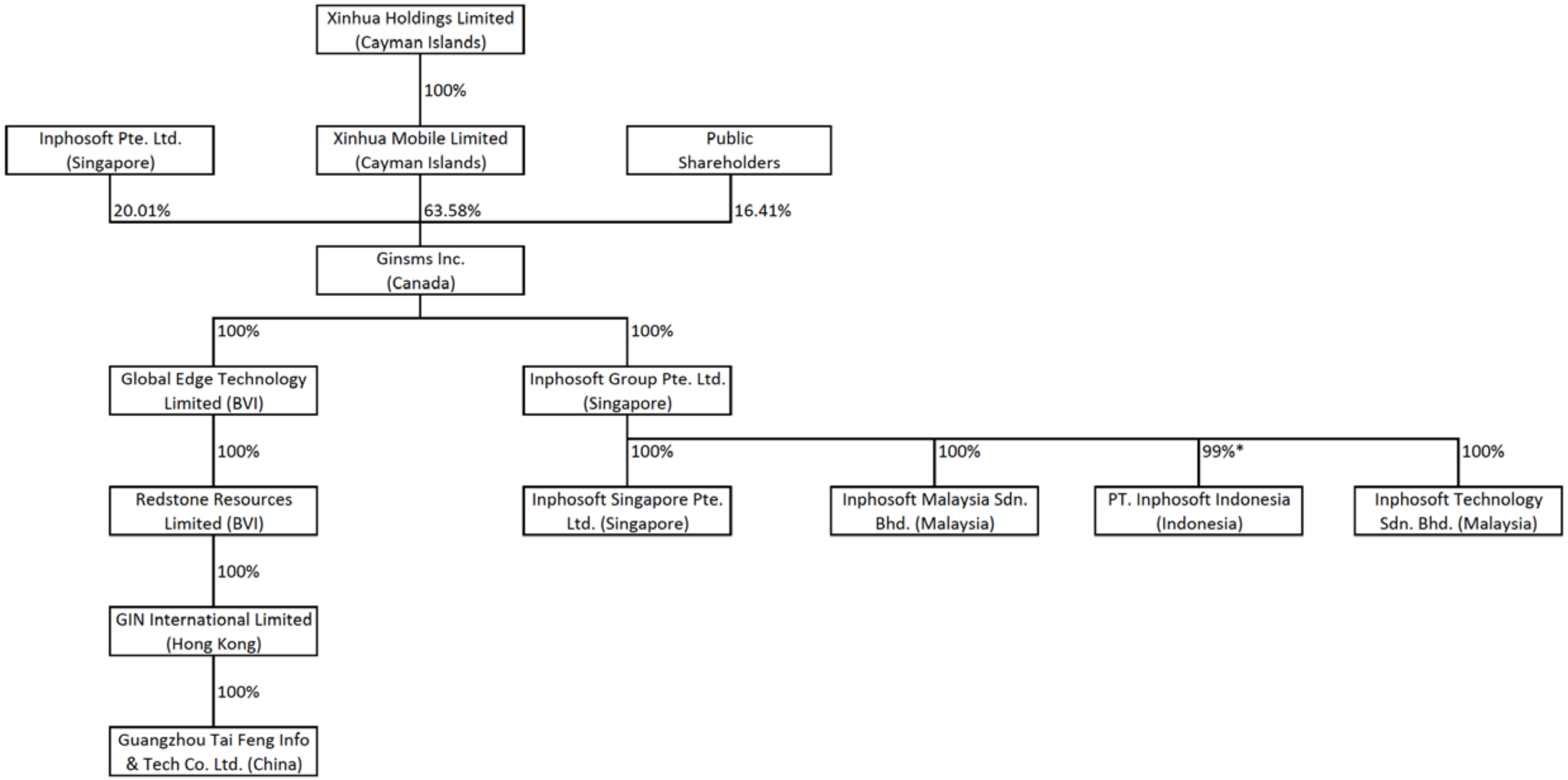
- Management's belief that the availability of 3G/4G services in China and the rest of the world will continue to create demand for the Corporation's software products and services.
- Management's belief that the future growth in messaging is in the area of application-to-person ("A2P") messaging and 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.

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 Chin Siang Hui

The Corporation has two main business segments:

a) Messaging Business
b) Software Products and Services

Messaging Business

The Corporation operates its messaging business through GIN International Ltd ("GIN"), its wholly-owned subsidiary in Hong Kong. Until recently, GIN was focused on providing inter-operator short messaging services ("IOSMS messaging") to mobile telecom operators in Hong Kong. IOSMS messaging is a short message services ("SMS") gateway providing connections between all mobile and fixed line operators. As a consequence of increased competition and the continuous decline of person-to-person ("P2P messaging") SMS traffic, the Corporation decided on September 12, 2014 to discontinue its IOSMS messaging service to focus exclusively instead on the application-to-peer ("A2P messaging") messaging business.

On March 27, 2014, the Corporation officially launched its cloud-based A2P messaging service. The service allows the transmission of 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").

Juniper Research predicts that in 2016, revenue from A2P messaging will overtake that of P2P messaging as the mobile messaging ecosystem shifts from communication between individuals to sending and receiving service-enabling messages.

For the nine months ended December 31, 2015, GIN generated revenue of $3,069,374 for its service as compared to $1,117,613 for the twelve month ended March 31, 2015. The increase is substantial and GIN is expecting to grow the revenue significantly in the future.

To be successful in this new business, substantial investment has to be made in the areas of research and development. Up to December 31, 2015, GIN has spent about $291,000 to develop new services and improve the performance of its cloud-based A2P service.

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:

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

Inphosoft's main customers are mobile operators and these customers have been cutting their budget for investments in value-added services. This lower level of investment negatively impacted Inphosoft's business. Inphosoft is also facing increased competition from local and international competitors. As a result, management expects Inphosoft's business to continue to weaken. Inphosoft is taking steps to rein in operation cost as well as diversifying its customer base such that it becomes less dependent on mobile operators.

At the same time, with Inphosoft's expertise in the telecommunications industry, the Company sees an opportunity to venture into the A2P business by leveraging on GIN's license and infrastructure in Hong Kong and the technical competency and existing products of Inphosoft. Therefore, substantial technical resource from Inphosoft's team was channeled to develop the A2P Cloud platform by extending the functionalities of an existing Inphosoft product called Mobile Campaign Manager. The A2P Cloud platform was completed in March 2014 and the A2P business was officially launched on March 27, 2014. Inphosoft Singapore Pte Ltd ("ISPL") provides research and development and technical support for the A2P Cloud platform and Inphosoft Malaysia Sdn Bhd ("IMSB") provides the sales and technical support for the operations of GIN.

