1. DATE AND GENERAL INFORMATION

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

This MD&A was prepared as of May 12, 2017. Additional information regarding the Corporation is available on SEDAR at www.sedar.com. All monetary amounts set forth in the MD&A are expressed in Canadian dollars, except where otherwise stated. Other currencies are mainly United States dollars ("USD"), Hong Kong dollars ("HKD"), China renminbi ("RMB"), Singapore dollars ("SGD"), Malaysian dollars ("MYR") and Indonesian rupiah ("IDR").

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

Caution Regarding Forward-Looking Information

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

A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to dependence on 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.

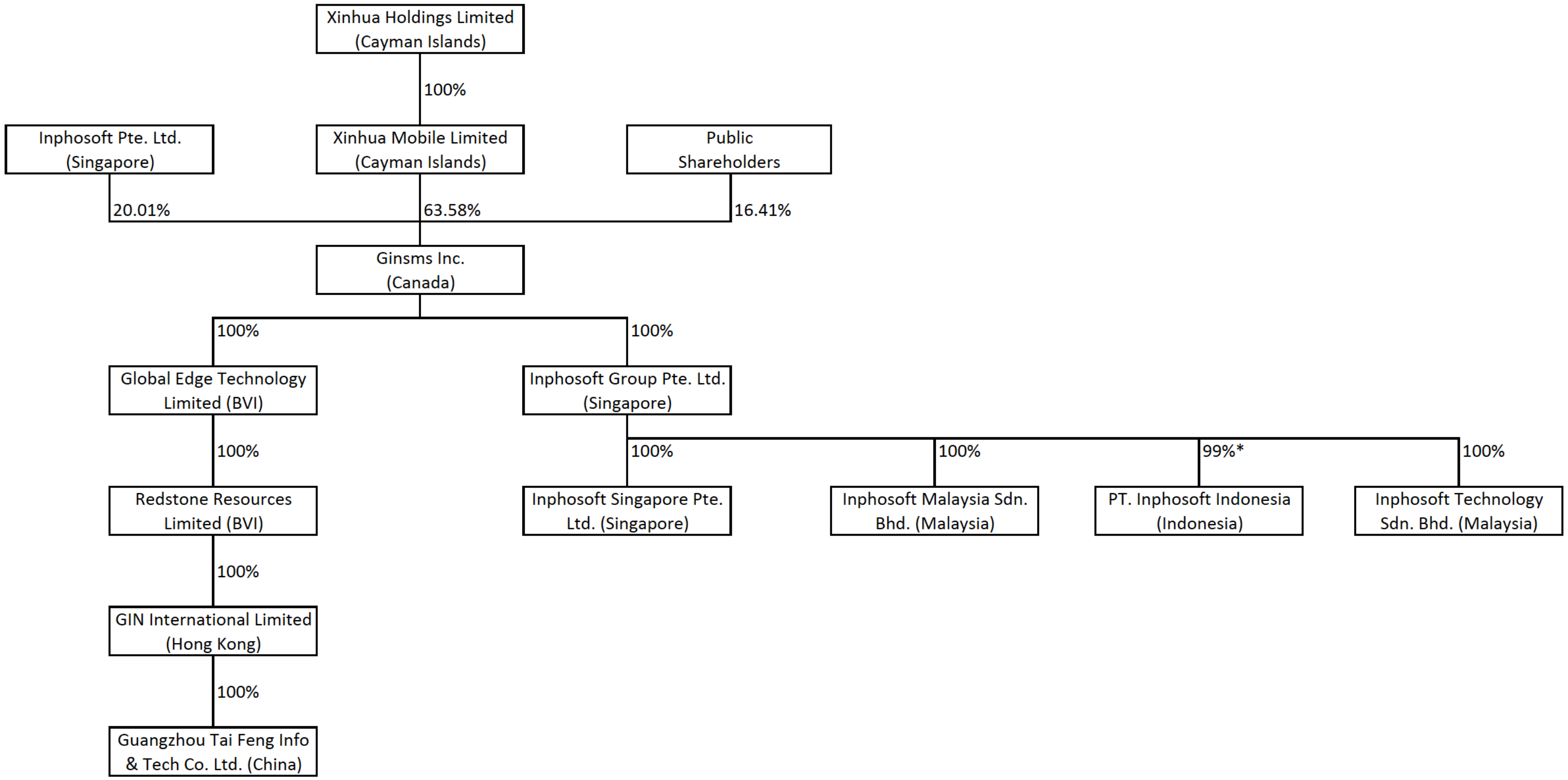
- Management's belief that the future growth in messaging is in the area of application-to-person ("A2P") messaging and the Corporation's investment in this area will create a viable and profitable business in the future.
- Management's belief that the Corporation is able to generate sufficient amounts 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

A. Messaging Business

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

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

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

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

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

For the months ended March 31, 2017, GIN generated a slightly lower revenue of $1,349,460 for its A2P messaging service as compared to $1,405,400 for the three months ended March 31, 2016. This was caused by the loss of messaging traffic from a major customer due to competitive pricing offered by GIN's competitors.

To be successful in the A2P messaging business, substantial investment has to be made in the areas of research and development. Up to March 31, 2017, GIN has spent about $300,000 to develop new services and improve the performance of its cloud-based A2P service.

Finally, Guangzhou Tai Feng Info & Tech Co. Ltd, incorporated in China, is a dormant company. The management feels that there is no foreseeable plan to utilize this company and is in the process of winding up this company.

B. Software Products and Services

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

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

i. Provision of products and solutions to mobile operators in the areas 3G/4G mobile data value-added services like mobile entertainment and mobile advertising.
ii. Provision of mobile application development services.
iii. Provision of support and maintenance services to customers that have purchased its products and solutions.
iv. Maintain the A2P Cloud platform, research and develop new services used by the Corporation's messaging business.