Inphosoft's subsidiaries namely ISPL, IMSB and PT Inphosoft Indonesia ("PTIN") also managed to conclude time and material agreements with Activate Interactive Pte Ltd ("Activate") in April 2015 to provide technical resources to Activate for the purpose of developing software for Activate's customers. The revenue and margin of Inphosoft has improved since the signing of the agreements with Activate. Activate became a related party when Mr. Joel Siang Hui Chin, the Chief Executive Officer of the Corporation, acquired 85% shareholdings in Activate in July 2015.

Other than supporting the A2P business, the focus of Inphosoft now is to provide solution to support the need of existing customers and to look for additional enterprise customers to increase sales. Inphosoft will not be focusing on creating new products. Hence management believes that professional fee and support and maintenance revenue should remain stable or increase marginally over time. However, license fee revenue should be declining over time.

This segment of the Corporation's business managed to increase its revenue to $819,316 for the nine months ended December 31, 2015 compared to the $754,034 in the twelve months ended March 31, 2015.

3. RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2015

Selected Profit and Loss Information

Financial Highlights	Three-month period ended December 31 (Unaudited)	Three-month period ended December 31 (Unaudited)	Nine-month period ended December 31 (Audited)	Twelve-month period ended March 31 (Audited)
	2015	2014	2015	2015
Revenues $				
A2P Messaging Service	1,195,023	307,127	3,069,374	1,117,613
IOSMS Messaging Service	-	(11,105)	-	34,820
Software Product & Services	291,828	140,235	819,316	754,034
	1,486,851	436,257	3,888,690	1,906,467
Cost of sales $				
A2P Messaging Service	1,047,554	285,500	2,792,424	1,037,629
IOSMS Messaging Service	-	1,059	-	87,061
Software Product & Services	249,624	123,545	667,002	736,987
	1,297,178	410,104	3,459,426	1,861,677
Gross profit $				
A2P Messaging Service	147,469	21,627	276,950	79,984
IOSMS Messaging Service	-	(12,164)	-	(52,241)
Software Product & Services	42,204	16,690	152,314	17,047
	189,673	26,153	429,264	44,790
Gross margin %				
A2P Messaging Service	12.3%	7.0%	9.0%	7.2%
IOSMS Messaging Service	-	109.5%	-	(150.0)%
Software Product & Services	14.5%	11.9%	18.6%	2.3%
	12.8%	6.0%	11.0%	2.3%
Adjusted EBITDA[(1)] $	(383,247)	(300,798)	(904,932)	(1,246,772)
Adjusted EBITDA margin	(25.8)%	(68.9)%	(23.3)%	(65.4)%
Net loss $	(707,289)	(821,138)	(2,432,182)	(6,775,846)
Net loss margin	(47.6)%	(188.2)%	(62.5)%	(355.4)%
Loss per share $				
Basic	(0.00)	(0.02)	(0.03)	(0.13)
Diluted	(0.00)	(0.02)	(0.03)	(0.13)

(1) Adjusted 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, the accretion on obligations and also excludes certain non-recurring or non-cash expenditure.

Revenue

For the three and nine months ended December 31, 2015, revenue was $1,486,851 and $3,888,690 compared to $436,257 for the three months ended December 31, 2014 and $1,906,467 for the twelve months ended March 31, 2015 respectively. This is largely due to the increase in revenue in both A2P messaging service and software products and services.

The A2P messaging service that the Corporation introduced on March 27, 2014 generated revenue of $1,195,023, $1,066,242 and $808,109 for the three months ended December 31, 2015, September 30, 2015 and June 30, 2015 respectively. The management expects growth to continue in the coming quarter.

Pricing of the A2P business is affected by volume, regulatory requirement in each country, 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.

Revenue in the software products and services segment generated through Inphosoft's global partner, Acision, had declined significantly for the past one year and is not expected to recover soon. Acision had downsized its global sales team to focus on Acision's core products and places less emphasis on reselling partners' products. This resulted in the reduced demand for the Corporation's products. Since April 2015, the Corporation's business partner, Activate Interactive Pte Ltd., had helped the Corporation increase its revenue in the software products and services segment by 8.7% from $754,034 for the twelve months ended March 31, 2015 to $819,316 for the nine months ended December 31, 2015. During the nine months ended December 31, 2015, the revenue contributed by Activate was $390,340. Without this contribution, revenue would be $428,976 for the nine months ended December 31, 2015 and that would mean a decline of 43.1% from revenue of $754,034 for the twelve months ended March 31, 2015. Moving forward, the Corporation believes that the business conditions 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

Cost of Sales	Three-month period ended December 31 (Unaudited) 2015	Three-month period ended December 31 (Unaudited) 2014	Nine-month period ended December 31 (Audited) 2015	Twelve-month period ended March 31 (Audited) 2015
Amortization				
- Development expenditures	28,695	40,345	86,571	172,104
Depreciation				
- Property, plant and equipment	9,289	8,809	27,482	34,837
Salaries and wages	126,307	65,989	419,443	314,329
Subcontractor costs	1,046,494	287,697	2,802,416	1,136,383
Software & hardware	65,952	-	69,167	17,961
Suspended projects impairments	-	-	-	144,945
Others	20,441	7,264	54,347	41,118
	1,297,178	410,104	3,459,426	1,861,677

For the three and nine months ended December 31, 2015, cost of sales was $1,297,178 and $3,459,426 compared to $410,104 and $1,861,177 for the three months ended December 31, 2014 and twelve months ended March 31, 2015 respectively. The increase in cost of sales especially the subcontractor costs in 2015 is in line with increase in revenue in both A2P messaging service and software products and services.

The A2P and IOSMS services in the messaging business segment have different customer base compared to software products and services business.

The cost of sales for the messaging business is mainly the fees charged by the messaging gateways and mobile operators for delivering messages to the mobile subscribers. The cost per message is affected by volume, regulatory requirement in each country, competition within the country and other factors. As a consequence of the Corporation's decision to phase out the IOSMS messaging business, it was no surprise that the Corporation experienced a negative gross margin given that the gateway had to be maintained and paid in the duration of the contract signed between GIN and the gateways.

The software products and services business is service-based and there is no consideration of amount of volumes processed for which revenue was generated.

Gross Margin

With the continued increase in revenue in both A2P messaging and Software Products and Services segments, the overall gross margin of the Corporation continued to improve for the three and nine months ended December 31, 2015 to 12.8% and 11.0%, respectively. The improvement is mainly attributed to the higher gross margin of 12.3% earned in the A2P messaging segment for the three months ended December 31, 2015.

The gross margin of Software Products and Services segment were 14.5% and 18.6% for the three and nine months ended December 31, 2015 respectively due to higher purchase of software and hardware amounting to $65,952 and $69,167 for the three and nine months ended December 31, 2015, respectively. These software and hardware purchases were made in order to improve the service to the Corporation's customers, and were billed back to customers at cost. Software and hardware amounted only to $NIL and $17,961 for the three months ended December 31, 2014 and twelve months ended March 31, 2015 respectively Excluding the cost of software and hardware from both the revenue and cost of sales of Software Products and Services, the gross margin of Software Products and Services segment would be 18.7% and 20.3% for the three and nine months ended December 31, 2015, respectively.

The costs of sales of the Software Products and Services segment for the twelve months ended March, 2015 included the suspended projects impairments of $144,945. Excluding the amount of suspended projects impairments, the gross margin of the Software Products and Services segment would be 21.5% for the twelve months ended March, 2015 instead.

For 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%.

Gross margin for A2P messaging business improved in quarter ended December 31, 2015 as more revenue earned came from North Asia clients compared to both the quarter ended June 30, 2015 and the quarter ended September 30, 2015. Gross margin from some key North Asia customers is about four times more than the gross margin from key South East Asia customers. The revenue from other regions remained relatively unchanged in the three quarters.

For Software Products and Services segment, the revenue is mainly generated from the following two sources:

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 would be mainly 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 would be 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 been creating new products and the old products did not achieve the sales volume initially expected. The revenue from license fees is now immaterial.

Excluding the purchase of software and hardware and suspended projects impairments as explained above, the overall gross margin for the Software Products and Services segment is in-line with management's expectations of approximately 20% to 25%. This margin should remain stable but 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 December 31 (Unaudited) 2015	Three-month period ended December 31 (Unaudited) 2014	Nine-month period ended December 31 (Audited) 2015	Twelve-month period ended March 31 (Audited) 2015
Salaries and wages	169,942	243,387	500,667	992,356
Director fees	40,000	-	40,000	30,000
Professional fees	343,925	60,240	536,415	298,943
Foreign exchange loss/ (gain)	(8,220)	14,063	134,333	83,584
Other general & administrative expenses	65,257	58,415	236,834	238,565
Allowance for doubtful debt	18,056	-	18,056	-
Goodwill impairment	-	-	-	2,830,364
Intangible assets impairment	-	-	-	393,375
Development expenditures impairment (expense)	-	-	-	164,456
Depreciation (expense)				
-Property, plant and equipment	3,204	3,378	9,791	13,943
Amortization (expense)				
-Intangible assets-contracts	-	-	-	111,179
-Intangible assets-software	-	39,338	-	157,350
Interest expenses	171,639	58,908	471,005	199,661

Accretion on obligations	-	369,499	818,364	1,433,226
	803,803	847,227	2,765,465	6,947,002

Operating expenses and finance costs amounted to $803,803 for the three months ended December 31, 2015 and is comparable to operating expenses and finance costs of $847,227 for the three months ended December 31, 2014. Operating expenses and finance costs amounted to $2,765,465 for the nine months ended December 31, 2015 as compared to $6,947,002 for the twelve months ended March 31, 2015.

Included in operating expenses and finance costs for the twelve months ended March 31, 2015, were non-cash charges to earnings of $6,947,002 that were not repeated in the nine months ended December 31, 2015. These non-cash charges to earnings included $2,830,364, $393,375, $164,456 and $268,529 for the impairment of goodwill, impairment of intangible assets, impairment of development expenditures and amortisation of intangible assets respectively. Excluding these non-cash charges, the operating and finance costs amounted to $3,290,278 for the twelve months ended March 31, 2015 an amount higher than the amount of $2,765,465 incurred during the nine months ended December 31, 2015. The decrease in operating expenses and finance costs is mainly due to decrease in salaries and wages and accretion costs. The decrease is partially offset by increase in foreign currency exchange loss incurred by the Corporation as the United States Dollar strengthened against the Singapore Dollar, Ringgit Malaysia and Indonesia Rupiah. The decrease is also partially offset by increase in professional fees. The professional fees for the nine months ended December 31, 2015 was higher than the twelve months ended December 31, 2014 mainly due to the legal fees incurred for the acquisition of the Corporation by Xinhua Mobile Limited. In addition, interest expenses increased for the three and nine months ended December 31, 2015 due to more loans received by the Corporation from related parties and the rollover effect on the daily compounded interest on the outstanding loans. To date, the Corporation has not been able to repay any loans from related parties.

The cost cutting exercise undertaken by the Corporation in the prior year ended March 31, 2015 consisted mainly in a hiring freeze of new staff for its Software Products and Services segment. In addition, the Corporation did not replace staff who have left the Corporation due to natural attrition in non-critical roles. The Corporation has also actively cut down the amount of business travel expenses related to the Software Products and Services segment. The total number of staff in the Software Products and Services segment declined from 29 at December 31, 2014 to 22 at December 31, 2015. Salaries and related costs pertaining to the Software Products and Services business was reduced from $225,214 for the three months ended December 31, 2014 to $221,993 for the three months ended December 31, 2015. The business travel expenses incurred for the Software Products and Services segment declined from $5,881 for the three months ended December 31, 2014 to $2,506 for the three months ended December 31, 2015.

As a group, the total number of staff decreased from 36 at March 31, 2015 to 29 at December 31, 2015. Salaries and related costs totalled $309,376 for the three months ended December 31, 2014 compared to $296,249 for the three ended December 31, 2015. This is due to the cost-cutting measures for the Software Products and Services business, partially offset by the increased in cost in the A2P business segment. The increase in cost for the A2P business is to support the growth of the business. For the three months ended December 31, 2015, revenue increased 289% compared to the three months ended December 31, 2014.

Net loss

The net loss for the three and nine months ended December 31, 2015 amounted to $707,289 and $2,432,182 compared to a net loss of $821,138 and $6,775,846 for the three months ended December 31, 2014 and the twelve months ended March 31, 2015.