Inphosoft Singapore Pte Ltd ("ISPL")

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

a. Products and solutions for mobile operators in the areas of 3G/4G mobile data value-added services like mobile entertainment and mobile advertising. Revenue is generated through license fees of ISPL's products and a negotiated fixed fee for developing the bespoke software solutions required by customers. The cost of sales incurred consists mainly of the salary of the employees working on these projects (tracked by the timesheets they fill). Occasionally, cost of sales may also include subcontractor fees paid to other companies. ISPL is not actively creating new products hence the revenue from license fees will continue to reducing over time.

b. Mobile application development services to local enterprises. Revenue is generated by two methods:

    - Charging a fixed fee to the customer for a project with a defined scope of work.

    - Charging the customer for the resources provided to the customer on a time and material basis. An example is the time and materials contract with Activate Interactive Pte Ltd ("Activate"). The cost of sales incurred consists mainly of the salary of employees working on these projects (tracked by the timesheets they fill).

c. Support and maintenance services to customers that have purchased its products and services. ISPL will charge the customers a negotiated fee to provide support and maintenance services for a specified period (usually a year). The fee charged depends on the complexity of the products and solutions covered by the support and maintenance contract. Cost of sales incurred consists mainly of the salary of employees working on these projects.

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

Inphosoft Malaysia Sdn Bhd ("IMSB")

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

PT Inphosoft Indonesia ("PTIN")

PTIN is providing services to enterprise customers in Indonesia to develop bespoke software solutions that meet the requirements of customers. PTIN does not earn revenue from license fee as it does not create new products. However, it outsources its resources to ISPL in area of research and development. PTIN has started to provide A2P messaging service in 2016. PTIN also outsources its technical resources to Activate on a time and material basis. Salaries, amortization of development costs and office rental are the major costs of PTIN.

Inphosoft Technology Sdn Bhd ("ITSB")

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

ISPL, IMSB and PTIN ("Inphosoft Subsidiaries") have time and material agreements ("T&M Agreements") with Activate to provide technical resources to Activate for the purpose of developing software for Activate's customers and to perform certain pre-sales roles, on a time and material basis. The revenue and margin of Inphosoft Subsidiaries has improved since the signing of the agreements with Activate. Activate is 20% owned by Xinhua Mobile, the immediate parent of the Corporation, and 65% beneficially owned by Mr. Joel Siang Hui Chin ("Mr. Chin"), the Chief Executive Officer and director of the Corporation.

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

This segment of the Corporation's business managed to have revenue of $250,177 for the three months ended March 31, 2017 compared to the $256,012 in the three months ended March 31, 2016.

Subsequent to three-month period ended March 31, 2017, on April 10, 2017, the Corporation completed a non-brokered private placement with its controlling shareholder, Xinhua Mobile Limited ("Xinhua Mobile"). The private placement resulted in the Corporation raising USD700,000 and issuing 7,163,692 common shares to Xinhua Mobile at a subscription price of $0.13 per common share (the "Private Placement").

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

3. RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2017

Selected Profit and Loss Information

Financial Highlights	Three-month period ended March 31, 2017 (Unaudited)	Three-month period ended March 31, 2016 (Unaudited)	Twelve-month period ended December 31, 2016 (Audited)	Nine-month period ended December 31, 2015 (Audited)
Revenue ($)				
A2P Messaging Service	1,349,460	1,405,400	5,459,386	3,069,374
Software Products & Services	250,177	256,012	1,019,799	819,316
	1,599,637	1,661,412	6,479,185	3,888,690
Cost of sales ($)				
A2P Messaging Service	1,193,936	1,209,744	4,695,023	2,792,424
Software Products & Services	151,738	184,267	740,373	667,002
	1,345,674	1,394,011	5,435,396	3,459,426
Gross profit ($)				
A2P Messaging Service	155,524	195,656	764,363	276,950
Software Products & Services	98,439	71,745	279,426	152,314
	253,963	267,401	1,043,789	429,264
Gross margin				
A2P Messaging Service	11.5%	13.9%	14.0%	9.0%
Software Products & Services	39.3%	28.0%	27.4%	18.6%
	15.9%	16.1%	16.1%	11.0%
Adjusted EBITDA(1) ($)	(126,249)	42,883	(455,475)	(904,932)
Adjusted EBITDA margin	(7.9)%	2.6%	(7.0)%	(23.3)%
Net loss ($)	(366,578)	(199,403)	(1,507,635)	(2,432,182)
Net loss margin	(22.9)%	(12.0)%	(23.3)%	(62.5)%
Loss per share ($)				
Basic	(0.003)	(0.001)	(0.011)	(0.029)
Diluted	(0.003)	(0.001)	(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. Adjusted EBITDA also excludes certain non-recurring or non-cash expenditure. This non-IFRS measure is not recognized under IFRS and accordingly, shareholders are cautioned that this measure should not be construed as an alternative to net income determined in accordance with IFRS. The non-IFRS measure presented is unlikely to be comparable to similar measure presented by other issuers. The Corporation believes that Adjusted EBITDA is a meaningful financial metric as it measures cash generated from operations which the Corporation can use to fund working capital requirements, service interest and principal debt repayment and fund future growth initiatives.

Revenue

For the three months ended March 31, 2017, revenue was $1,599,637 compared to $1,661,412 for the three months ended March 31, 2016. This is largely due to the decrease in revenue in both the messaging business segment and the software product and services business segment.

a) Messaging business segment

The A2P messaging business generated revenue of $1,349,460, $1,359,032, $1,211,177, $1,483,777, $1,405,400, $1,195,023, $1,066,242 and $808,109 for the three-months periods ended March 31, 2017, December 31, 2016, September 30, 2016, June 30, 2016, March 31, 2016, December 31, 2015, September 30, 2015 and June 30, 2015, respectively.

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

The decrease in the revenue of the A2P messaging business is primarily caused by the decrease in the volume of A2P messages delivered to China. Messages delivered to China totaled 10.6 million, representing 17.6% of the total volume for the three months ended March 31, 2017, which significantly decreased by 38.2% from the three months ended December 31, 2016. This is primarily due to the decreased contribution from a major customer that uses the Corporation's A2P service to deliver OTP and marketing messages to mobile subscribers in China. This major customer had lost traffic from its own customers for the quarters ended March 31, 2017, December 31, 2016 and September 30, 2016.