As mentioned earlier, the huge net loss for the twelve months ended March 31, 2015 was mainly due to non-cash charges to earnings that were not repeated for the nine months ended December 31, 2015. The non-cash charges to earnings were the impairment of goodwill, impairment of intangible assets, impairment of development expenditures and amortisation of intangible assets.

Excluding the non-cash charges to earnings, the net loss for the twelve months ended March 31, 2015 would be $3,242,706.

Accretion costs amounted to $Nil and $818,364 for the three and nine months ended December 31, 2015 respectively compared to $369,499 and $1,433,226 for the three and twelve months ended December 31, 2014 and March 31, 2015 respectively. Loan interest expenses totalled $171,639 and $471,005 for the three and nine months ended December 31, 2015, respectively, compared to $58,908 and $199,661 for the three and twelve months ended December 31, 2014 and March 31, 2015 respectively. Foreign exchange gain amounted to $8,220 and foreign exchange loss amounted to $134,333 for the three and nine months ended December 31, 2015, respectively, compared to foreign exchange loss of $14,063 and $83,584 for the three months ended December 31, 2014 and twelve months ended March 31, 2015, respectively.

The above expenses contributed significantly to the net loss for the three and nine months ended December 31, 2015, the three months ended December 31, 2014 and the twelve months ended March 31, 2015.

Selected Balance Sheet Information

(1) The figures reported above are based on the audited consolidated financial statements of the Corporation which have been prepared in accordance with International Financial Reporting Standard.

	December 31, 2015 (Audited) $	March 31, 2015 (Audited) $
Current Assets		
Bank and cash balances	310,805	515,208
Accounts receivable	1,536,894	781,552
Other receivables, prepayment and deposits	136,588	109,062
	1,984,287	1,405,822
Non-Current Assets		
Property, plant and equipment	53,156	70,809
Development expenditures	576,986	606,044
TOTAL ASSETS	2,614,429	2,082,675
Current Liabilities		
Accounts payable and accrued liabilities	1,844,293	1,160,432
Convertible debentures	-	8,290,903
Advance from a related party	556,370	-
Promissory note payable	400,000	400,000
Current tax liabilities	89,885	-
	2,890,548	9,851,335
Non-Current Liabilities		
Loans from related parties	2,943,129	2,293,970
Deferred tax liability	3,321	1,145
TOTAL LIABILITIES	5,836,998	12,146,450
Equity		
Share capital	10,484,429	1,339,386
Reserves	-	131,995
Equity component of convertible debentures	-	35,776
Deficit	(13,889,187)	(11,590,406)
Accumulated other comprehensive income	187,496	23,363
Total equity (deficiency) attributable to equity shareholders	(3,217,262)	(10,059,886)
Non-controlling interest	(5,307)	(3,889)
TOTAL EQUITY (DEFICIENCY)	(3,222,569)	(10,063,775)
TOTAL LIABILITIES & EQUITY	2,614,429	2,082,675

Total assets of GINSMS including cash, accounts receivable, prepaid expenses, property, plant and equipment and development expenditures as at December 31, 2015 amounted to $2,614,429 compared to $2,082,675 as at March 31, 2015. Bank and cash balances amounted to $310,805, compared to $515,208, a decrease of 39.7%. The decrease was mainly due to operating loss and getting less loans from the related parties in the current quarter ended December 31, 2015 as the Corporation relied more on the cash flow from its operations. The cash flow from financing activities is $864,627 for the nine months ended December 31, 2015 compared to $1,685,725 for the twelve months ended March 31, 2015, as shown in Section 5 Liquidity and Capital Resources.

Accounts receivable

	December 31, 2015 (Audited) $	March 31, 2015 (Audited) $
Trade receivables (third parties)	1,278,354	684,293
Less: Allowance for doubtful debts (third parties)	(18,349)	-
Receivable from a related party	192,924	-
Accounts due from customers on contracts	83,965	97,259
TOTAL ACCOUNTS RECEIVABLE	1,536,894	781,552

Included in accounts receivables at December 31, 2015 are receivables of $192,924 due from a company that is 85%-owned by the Chief Executive Officer of the Corporation, Activate Interactive Pte Ltd ("Activate").

Increase in trade receivables (third parties) are mainly from the customers of A2P Messaging segment. This is in line with the rapid growth in A2P business segment recently experienced by the Corporation.

Accounts payable and accrued liabilities

	December 31, 2015 (Audited) $	March 31, 2015 (Audited) $
Trade payables	1,243,544	546,895
Amounts due to customers on contracts	93,857	54,685
Deferred income	51,489	130,206
Accrued liabilities and receipt in advance	455,403	428,646
TOTAL ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	1,844,293	1,160,432

a) Increase in trade payables as at December 31, 2015 compared with March 31, 2015 was in line with the increase in trade receivables.

Increase in both trade receivables and trade payables came mainly from GIN's A2P messaging business that contributed more than 70% in revenue and in cost of sales for the three and nine months ended December 31, 2015. Trade payables of GIN were mainly due to the gateway providers used in connection with the A2P messaging business.

As explained in Section 2 – Overall Performance, the A2P messaging business began its operations on March 27, 2014 and since has experienced rapid growth. This has contributed to the substantial increase in trade payables.

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.

d) Increase in accrued liabilities as at December 31, 2015 compared with March 31, 2015 was $26,757.

Loans from Related Parties

	December 31, 2015 (Audited) $	March 31, 2015 (Audited) $
Loans from the director and Chief Executive Officer of the Corporation	2,326,692	1,791,869
Loan from a director of a subsidiary	14,175	11,546
Loan from Inphosoft Pte Ltd.	602,262	490,555
TOTAL LOANS FROM RELATED PARTIES	2,943,129	2,293,970

All above loans from related parties are non-trade in nature and unsecured. All related parties have advised the Corporation that they will not demand payment of the loans before December 31, 2016.

(a) The loans from the director and Chief Executive Officer of the Corporation, Mr. Joel Siang Hui Chin ("Mr. Chin"), bear interest 24% (March 31, 2015: 12% to 24%) per annum (compounded daily based on a 365-day year) and matured on or before September 30, 2015.

(b) The loan from a director of a subsidiary, Mr. Xu Hongwei, bears interest at 24% (March 31, 2015: 12% to 24%) per annum (compounded daily based on a 365-day year) and matured on June 12, 2014.

(c) The loan from Inphosoft Pte Ltd. ("IPL"), the former holding company of Inphosoft bears interest at a rate of 24% per annum (March 31, 2015: 24%) (compounded daily based on a 365-day year) and has no fixed term of repayment. On September 24, 2015, IPL converted its convertible debentures of the Corporation and became a shareholder of the Corporation (Section 10 – Shareholders' Equity & Disclosure of Outstanding Share Data). Mr. Chin and two directors of the Corporation's subsidiaries, Mr. Wang Xianxiang and Mr. Xu Hongwei, each has significant influence over IPL.

In addition to the above loans, Mr. Chin also provided an interest-free advance of $556,370 to the Corporation. Considering the loans from related parties and the interest-free advance from Mr. Chin together, the annual interest rate for the total amount of related party loans and advance is 22% (compounded daily based on a 365-day year).

The loans and advance are used to finance the operations of the Corporation.

Shareholders' equity

Shareholders' equity as at December 31, 2015, showed a deficit of $3,222,569, improving from a deficit of $10,063,775 as at March 31, 2015. The improvement in shareholders' equity is largely due to the full conversion of all issued and outstanding convertible debentures of the Corporation into common shares on September 24, 2015 despite the loss of $2,432,182 recorded in the nine months ended December 31, 2015 and mainly explained by the Corporation facing considerable competition in its existing principal activities as mentioned in Section 3 of this MD&A.

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

(a) The Corporation launched the new A2P messaging business during the previous year ended March 31, 2015, as mentioned in Section 3 of this MD&A. The Corporation is also consolidating certain general and administrative functions and expects these efforts to generate cost savings. Based on these plans, management believes that the Corporation will have the ability to continue operation for the next twelve months; and

(b) Despite of the Corporation's liabilities which include a promissory note payable 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.

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 audited consolidated financial statements and the notes thereto.

$	Jan-Mar14	Apr-Jun14	Jul-Sep14	Oct-Dec14	Jan-Mar15	Apr-Jun15	Jul-Sep15	Oct-Dec15
Revenue								
A2P Messaging Service	-	78,115	104,836	307,127	627,535	808,109	1,066,242	**1,195,023**
IOSMS Messaging Service	28,158	24,179	9,148	(11,105)	12,598	-	-	**-**
Software Products & Services	190,977	230,809	199,575	140,235	183,415	262,937	264,551	**291,828**
	219,135	333,103	313,559	436,257	823,548	1,071,046	1,330,793	**1,486,851**
Cost of Sales								
A2P Messaging Service	-	73,050	96,840	285,500	582,240	778,004	966,867	**1,047,554**
IOSMS Messaging Service	59,050	43,044	28,740	1,059	14,218	-	-	**-**
Software Products & Services(1)	(37,093)	162,943	174,291	123,545	276,208	215,724	201,653	**249,624**
	21,957	279,037	299,871	410,104	872,666	993,728	1,168,520	**1,297,178**
Operating Expenses(2)	591,764	347,769	393,038	379,483	392,156	368,000	475,932	**614,108**
Net Loss Before Income Taxes	(997,934)	(732,343)	(857,584)	(821,075)	(4,491,210)	(834,104)	(887,967)	**(614,130)**
Income Taxes expense (recovery)	(3,604)	82	217	63	(126,728)	2,572	250	**93,159**
Net Loss	(994,330)	(732,425)	(857,801)	(821,138)	(4,364,482)	(836,676)	(888,217)	**(707,289)**
Net Loss (per share)								
Basic	(0.02)	(0.02)	(0.02)	(0.02)	(0.07)	(0.02)	(0.01)	**(0.00)**
Diluted	(0.02)	(0.02)	(0.02)	(0.02)	(0.07)	(0.02)	(0.01)	**(0.00)**

(1) Included in cost of sales in Q1/2015 is an impairment on suspended projects amounting to $144,945.

(2) Represent the sum of selling, general and administrative expense. For comparative purpose, the fair value adjustment of convertible debenture in Q1/2015 was excluded while the development expenditures impairment in Q1/2014 and Q1/2015 were also excluded. The goodwill, intangible assets and suspended projects impairment in Q1/2015 were excluded. Amortizations of intangible assets from Q1/2014 to Q1/2015 were excluded. Accretions on obligations related to the convertible debentures and a promissory note from Q1/2014 to Q3/2015 were excluded. Interest expenses on loans from Q1/2014 to Q4/2015 were excluded. Finally, doubtful debts in Q4/2015 were excluded.

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 December 31, 2015 and is expected to continue to grow. IOSMS revenue ceased by end of March 31, 2015 due to the termination of the P2P SMS services by the Corporation. The software products and services segment shows signs of improving but there is still no clear visibility on the trend moving forward.

5. LIQUIDITY AND CAPITAL RESOURCES

	Nine-month period ended December 31, 2015 (Audited)	Twelve-month period ended March 31, 2015 (Audited)
	$	$
Cash, beginning of period/year	515,208	115,309
Operating activities		
Net loss for the period/year	(2,432,182)	(6,775,846)
Current tax expenses	93,411	-
Deferred tax expenses (recovery)	2,570	(127,100)
Foreign currency exchange loss	134,333	83,584
Allowance for doubtful debts	18,056	-
Interest expenses	471,005	199,661
Accretion on convertible debentures	818,364	1,433,226
Goodwill impairment	-	2,830,364
Intangible assets impairment	-	393,375
Development expenditures impairment	-	164,456
Suspended projects impairment	-	144,945
Amortization & depreciation	123,844	489,413
Changes in working capital items	(83,859)	(4,153)
Tax paid	(4,963)	-
Net cash used in operating activities	(859,421)	(1,168,075)
Financing activities		
Loans from related parties	287,373	2,417,973
Repayment of loans from related parties	-	(732,248)
Advance from a related party	680,248	-
Repayment of advance from a related party	(102,994)	-
Net cash generated from financing activities	864,627	1,685,725
Investing activities		
Development expenditures	(47,036)	(154,130)
Purchase of property, plant and equipment	(19,628)	(9,060)
Net cash used in investing activities	(66,664)	(163,190)
Effect of exchange rate changes on cash	(142,945)	45,439
(Decrease)/Increase in cash	(204,403)	399,899
Cash, end of period/year	310,805	515,208

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 by the related parties.

GINSMS has a deteriorated liquidity position for the nine months ended December 31, 2015 compared to the twelve months ended March 31, 2015 primarily due to smaller unsecured interest-bearing loans provided by the related parties as the Corporation relied more on the revenue generated from the messaging and software product and service business in the period.