Messages delivered to Taiwan totaled 22.0 million, representing 36.3% of the total volume for the three months ended March 31, 2017, which increased by 12.2% from the three months ended December 31, 2016. This is primarily due to the increase in contribution from existing major customers that uses the Corporation's A2P service to deliver OTP messages to mobile subscribers in Taiwan since the quarter ended December 31, 2016.

Messages delivered to Malaysia totaled 14.4 million, representing 23.8% of the total volume for the three months ended March 31, 2017, which increased slightly by 2.1% from the three months ended December 31, 2016. Month-on-month, the volume of messages delivered to Malaysia remained relatively stable with monthly volume above 4.0 million messages.

Messages delivered to Indonesia totaled 13.1 million, representing 21.7% of the total volume for the three months ended March 31, 2017, which increased by 4.7% from the three months ended December 31, 2016. Month-on-month, the volume of messages delivered to Indonesia remained relatively stable with monthly volume above 4.0 million messages.

The average price per message charged to customers is $0.0223 for the three months ended March 31, 2017 compared to $0.0209 for the three months ended December 31, 2016. The price per message charged to customers may differ greatly depending on the location where the A2P message is delivered. For example, A2P messages delivered to China are priced at less than 50% of A2P messages delivered to Indonesia, Malaysia and Taiwan. Therefore, the average price per message for the A2P business is dependent on the number of messages delivered to each country. Furthermore, the price per message per country charged to a customer may depend on the volume commitment of the customer. For the three months ended March 31, 2017, the average price per message increased quarter-on-quarter primarily due to the significant increase in volume of messages delivered to Taiwan where the price per message charged to customers is about the average price per message charged by the Corporation and decrease in volume of messages delivered to China where the price per message charged to customers is substantially lower than the average price per message charged by the Corporation, hence bringing up the overall average price per message.

b) Software products and services segment

Revenue in the software products and services segment generated through Inphosoft's key business partner, Activate, decreased by 32.4% to $126,529 for the three months ended March 31, 2017 and contributed to the decrease in revenue of the software products and services segment compared to the revenue generated in the three months ended December 31, 2016.

Revenue in the software products and services segment decreased by 2.3% from $256,012 for the three months ended March 31, 2016 and decreased by 18.2% from $305,979 for the three months ended December 31, 2016 to $250,177 for the three months ended March 31, 2017. The decrease in revenue of the software products and services segment was mainly due to the decrease in chargeable hours of Inphosoft staff required to provide technical and support resources in view of lower demand from Activate as Activate hired more staffs. Moving forward, the Corporation believes that the business environment in the software products and services will remain challenging. The Corporation believes it needs to focus its efforts on other areas in order to create new revenue streams.

Cost of Sales

	Three-month period ended March 31, 2017 (Unaudited) ($)	Three-month period ended March 31, 2016 (Unaudited) ($)	Twelve-month period ended December 31, 2016 (Audited) ($)	Nine-month period ended December 31, 2015 (Audited) ($)
Amortization				
- Development expenditures	27,913	29,465	116,271	86,571
Depreciation				
- Property, plant and equipment	4,308	9,434	36,007	27,482
Salaries and wages	101,854	122,622	486,678	419,443
Subcontractor costs	1,193,840	1,215,021	4,699,725	2,802,416
Software & hardware	8,293	2,152	56,211	69,167
Others	9,466	15,317	40,504	54,347
	1,345,674	1,394,011	5,435,396	3,459,426

For the three months ended March 31, 2017, cost of sales was $1,345,674 compared to $1,394,011 for the three months ended March 31, 2016.

a) Messaging business segment

For the A2P messaging business, the subcontractor costs are the costs paid to mobile operators and gateway providers ("A2P Suppliers") for usage of their infrastructure to deliver A2P messages to mobile subscribers. The A2P Suppliers charged GIN a per-message cost for delivering the message. The cost per message differs depending on the country where the message was delivered and the volume commitment that GIN has with the A2P suppliers. The higher the volume commitment, the lower the rates that GIN will be charged by the providers.

The decrease of 1.7% in the subcontractor costs in the quarter ended March 31, 2017 from the quarter ended March 31, 2016 was lower than the decrease of 4.0% in revenue in A2P messaging service in the same quarter and was mainly due to higher route cost imposed by mobile operators and gateway providers in Taiwan when the Euro weakened against the Taiwan Dollar. The mobile operators and gateway providers in Taiwan billed the Corporation in Euro but their route costs is incurred in Taiwan Dollar.

The decrease of 2.0% in the subcontractor costs in the quarter ended March 31, 2017 from the preceding quarter ended December 31, 2016 was in line with the decrease of 0.7% in revenue in A2P messaging service in the quarter ended March 31, 2017 from preceding quarter ended December 31, 2016.

b) Software product and services segment

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

Decrease of salaries and wages in costs of sales for the quarter ended March 31, 2017 compared to both the corresponding quarter ended March 31, 2016 and the preceding quarter ended December 31, 2016 is mainly due to a decrease in chargeable hours of Inphosoft staff required to provide technical and support resources in view of a lower demand from Activate as Activate hired more staffs to complete this task.

Gross Margin

With the slight decrease in revenue in the messaging business in the quarter ended March 31, 2017 compared to the quarter ended March 31, 2016, the overall gross margin of the Corporation declined slightly to 15.9% in the three months ended March 31, 2017 from 16.1% in the quarter ended March 31, 2016. The significantly higher gross margin of 39.3% earned in the software products and services segment compensated for the lower gross margin of 11.5% experienced in the messaging business segment for the three months ended March 31, 2017.

There was increase in gross margin in the software products and services segment in the quarter ended March 31, 2017 compared to the preceding quarter ended December 31, 2016 and the corresponding quarter ended March 31, 2016. Revenue from Activate contributed to significant increase in gross margin of the software products and services segment. Revenue from broad-based professional services provided to Activate is based on a time and material costs. Activate is a government contractor that provides software products and services tailored to the needs of agencies and ministries of the Singapore government. Activate values the skills and expertise of Inphosoft and Inphosoft is able to command a premium for its service to Activate. Gross margin of 48.7% was earned from the services rendered to Activate for the quarter ended March 31, 2017. This is mainly due to the increase in the number of experienced management staff from the Corporation's Singapore subsidiary involved in new projects awarded by Activate. The experienced management staff commands higher chargeable hourly rates.

For the A2P messaging business, the gateway fee charged depends on how GIN negotiated the fees based on the estimated volume of messages to pass through the gateway. During the launching phase of the A2P messaging business, while no revenue was generated from this business, GIN had to charge lower fees to attract new customers. At the same time, the gateway would not provide better rate to GIN as a new player in the A2P messaging market. Consequently, the gross margin of the A2P messaging business was on average less than 10%. Over time, with the increased in volume of messages delivered by the Corporation, the gross margin has shown signs of improvement. The gross margin improved from 3.7% in the quarter ended June 30, 2015, to 9.3% in the quarter ended September 30, 2015, to 12.3% in the quarter ended December 31, 2015, to 13.9% in the quarter ended March 31, 2016, to 14.6% in the quarter ended June 30, 2016, to 17.2% in the quarter ended September 30, 2016, but dipped to 10.6% in the quarter ended December 31, 2016 to finally improved slightly to 11.5% in the quarter ended March 31, 2017 mainly due to messages delivered to China earned higher gross profit margin despite decrease in its volume of messages.

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

a) Professional services fees

Professional services revenue is generated by two methods:

- Charging a fixed fee to the customer for a project with a defined scope of work. This is mainly for developing be-spoke software solutions that meet the need of the customers.

- Charging the customer for the resources provided to the customer on a time and material basis. A fixed fee per resource per unit time (usually hour or day) is charged to the customer based on a negotiated fee for the said resource. An example is the time and materials contract with Activate.

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

b) Support and maintenance fees

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

Inphosoft research and develops its own software products for the telecommunication industry and these software products are sold by charging customers license fees in return for the right-to-use the software. The license fee revenue has been decreasing because Inphosoft has not been creating new products and the old products did not achieve the sales volume initially expected. The revenue from license fees has now become insignificant.

The gross margin for the software products and services is 39.3% for the three months ended March 31, 2017 and is higher than management's long-term expectations of approximately 20% to 25%, due to the increased involvement of experienced management staff from the Corporation's Singapore subsidiary in new projects awarded by Activate. The more experienced management staff commands higher chargeable hourly rates. This margin could be adversely affected if there are cases of project cost overrun. Project cost overrun can occur during the delivery of a software solution to customers.

Operating Expenses and Finance Costs

	Three-month period ended March 31, 2017 (Unaudited)	Three-month period ended March 31, 2016 (Unaudited)	Twelve-month period ended December 31, 2016 (Audited)	Nine-month period ended December 31, 2015 (Audited)
Salaries and wages	241,555	193,223	923,961	500,667
Director fees	-	-	40,000	40,000
Professional fees	89,399	88,733	329,742	536,415
Foreign exchange loss/(gain)	11,994	(79,897)	95,904	134,333
Other general & administrative expenses	61,995	61,358	261,935	236,834
Allowance/(Reversal of allowance) for doubtful debts	7,489	-	(8,249)	18,056
Depreciation (expense)				
-Property, plant and equipment	436	3,398	11,234	9,791
Interest expenses	207,673	199,459	896,777	471,005
Accretion on obligations	-	-	-	818,364
	620,541	466,274	2,551,304	2,765,465

Operating expenses and finance costs amounted to $620,541 and $466,274 for the three months ended March 31, 2017 and March 31, 2016 respectively, higher operating expenses and finance costs for the three months ended March 31, 2017 was mainly due to more staff being hired in Indonesia to respond to an increase in professional services requested by the Corporation's major customers.

The higher operating expenses and finance costs for three months ended March 31, 2017 were also affected by higher interest expenses due to the rollover effect of the daily compounded interest payable on the outstanding loans compared to the interest expenses applicable in the three months ended March 31, 2016. To date, the Corporation has not been able to repay most of the loans from related parties.

Net loss

The net loss for the three months ended March 31, 2017 amounted to $366,578 compared to a net loss of $199,403 for the three months ended March 31, 2016 respectively.

The higher net loss for the three months ended March 31, 2017 was mainly due to marginally lower gross margin earned, higher interest expenses, higher salaries and wages and higher foreign exchange loss incurred.

Selected Balance Sheet Information

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

	March 31, 2017 (Unaudited) $	December 31, 2016 (Audited) $
Current Assets		
Accounts receivable	**1,020,239**	1,822,661
Other receivables, prepayments and deposits	**131,128**	164,182
Bank and cash balances	**102,703**	139,808
	1,254,070	2,126,651
Non-Current Assets		
Property, plant and equipment	**31,494**	35,660
Development expenditures	**437,686**	464,779
TOTAL ASSETS	**1,723,250**	2,627,090
Current Liabilities		
Accounts payable and accrued liabilities	**1,313,686**	2,096,917
Advance from a related party	**801,180**	756,079
Promissory note payable	**448,000**	436,000
Loans from a related party	**275,741**	261,273
Current tax liabilities	**622**	5,317
	2,839,229	3,555,586
Non-Current Liabilities		
Loans from related parties	**3,862,371**	3,740,061
Deferred tax liability	**1,187**	1,208
TOTAL LIABILITIES	**6,702,787**	7,296,855
Equity		
Share capital	**10,484,429**	10,484,429
Deficit	**(15,761,512)**	(15,395,462)
Accumulated other comprehensive income	**304,840**	248,035
Total equity (deficiency) attributable to equity shareholders	**(4,972,243)**	(4,662,998)
Non-controlling interest	**(7,294)**	(6,767)
TOTAL EQUITY (DEFICIENCY)	**(4,979,537)**	(4,669,765)
TOTAL LIABILITIES & EQUITY	**1,723,250**	2,627,090

Total assets of GINSMS including cash, accounts receivable, other receivables, prepayment and deposits, property, plant and equipment and development expenditures as at March 31, 2017 amounted to $1,723,250 compared to $2,627,090 as at December 31, 2016. Bank and cash balances amounted to $102,703 compared to $139,808, a decrease of 26.5%. The decrease was mainly due to operating loss and getting fewer loans from related parties in the three months ended March 31, 2017 as the Corporation relied more on the cash flow from its operations. The cash flow from financing activities is $44,142 for the three months ended March 31, 2017 compared to $219,030 for the three months ended March 31, 2016.