GINSMS is facing a lower liquidity risks as it has lower working capital deficiency of $906,261 as at December 31, 2015 as compared to $8,445,513 as at March 31, 2015 since Xinhua Mobile Limited ("Xinhua Mobile") and IPL have now each converted the convertible debentures of the Corporation they held into common shares on September 24, 2015. The Corporation's liabilities now include a promissory note payable and the interest-bearing loans from the related parties.

The operation of the Corporation is partially financed by the interest-bearing loans from the related parties amounting to $2,943,129 as at December 31, 2015 as compared to $2,293,970 as at March 31, 2015. The terms and conditions of the loans are described below under Section 3 – *Loans from Related Parties*.

The promissory note has an initial present value of $366,523 with accretion recorded at an annual interest rate of 6%.

Apart from obligations to pay the promissory note payable and the loans made by related parties, the Corporation has also liabilities related to operating lease obligations for the lease of its office space.

The Corporation has lease agreements outstanding for various terms up to May 15, 2018. Payments are to be incurred in SGD, RMB and IDR. The Canadian dollar equivalent as of December 31, 2015 is a total of $161,032, of which $77,794 is to be incurred within one year of the statement of financial position date and $83,238 after one year and within five years.

However, the liquidity risk is mitigated as the Corporation is currently in discussion on extending the due date on the promissory note payable of $400,000 and the interest-bearing loans from the related parties. The Corporation has received confirmation from its related party lenders that they will not recall their loans in the next twelve months as mentioned below under Section 3 – *Loans from Related Parties*. They have informed the Corporation that they will not recall the interest-bearing loans before December 31, 2016.

The Corporation started discussions with the note holder on extending the due date on the note payable but did not conclude the negotiations as at the end of the reporting period. The negotiation concluded after the year end and the note payable holder has agreed to extend the due date of the promissory note of $400,000 to March 31, 2017. A simple interest of 12% per annum shall be charged and interest shall accrue effective April 1, 2016.

The A2P messaging service is the main business focus of the Corporation. Revenue from the A2P messaging service has increased steadily as the Corporation forged partnerships with service providers and direct connections with mobile operators globally. At the same time, the Corporation plans to make substantial investments in the areas of research and development. The expected capital expenditure for research and development is $50,000 per quarter. Capital expenditures related to hardware purchase to maintain capacity to meet planned growth in the A2P messaging have been fully paid and no further investment is expected for the next 12 months.

The management of the Corporation is committed to grow the business of the Corporation. In order for the Corporation to expand the A2P business, the management is also planning to raise funds through the issuance of bonds or other sources.

6. OFF BALANCE SHEET ARRANGEMENTS

GINSMS does not utilize off-balance sheet arrangements.

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 December 31, 2015. The prior period comparison is three months ended December 31, 2014 and twelve months ended March 31, 2015:

	Three-month period ended December 31 2015 (Unaudited) $	Three-month period ended December 31, 2014 (Unaudited) $	Nine-month period ended December 31, 2015 (Audited) $	Twelve-month period ended March 31, 2015 (Audited) $
Software products and services revenue from a company controlled by an officer	217,197	-	390,340	-
Accounting fee revenue from a company controlled by an officer	13,408	-	13,048	-
Accounting fee paid to an officer (appointed on September 4, 2015)	17,315	-	22,894	-
Consulting fees paid to a former director (resigned on September 4, 2015) [1]	105	3,073	5,811	12,340
Management salaries paid to directors of a subsidiary[3]	62,239	57,625	184,627	232,158
Management salaries paid to an officer[4]	33,481	31,009	99,318	124,927
Rent charged by a company controlled by an officer	14,161	-	35,105	-
Rent charged by a family member of a director (resigned on September 4, 2015) [2]	-	3,073	-	10,283
Interest charged on loan from an officer	135,675	18,011	370,691	78,962
Interest charged on loan from a director of a subsidiary	827	605	2,307	2,145
Interest charged on loan from a shareholder[5]	35,136	-	98,007	45,522
Interest charged on loan from a related party	-	40,290	-	73,025

Notes:

1. The consulting fees paid to a former director, Mr. Lai Man Kon Jonathan, were related to his role as Chairman of Board of Directors of the Corporation.
2. The rent charged by a company controlled by a family member of a former director, Mr. Lai Man Kon Jonathan, was for the office used by Global Edge Technology Limited ("GET") and GIN up to January 31, 2015.

3. Management salaries paid to directors of a subsidiary, Mr. Wang XianXiang and Mr. Xu Hongwei were for their roles as Group Chief Technology Officer and Chief Technology Officer (Mobile Application) of the Corporation, respectively.
4. Management salaries paid to a director were for Mr. Chin's role as Chief Executive Officer and director of the Corporation.
5. Inphosoft Pte Ltd is a shareholder of the Corporation since September 24, 2015. Prior to that date, it is a related party (Section 3 – Loans from Related Parties and Section 10- Shareholders' Equity & Disclosure of Outstanding Share Data).

As at December 31, 2015, the Corporation has non-trade loans from related parties of $2,943,129 and advance of $556,370 (March 31, 2015 - $2,293,970 and $Nil). Please refer to Section 3 – *Loans from Related Parties* above for more details of these loans.

Included in accounts payables and accrued liabilities are amounts of $89,380 (March 31, 2015 - $46,881) owed to related parties.

Included in accounts receivable is a trade receivable of $192,924 (March 31, 2015 - $Nil) owed by a related party. Please refer to Section 3 – Accounts receivables from a related party above for more details.

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 audited consolidated financial statements are described in Note 4 of the audited consolidated financial statements for the nine months ended December 31, 2015. There have been no changes to our accounting policies since March 31, 2015.

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 GET 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.

Conversion of Convertible Debentures of the Corporation into Common Shares

On September 24, 2015, Xinhua Mobile and IPL, the only holders of the Corporation's convertible debentures, converted their convertible debentures with an aggregate principal amount of $6,255,484 and $2,853,783 respectively into 62,554,840 and 28,537,830 common shares of the Corporation respectively (See below Section 10- Shareholders' Equity & Disclosure of Outstanding Share Data).