Accounts receivable

	March 31, 2017 (Unaudited) $	December 31, 2016 (Audited) $
Trade receivables (third parties)	**812,890**	1,613,612
Less: Allowance for doubtful debts (third parties)	**(17,717)**	(10,133)
Receivable from a related party	**160,729**	144,819
Accounts due from customers on contracts	**64,337**	74,363
	1,020,239	1,822,661

Included in accounts receivable at December 31 2016 are receivables of $160,729 due from Activate, which is 65% beneficially owned by the Chief Executive Officer of the Corporation and 20% owned by Xinhua Mobile.

Decrease in trade receivables (third parties) are mainly due to improvement of debtor turnover caused by customers settling receivables more promptly.

Accounts payable and accrued liabilities

	March 31, 2017 (Unaudited) $	December 31, 2016 (Audited) $
Trade payables (third parties)	**279,987**	1,073,417
Trade payables from a related party	**1,314**	1,080
Amounts due to customers on contracts	**64,158**	61,849
Deferred income	**79,403**	42,747
Accrued liabilities and receipt in advance	**888,824**	917,824
	1,313,686	2,096,917

a) Decrease in trade payables as at March 31, 2017 compared to December 31, 2016 was due to improvement in creditor turnover caused by the Corporation settling payables more promptly.

   Included in accounts payables at December 31, 2016 are payables of $1,314 due to Actxa Pte Ltd. ("Actxa"), a company that is 85% beneficially owned by the Chief Executive Officer of the Corporation.

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) Decrease in accrued liabilities as at March 31, 2017 compared with December 31, 2016 was mainly due to reclassification of accounts.

Loans from Related Parties

		March 31, 2017 (Unaudited) $$	December 31, 2016 (Audited) $
Loans from the director and Chief Executive Officer of the Corporation	(a)	**3,062,490**	2,962,538
Loan from a director of a subsidiary	(b)	**-**	17,880
Loan from Inphosoft Pte Ltd.	(c)	**799,881**	759,643
Loan from the immediate parent	(d)	**275,741**	261,273
		4,138,112	4,001,334

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

(a) The loans are from Mr. Chin, and bear interest at a rate of 24% (December 31, 2016: 24%) per annum (compounded daily based on a 365-day year) and were originally set to mature on or before September 30, 2015.

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

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

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

(d) The loan is from Xinhua Mobile, the immediate parent of the Corporation, and bears interest at a rate of 28% (December 31, 2016: 28%) per annum (compounded daily based on a 365-day year) and was originally set to mature on June 30, 2017.

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

Subsequent to the three months ended March 31, 2017, Mr. Chin and IPL have also advised the Corporation that they will not recall the loans described under (a) and (c) above in the twelve-month period which begin on April 1, 2017.

In addition to the above loans, Mr. Chin has also provided an interest-free advance of $801,180 to the Corporation. The loans and advance are used to finance the operations of the Corporation.

Promissory note payable

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

4. SUMMARY OF QUARTERLY RESULTS

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

$	Apr-Jun15	Jul-Sep15	Oct-Dec15	Jan-Mar16	Apr-Jun16	Jul-Sep16	Oct-Dec16	Jan-Mar17
Revenue								
A2P Messaging Service	808,109	1,066,242	1,195,023	1,405,400	1,483,777	1,211,177	1,359,032	**1,349,460**
Software Products & Services	262,937	264,551	291,828	256,012	195,644	262,164	305,979	**250,177**
	1,071,046	1,330,793	1,486,851	1,661,412	1,679,421	1,473,341	1,665,011	**1,599,637**
Cost of Sales								
A2P Messaging Service	778,004	966,867	1,047,554	1,209,744	1,267,443	1,003,415	1,214,421	**1,193,936**
Software Products & Services	215,724	201,653	249,624	184,267	174,210	182,441	199,455	**151,738**
	993,728	1,168,520	1,297,178	1,394,011	1,441,653	1,185,856	1,413,876	**1,345,674**
Operating Expenses[(1)]	368,000	475,932	614,108	266,815	523,745	433,082	439,134	**405,379**
Net Loss Before Income Taxes	(834,104)	(887,967)	(614,130)	(198,873)	(500,716)	(378,754)	(429,172)	**(366,578)**
Income Taxes expense (recovery)	2,572	250	93,159	530	296	(1,517)	811	**-**
Net Loss	(836,676)	(888,217)	(707,289)	(199,403)	(501,012)	(377,237)	(429,983)	**(366,578)**
Net Loss (per share)								
Basic	(0.016)	(0.015)	(0.005)	(0.001)	(0.004)	(0.003)	(0.003)	**(0.003)**
Diluted	(0.016)	(0.015)	(0.005)	(0.001)	(0.004)	(0.003)	(0.003)	**(0.003)**

(1) Represent the sum of selling, general and administrative expense. For comparative purpose, accretions on obligations related to the convertible debentures and a promissory note, interest expenses, allowance for doubtful debts and reversal of allowance for doubtful debts were excluded from the Operating Expenses calculation.

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

5. LIQUIDITY AND CAPITAL RESOURCES

Financial Highlights	Three-month period ended March 31, 2017 (Unaudited) ($)	Three-month period ended March 31, 2016 (Unaudited) ($)	Twelve-month period ended December 31, 2016 (Audited) ($)	Nine-month period ended December 31, 2015 (Audited) ($)
Cash, beginning of period / year	139,808	310,805	310,805	515,208
Operating activities				
Net loss for the period / year	(366,578)	(199,403)	(1,507,635)	(2,432,182)
Current tax expense	-	530	2,317	93,411
Deferred tax expense/(recovery)	-	-	(2,197)	2,570
Interest expenses	207,673	199,459	896,777	471,005
Foreign currency exchange loss/(gain)	11,994	(79,897)	95,904	134,333
Allowance for/(reversal of allowance for) doubtful debts	7,489	-	(8,249)	18,056
Accretion on convertible debentures	-	-	-	818,364
Amortization & depreciation	32,657	42,298	163,512	123,844
Changes in working capital items	42,657	(161,663)	(66,264)	(83,859)
Income tax paid	(4,666)	(43,995)	(88,101)	(4,963)
Net cash used in operating activities	(68,774)	(242,671)	(513,936)	(859,421)
Financing activities				
Advance from a related party	152,305	-	320,835	680,248
Repayment of advance to a related party	(94,166)	-	(123,104)	(102,994)
Loans from related parties	-	219,030	219,029	287,373
Repayment of loan to a related party	(13,997)	-	-	-
Net cash generated from financing activities	44,142	219,030	416,760	864,627
Investing activities				
Purchase of property, plant and equipment	(591)	(18,692)	(29,667)	(19,628)
Development expenditures	(112)	(2,554)	(2,865)	(47,036)
Net cash used in investing activities	(703)	(21,246)	(32,532)	(66,664)
Effect of exchange rate changes on cash held in foreign currencies	(11,770)	(87,637)	(41,289)	(142,945)
Decrease in cash	(37,105)	(132,524)	(170,997)	(204,403)
Cash, end of period / year	102,703	178,281	139,808	310,805

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 related parties.

GINSMS has a deteriorated liquidity position for the three months ended March 31, 2017 compared to the three months ended March 31, 2016 primarily due to smaller unsecured interest-bearing loans provided by related parties as the Corporation relied more on the revenue generated from the A2P messaging and software product and service business in the period.

GINSMS is facing a higher liquidity risks as it has higher working capital deficiency of $1,585,159 as at March 31, 2017 as compared to $1,428,935 as at December 31, 2016. The Corporation's liabilities now include an interest-bearing promissory note payable, advance from a related party and the interest-bearing loans from related parties.

The operation of the Corporation is partially financed by the interest-bearing loans from related parties and the advance from a related party amounting to $4,138,112 and $801,180 respectively as at March 31, 2017 as compared to $4,001,334 and $756,079 respectively as at December 31, 2016 respectively. The terms and conditions of the loans are described above under Section 3 – *Loans from Related Parties*.

The Corporation also has liabilities related to operating lease obligations for the lease of its office space. The Corporation has lease agreements outstanding for various terms up to May 15, 2018. Payments are to be incurred in SGD, RMB and IDR. The Canadian dollar equivalent as of March 31, 2017 is a total of $78,083, of which $70,989 is to be incurred within one year of the statement of financial position date and $7,094 after one year and within five years.

The liquidity risk has been mitigated as subsequent to the last quarter ended March 31, 2017 on April 10, 2017, the Corporation raised USD700,000 from a non-brokered Private Placement. In connection with the Private Placement, all related parties have agreed to extend the maturity date of their loans and promissory note to March 31, 2018, and lower the loan interest rate to 12% per annum effective March 1, 2017. Mr. Chin and IPL have also subsequently advised the Corporation that they will not recall the loans during the twelve-month period starting April 1, 2017.

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

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

The net proceeds from the USD700,000 Private Placement will increase the Corporation's current working capital and will be used towards the Corporation's strategy to expand the A2P messaging business segment in existing markets such as Indonesia, Malaysia, Taiwan and China, and to support its software products and service business segment.

6. OFF BALANCE SHEET ARRANGEMENTS

GINSMS does not have 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 months ended March 31, 2017:

	Three-month period ended March 31, 2017 (Unaudited) $	Three-month period ended March 31, 2016 (Unaudited) $	Twelve-month period ended December 31, 2016 (Audited) $	Nine-month period ended December 31, 2015 (Audited) $
Software products and services revenue from a company controlled by a director [4]	126,529	77,271	408,920	390,340
Cost of hardware paid to a company controlled by a director [5]	222	-	1,021	-
Accounting fee revenue from a company controlled by a director	9,378	-	38,634	13,408
Accounting fee paid to an officer (appointed on September 4, 2015) [3]	20,655	24,553	76,492	22,894
Consulting fees paid to a former director (resigned on September 4, 2015) [1]	-	-	-	5,811
Rent charged by a company controlled by a director	14,059	14,729	57,916	35,105
Interest charged on loan from a director	146,902	148,650	630,302	370,691
Interest (waived) / charged on loan from a director of a subsidiary	(3,768)	902	3,912	2,307
Interest charged on loan from a shareholder[2]	37,883	38,320	166,213	98,007
Interest charged on loan from immediate parent	14,656	11,587	60,350	-
Interest charged on promissory note from a shareholder[2]	12,000	-	36,000	-

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. Inphosoft Pte Ltd. is a shareholder of the Corporation since September 24, 2015. Prior to that date, it was a related party.
3. Accounting fee paid to the Interim Chief Financial Officer, Ms. Shum Chee Ming, was for her role as finance manager preparing management reports of the Corporation.
4. Software products and services revenue earned from Activate, a company controlled by Mr. Chin, for the professional services rendered by Inphosoft Subsidiaries on a time and material basis.
5. Cost of hardware purchased from Actxa, a company controlled by Mr. Chin, by IMSB, a subsidiary of the Corporation.

As of March 31, 2017, the Corporation has non-trade loans from related parties of $4,138,112 (Section 3 – *Loans from Related Parties*) and advance of $801,180 (December 31, 2016 - $4,001,334 and $756,079). The loans and advances are used to finance the operations of the Corporation.

Included in accounts payables and accrued liabilities are amounts of $91,850 (December 31, 2016 - $89,158) owed to related parties. Included in accounts receivable is a trade receivable of $160,729 (December 31, 2016 - $144,819) owed by a related party.

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

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

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

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

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

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

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

9. FINANCIAL INSTRUMENTS

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

The carrying amounts of cash, accounts receivable and other accounts payable, accrued liabilities, interest-free advance from a related party and interest-bearing loans of related parties approximate their values due to the short-term nature of these instruments. The functional currency of Global Edge Technology Limited and GIN is the HKD. In the case of Inphosoft Group, the functional currency is principally that of the SGD but also the IDR and the MYR. In accordance with Canadian GAAP, the consolidated financial statements of the Corporation, which are prepared using the functional currencies, have been translated into Canadian dollars. Assets and liabilities are translated at exchange rates applicable at the balance sheet dates; revenues and expenses are translated at the average exchange rates applicable during the period covered by the financial statements; and capital and statutory capital reserves are translated at historical exchange rates.