10. SHAREHOLDERS' EQUITY & DISCLOSURE OF OUTSTANDING SHARE DATA

Share Capital

	December 31, 2015 (Audited) $	March 31, 2015 (Audited) $
Share capital	**10,484,429**	1,339,386
Reserves	**-**	131,995
Equity component of convertible debentures	**-**	35,776
Accumulated other comprehensive income	**187,496**	23,363
Deficit	**(13,889,187)**	(11,590,406)
Non-controlling interest	**(5,307)**	(3,889)
	(3,222,569)	(10,063,775)

Shareholders' equity as at December 31, 2015 is a negative amount of $3,222,569 compared to a negative amount of $10,063,775 as at March 31, 2015. The improvement in shareholders' equity is due to a large extent to the conversion of all the Corporation's convertible debentures into common shares hence offsetting the net loss of $2,432,182 recorded in the nine months ended December 31, 2015.

On September 24, 2015, Xinhua Mobile and IPL converted their convertible debentures with an aggregate principal amount of $6,255,484 and $2,853,783 respectively into 62,554,840 and 28,537,830 common shares of the Corporation respectively (See below Section 10 – *Conversion of Convertible Debentures of the Corporation into Common Shares*).

Authorized

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.

The table below summarizes the issued and outstanding shares of the Corporation for the nine months ended December 31, 2015 versus the twelve months ended March 31, 2015.

Issued	December 31, 2015		March 31, 2015	
	Shares	**Amount ($)**	**Shares**	**Amount ($)**
Balance, beginning of period	**51,537,499**	**1,339,386**	**51,537,499**	**1,339,386**
Common shares issued as a result of the conversion of convertible debentures	91,092,670	9,109,267	-	-
Transfer from equity component of convertible debentures		35,776	-	-
Balance, end of period	**142,630,169**	**10,484,429**	**51,537,499**	**1,339,386**

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

During fiscal year 2010, the Corporation completed its IPO by issuing 11,337,500 units at $0.15 per unit with each unit consisting of one common share and one-half of one common share purchase warrant. During the three month period ended December 31, 2011, 5,668,750 share purchase warrants exercisable into common shares at a price of $0.20 per share and 907,000 broker warrants exercisable into common shares at a price of $0.15 per share expired unexercised.

During fiscal year 2010, 233,333 shares were issued to directors and officers for gross proceeds of $35,000.

In 2012, 200,000 were issued to the Sponsor of GINSMS as part of its compensation in connection with the acquisition of Inphosoft.

On April 5, 2013, the Corporation closed a private placement by issuing 8,000,000 common shares at a price of $0.05 per share for total gross proceeds of $400,000.

On September 24, 2015, Xinhua Mobile and IPL converted their convertible debentures with an aggregate principal amount of $6,255,484 and $2,853,783 respectively into 62,554,840 and 28,537,830 common shares of the Corporation respectively (See below Section 10 – *Conversion of Convertible Debentures of the Corporation into Common Shares*).

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

TSXV 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 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 ¼ 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.

On July 25, 2011, the Corporation granted 1,375,000 options at $0.10 per share to directors and officers of the Corporation exercisable for a period of 10 years. The fair value is recognized as share-based compensation over the related vesting period of the options which is one half on each of the first two anniversary date of the options. On January 5, 2012, the Corporation passed a resolution making all 1,375,000 outstanding directors and officers options immediately vested and exercisable. All other terms of the options remained unchanged from the original grant.

	Exercise Price	Number of options	Reserve Balance
	$		$
Balance, March 31, 2012 and 2013			
Issued to directors and officers	0.10	1,375,000	429,431
Cancellation of options		(575,000)	
			-
Balance, March 31, 2014		800,000	429,431
Adjustment of fair value of options		-	(297,436)
Balance, March 31, 2015		800,000	131,995
Cancellation of options – Jonathan Lai		(500,000)	(82,497)
Cancellation of options – Non-executive directors		(300,000)	(49,498)
Balance, December 31, 2015		-	-

During the three months ended June 30, 2013, 500,000 stock options of a director and officer were cancelled in exchange for the payment of $5,000 which has been expensed and included with professional fees for the period ended. Another 75,000 stock options were cancelled due to the resignation of the director to whom those options had been granted.

On September 4, 2015, the Corporation announced that Mr. Jonathan Lai resigned as both interim Chief Financial Officer and Director of the Corporation. Mr. Jonathan Lai did not exercise his stock options at the date of the cessation of his roles as interim Chief Financial Officer and director of the Corporation. Consequently, all the 500,000 stock options of the Corporation granted to Mr. Jonathan Lai were cancelled. On September 15, 2015, the Corporation announced that it cancelled all the 300,000 stock options of the Corporation granted to its two non-executive directors.

As of December 31, 2015, there are no options outstanding.

Transfer of 20% shareholding of the Corporation to One Heart International Limited

On March 28, 2014, the then Corporation's Chairman of the Board of Directors, Mr. Jonathan Lai, through a company called Panaco Limited, and another company in which Mr. Lai held a five percent ownership interest, Royal Link Investment Limited ("Royal Link"), entered into a Share Purchase Agreement with One Heart International Limited ("One Heart") to sell 10,307,500 common shares of the Corporation representing 20% of all of the issued and outstanding common shares of the Corporation.

One Heart is controlled by Mr. Yih Hann Lian , the co-founder and a former Chairman and director of Inphosoft, a wholly owned subsidiary of the Corporation. He is also the Chairman and Chief Executive Officer of Xinhua Holdings Limited. One Heart has paid an aggregate purchase price of $1,546,125 or $0.15 per Common Share in consideration for the sale of the Common Shares. The purchase price is payable by way of two promissory notes. Each note was due and became payable three months from its issuance and bore an interest of 18% per annum. The transfer of the Common Shares to One Heart was approved by both the TSXV and the Corporation's shareholders. The transaction closed on December 19, 2014.

Transfer of 54.57% shareholding of the Corporation to Xinhua Mobile Limited

On January 15, 2015, the Corporation was informed that Mr. Lai, Panaco and One Heart had entered into Share Purchase Agreements with Xinhua Mobile to sell an aggregate of 28,123,320 common shares of the Corporation representing 54.57% of all of the issued and outstanding common shares of the Corporation (collectively, the "Common Shares").

Xinhua Mobile is a 100% owned subsidiary of Xinhua Holdings Limited ("Xinhua Holdings"), together with its subsidiaries ("Xinhua Group"). Xinhua Group is a multi-disciplinary group headquartered in Hong Kong and doing businesses in China and the rest of Asia, including Japan. Xinhua Holdings' securities are listed on the Tokyo Stock Exchange's ("TSE") Second Section (9399).