10.SHAREHOLDERS' EQUITY & DISCLOSURE OF OUTSTANDING SHARE DATA

Shareholders' equity

	March 31, 2017 (Unaudited) $	December 31, 2016 (Audited) $
Share capital	10,484,429	10,484,429
Deficit	(15,761,512)	(15,395,462)
Accumulated other comprehensive income	304,840	248,035
Non-controlling interest	(7,294)	(6,767)
	(4,979,537)	(4,669,765)

Shareholders' equity as at March 31, 2017, showed a deficit of $4,979,537, deteriorating from a deficit of $4,669,765 as at December 31, 2016. The deterioration in shareholders' equity is due to the net loss of $366,578 for the three months ended March 31, 2017.

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

(a) The Corporation intends to expand its A2P messaging service customer base by directly marketing the service to more countries in Northeast Asia. The Corporation will also offer additional value-added services on its A2P cloud messaging platform to service the needs of a wider range of customers. This is expected to increase the number of customers in countries the Corporation operates including Singapore, Indonesia and Malaysia. Based on these initiatives, management believes that the Corporation will have the ability to continue its operations for the next twelve months. Part of the net proceeds from the USD700,000 Private Placement will be used to fund the expansion of the A2P messaging services.

(b) Despite of the Corporation's liabilities which include a promissory note payable, the interest-free advances from a related party and the interest-bearing loans from the related parties, the liquidity risk is addressed and mitigated as mentioned in Section 5 of this MD&A.

Authorized share capital

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

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

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

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

Issued	March 31, 2017		December 31, 2016	
	Shares	Amount ($)	Shares	Amount ($)
Balance, beginning/end of period / year	142,630,169	10,484,429	142,630,169	10,484,429

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

Subsequent to the quarter ended March 31, 2017, the Corporation completed the Private Placement on April 10, 2017 resulting in the Corporation raising USD700,000 and issuing 7,163,692 common shares to Xinhua Mobile at a subscription price of $0.13 per common share *(Section 12- Subsequent Event)*.

Stock-based compensation plan

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

Options granted to consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least twelve months with no more than 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.

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

11. SEGMENTED INFORMATION

a) Revenue by customers

	Three-month period ended March 31, 2017 (Unaudited)		Three-month period ended March 31, 2016 (Unaudited)	
	$	% of total revenue	$	% of total revenue
Customer A	613,043	38.3	-	-
Next five top customers				
Customer B	552,604	34.5	349,026	21.0
Customer C	126,529	7.9	77,056	4.6
Customer D	92,567	5.8	120,842	7.3
Customer E	88,207	5.5	270,521	16.3
Customer F	73,573	4.6	90,278	5.4
All other customers	53,114	3.4	753,689	45.4
Total	1,599,637	100.0	1,661,412	100.0

	Twelve-month period ended December 31, 2016 (Audited)		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)

	Three-month period ended March 31, 2017 (Unaudited)		Three-month period ended March 31, 2016 (Unaudited)	
	$	% of total revenue	$	% of total revenue
Singapore	843,354	52.7	828,294	49.9
United Arab Emirates	88,207	5.5	270,521	16.3
Other Asia countries	65,054	4.1	121,573	7.3
Europe	49,530	3.1	71,109	4.3
United States	552,735	34.6	349,027	21.0
Other regions	757	0.0	20,888	1.2
Total	1,599,637	100.0	1,661,412	100.0

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

	Twelve-month period ended December 31, 2016 (Audited)		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 March 31, 2017 (Unaudited)		As at December 31, 2016 (Audited)	
	$	% of total assets	$	% of total assets
Singapore	1,247,720	72.4	2,054,528	78.2
United Arab Emirates	12,502	0.7	10,494	0.4
Other Asia countries	359,608	20.9	408,701	15.6
Europe	9,231	0.5	12,255	0.5
United States	72,314	4.2	109,930	4.2
Other regions	21,875	1.3	31,182	1.1
Total	1,723,250	100.0	2,627,090	100.0

d) Financial information by business segments

	Messaging	Software products and services	Unallocated	Total
	$	$	$	$
Three-months period ended March 31, 2017 (Unaudited)				
Revenue	1,349,460	250,177	-	1,599,637
Intersegment revenue	-	75,611	-	75,611
Amortization and depreciation	-	32,657	-	32,657
Interest income	-	17	-	17
Interest and finance expenses	103,360	77,657	26,656	207,673
Income tax expense	-	-	-	-
Segment profits / (losses)	35,853	(319,824)	(82,607)	(366,578)
Additions to segment non-current assets	-	703	-	703
At March 31, 2017 (Unaudited)				
Segment assets	786,386	916,693	20,171	1,723,250
Segment liabilities	(3,666,725)	(2,047,537)	(988,525)	(6,702,787)

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

	Messaging	Software products and services	Unallocated	Total
	$	$	$	$
Three-month period ended March 31, 2016 (Unaudited)				
Revenue	1,405,400	256,012	-	1,661,412
Intersegment revenue	-	86,002	-	86,002
Amortization and depreciation	14	42,264	20	42,298
Interest income	1	13	-	14
Interest and finance expenses	104,798	83,074	11,587	199,459
Income tax expenses	-	530	-	530
Segment profits / (losses)	90,172	(260,813)	(28,762)	(199,403)
Additions to segment non-current assets	-	21,246	-	21,246
At March 31, 2016 (Unaudited)				
Segment assets	851,127	1,204,188	27,707	2,083,022
Segment liabilities	(3,049,403)	(1,786,863)	(825,788)	(5,662,054)

12. SUBSEQUENT EVENT

Subsequent to the quarter ended March 31, 2017, the Corporation completed the Private Placement on April 10, 2017. The Private Placement resulted in the Corporation raising USD700,000 and issuing 7,163,692 common shares to Xinhua Mobile at a subscription price of $0.13 per common share *(Section 10 – Shareholders' Equity & Disclosure of Outstanding Share Data)*.