Xinhua Mobile paid an aggregate purchase price of $6,235,537 or $0.35 per Common Share in consideration for the sale of 17,815,820 Common Share from Mr. Lai and Panaco. The purchase price was payable by way of two promissory notes and the transfer to Royal Link of all of the equity interest in a Peoples Republic of China subsidiary of the Xinhua Group. Each note was due and payable three months from its issuance and will bear an interest of 18% per annum compounded on a daily basis. In addition, Xinhua Mobile paid an aggregate purchase price of $1,546,125 or $0.15 per Common Share in consideration for the sale of 10,307,500 Common Share from One Heart. The purchase price was paid by way of a promissory note. The note was due and payable six months from its issuance and had an interest of 9% per annum compounded on a daily basis.

On January 15, 2015, One Heart granted an option ("Option") to Xinhua Mobile to purchase convertible debentures of the Corporation with a principal amount of $6,255,484 (collectively the "Convertible Debentures"). The exercise price of the Option is equal to the face value of the Convertible Debentures. Xinhua Mobile exercised the Option on May 1, 2015 and entered into a Convertible Debentures Purchase Agreement with One Heart to purchase the Convertible Debentures for a total consideration of $6,255,484. The purchase price was by way of a promissory note. The note was due and payable 6 months from its issuance and had an interest of 18% per annum compounded on a daily basis. On April 13, 2015, the transfer of the Common Shares and the Convertible Debentures to Xinhua Mobile was approved by the TSXV and by the shareholders of the Corporation. The transaction was completed on September 8, 2015.

Pursuant to these transactions, the Corporation became a subsidiary of Xinhua Mobile. Consequently, Xinhua Holdings became the ultimate holding company of the Corporation.

Conversion of Convertible Debentures of the Corporation into Common Shares

On June 3, 2015, during the Corporation's Annual and Special Meeting of Shareholders, the shareholders of the Corporation adopted a resolution amending the terms of the Corporation's convertible debentures to remove the conversion restriction affecting such convertible debentures and preventing a holder thereof from converting the convertible debentures in certain specific situations. Consequently, holders of the Corporation's convertible debentures had a right to convert all of their convertible debentures into shares at any time before the convertible debentures expiry date.

On September 24, 2015, Xinhua Mobile and IPL converted their convertible debentures with an aggregate principal amount of $6,255,484 and $2,853,783 respectively into 62,554,840 and 28,537,830 common shares of the Corporation respectively. After the conversion, Xinhua Mobile, together with its current ownership of 28,123,320 common shares or 54.57% of all issued and outstanding common shares of the Corporation, now owns 90,678,160 common shares of the Corporation or 63.58% of all issued and outstanding common shares of the Corporation. IPL owns 28,537,830 common shares of the Corporation or 20.01% of all issued and outstanding common shares of the Corporation.

11. SEGMENTED INFORMATION

a) Revenue by customers

	Nine-month period ended December 31, 2015 (Audited)		Twelve-month period ended March 31, 2015 (Audited)	
	$	% of total revenue	$	% of total revenue
Customer A	1,541,256	39.6	571,354	30.0
Next five top customers				
Customer B	713,375	18.3	2,611	0.1
Customer C	543,441	14.0	119,802	6.3
Customer D	390,340	10.0	-	-
Customer E	270,061	6.9	551,458	28.9
Customer F	48,592	1.2	6,055	0.3
All other customers	381,625	10.0	655,187	34.4
Total	3,888,690	100.0	1,906,467	100.0

b) Revenue by geographical location

	Nine-month period ended December 31, 2015 (Audited)		Twelve-month period ended March 31, 2015 (Audited)	
	$	% of total revenue	$	% of total revenue
Singapore	2,283,942	58.8	895,528	47.0
India	713,375	18.3	2,611	0.1
Other Asia countries	166,539	4.3	252,724	13.3
Europe	123,137	3.2	554,244	29.1
United States	552,740	14.2	120,517	6.3
Other regions	48,957	1.2	80,843	4.2
Total	3,888,690	100.0	1,906,467	100.0

c) Total assets by geographical location

	Nine-month period ended December 31, 2015 (Audited)		Twelve-month period ended March 31, 2015 (Audited)	
	$	% of total revenue	$	% of total revenue
Canada	33,697	1.3	5,482	0.3
Hong Kong & China	1,360,033	52.0	1,322,085	63.5
Singapore	940,490	36.0	561,245	26.9
Malaysia	50,704	1.9	36,831	1.8
Indonesia	229,505	8.8	157,032	7.5
Total	2,614,429	100.0	2,082,675	100.0

d) Financial information by business segments

	Messaging	Software products and services	Unallocated	Total
	$	$	$	$
Nine-months 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 expenses	-	95,981	-	95,981
Segment loss	(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, total	1,360,033	1,220,699	33,697	2,614,429
Segment liabilities, total	(3,467,382)	(1,769,000)	(600,616)	(5,836,998)

12.

	Messaging	Software products and services	Unallocated	Total
	$	$	$	$
Twelve-month period ended March 31, 2015 (audited)				
Revenue	1,152,433	754,034	-	1,906,467
Intersegment revenue	-	136,697	-	136,697
Amortization and depreciation	1,247	488,047	119	489,413
Interest income	3	36	-	39
Interest and finance expenses	102,600	97,061	1,433,226	1,632,887
Income tax credit	-	(126,366)	-	(126,366)
Segment losses	(185,325)	(1,553,985)	(5,036,536)	(6,775,846)
Other material non-cash items				
Goodwill impairment	-	2,830,364	-	2,830,364
Intangible assets impairment	-	393,375	-	393,375
Development expenditure impairment	-	164,456	-	164,456
Additions to segment Non-current assets	-	163,190	-	163,190
At March 31, 2015 (audited)				
Segment assets, total	1,322,085	755,108	5,482	2,082,675
Segment liabilities, total	(1,610,523)	(1,691,973)	(8,843,954)	(12,146,450)

12. SUBSEQUENT EVENTS

Subsequent to the year end, the note holder and the Corporation have agreed to extend the due date of the promissory note to March 31, 2017 at a simple interest of 12% per annum. Interest shall be accrued effective from April 1, 2016.

13. OTHER MD&A REQUIREMENTS

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 Company'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 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 Company'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, such as Nexmo Inc. and Twilio Inc. 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.

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 Company. 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 Company 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 Companys 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 chose 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, and other resources that Inphosoft does not have. 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.

International Risks

GINSMS's international operations will be 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.