In connection with the Private Placement, Mr. Chin, IPL and Xinhua Mobile agreed to: (i) lower the interest rate of loans to the Corporation to 12% per annum effective March 1, 2017; (ii) extend the maturity date of such loans to March 31, 2018; and (iii) extend the maturity date on the Corporation's promissory note to March 31, 2018 *(Section 3 – Loans from Related Parties)*.

13. OTHER MD&A REQUIREMENTS

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

Financial Outlook

Financial Highlights	Actual ($)	Forecasted ($)	Variance ($)	Variance (%)
	Jan-Mar 2017	Jan-Mar 2017	Jan-Mar 2017	Jan-Mar 2017
Revenues $				
A2P Messaging Service	1,349,460	1,520,785	(171,325)	(11.3)%
Software Product & Services	250,177	314,369	(64,192)	(20.4)%
	1,599,637	1,835,154	(235,517)	(12.8)%
Cost of sales $				
A2P Messaging Service	1,193,936	1,323,954	(130,018)	(9.8)%
Software Product & Services	151,738	230,854	(79,116)	(34.3)%
	1,345,674	1,554,808	(209,134)	(13.5)%
Gross profit (loss) $				
A2P Messaging Service	155,524	196,831	(41,307)	(21.0)%
Software Product & Services	98,439	83,515	14,924	17.9%
	253,963	280,346	(26,383)	(9.4)%
Gross margin %				
A2P Messaging Service	11.5%	12.9%	(1.4)%	(10.9)%
Software Product & Services	39.3%	26.6%	12.8%	48.1%
	15.9%	15.3%	0.6%	3.9%
Selling, general and administrative expenses	(400,891)	(380,872)	(20,019)	(5.3)%
Operating loss	(146,928)	(100,526)	(46,402)	(46.2)%
Non-operating income	17	-	17	-
Non-operating expenses	(219,667)	(259,641)	39,974	15.4%
Ordinary loss	(366,578)	(360,167)	(6,411)	(1.8)%
Extraordinary gains	-	-	-	-
Extraordinary losses	-	-	-	-
Loss before tax and non-controlling interest	(366,578)	(360,167)	(6,411)	(1.8)%
Income taxes	-	-	-	-
Non-controlling interest	528	-	528	-
Net loss attributable to shareholders	(366,050)	(360,167)	(5,883)	(1.6)%
Adjusted EBITDA	(126,249)	(61,226)	(65,023)	(106.2)%

Notes:

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

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

For the three months ended March 31, 2017,

- Revenue for the A2P messaging service was $171,325 lower than forecasted primarily because of lower than expected number of messages delivered to Northeast Asia.

- Gross margin of 39.3% for Software Products and Services was higher than forecasted due to more projects from Activate and a key customer. Gross margin of 11.5% for the A2P messaging service segment was lower than forecasted due to lower margin for revenue generated from messages delivered to Northeast Asia for the quarter. The decline in number of messages delivered to Northeast Asia resulted in lower discount given by mobile operators and gateway providers in Northeast Asia.

- Selling, general and administrative expenses were $20,019 higher than forecasted mainly due to the fact that more sales staff was hired than forecasted.

- Non-operating expenses was $39,974 lower than forecasted partially because the related parties agreed to lower the loan interest rate to 12% per annum from March 1, 2017 following the Private Placement.

- Net loss attributable to shareholders was $366,050, $5,883 higher than forecasted due to lower gross margin.

Risks and Uncertainties

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

Dependence on Required Licenses

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

Corporation's financial condition, results of operations and/or prospects may be adversely affected. The business of the Corporation's customers is also subject to regulations. As a result, such regulations could indirectly affect the Corporation's business. As communications technologies and the telecom industry continue to evolve, the regulations governing the telecom industry may change. If this were to occur, the demand for the Corporation's services could change in ways that GIN cannot easily predict and may result in a decline in the Corporation's revenue.

Dependence on Major Customers

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

System Failures, Delays and Other Problems

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

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

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

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

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

Security and Privacy Breaches

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

Adequacy of Network Resilience, Network Diversity and Backup Systems

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

Loss of Significant Information

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

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

If the Corporation fails to develop or introduce on a timely basis new VAS, its business will suffer. Rapid change in technology, short product life cycles, changes in customer requirements and evolving industry standards characterize the markets for the Corporation's products. The success of the Corporation depends on the Corporation's ability to timely develop and introduce innovative new VAS that gain market acceptance. The Corporation may not be successful in forecasting future customer requirements or in selecting, developing and marketing new products or enhancing the Corporation's existing products on a timely or cost-effective basis. Moreover, the Corporation may encounter technical problems in connection with its product development that could result in delayed introduction or its inability to introduce new products or product enhancements. Such cancellations or delays could result in a decrease in sales or a loss of customers, or both. The Corporation may also focus on technologies that do not function as expected or are not widely adopted. In addition, products or technologies developed by others may render the Corporation's products non-competitive or obsolete and result in a significant reduction in traffic volume from the Corporation's customers and the loss of existing and prospective customers.

Competition

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

Dependence on Third-Party Software and Equipment

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

Market Acceptance at Desired Pricing Levels

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

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

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

Key Members of the Management Team

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

Credit Risk of Accounts Receivable

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

Conflicts of Interest

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

Inability to Satisfy Customer Demand for Performance, Price or Terms

The market in which Inphosoft operates is highly competitive, and Inphosoft expects that the level of competition on pricing and product offering will continue to be intense. Additionally, certain emerging markets, such as countries in the Middle-East, Africa, South America and Southeast Asia, are particularly sensitive to pricing as a key differentiator. Where price is a primary decision driver, Inphosoft may not be able to effectively compete or it may 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. 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 is significant and it intends to continue to expand these international operations, particularly in Asia. Foreign operations face additional specific local risks, which may adversely affect GINSMS, including but not limited to, change in legal and regulatory requirements and less favourable intellectual property laws, change in local tax rates and other potentially adverse tax consequences (including the cost of repatriation of earnings), collectability of accounts in foreign jurisdictions, and burdens of complying with a wide variety of foreign laws, including changing import and export regulations.