

GINSMS INC.

Condensed Interim Consolidated Financial Statements
Six months period ended June 30, 2020 and 2019
(Unaudited)

To the Shareholders of GINSMS Inc.:

Management is responsible for the preparation and presentation of the accompanying unaudited condensed interim consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the unaudited condensed interim consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The majority of the Audit Committee is composed of Directors who are neither management nor employees of the Corporation. The Committee is responsible for overseeing management in the performance of its financial reporting responsibilities. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of the Corporation's external independent auditors.

The auditor of GINSMS Inc. has not performed a review of the unaudited condensed interim consolidated financial statements for the three-month and six-month periods ended June 30, 2020 and 2019.

August 12, 2020

/s/ "Joel Siang Hui Chin"
Chief Executive Officer

/s/ "Kuen Kuen Lau"
Director

GINSMS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019 (Unaudited)

(In Canadian Dollars)

		<i>(Unaudited)</i> Three months ended June 30, 2020 \$	<i>(Unaudited)</i> Three months ended June 30, 2019 \$	<i>(Unaudited)</i> Six months ended June 30, 2020 \$	<i>(Unaudited)</i> Six months ended June 30, 2019 \$
Revenue	7	647,536	708,825	1,372,282	1,363,641
Cost of sales		(440,396)	(531,740)	(904,438)	(1,080,797)
Gross profit		207,140	177,085	467,844	282,844
Expenses					
Salaries and wages		(114,853)	(151,166)	(210,868)	(231,431)
Professional fees		(78,161)	(70,443)	(145,808)	(145,956)
Directors' fees		(10,000)	-	(20,000)	-
Allowance for doubtful debts		(1,568)	(6,131)	(1,568)	(6,131)
Written back of allowance for doubtful debts		-	12,959	-	12,959
General and administrative		(28,132)	(43,087)	(68,092)	(92,746)
Depreciation of property, plant and equipment		(1,527)	(112)	(3,094)	(236)
Depreciation of right-of-use asset		(11,049)	-	(22,393)	-
Foreign currency exchange gain/(loss)		141,453	2,293	(119,495)	50,038
		(103,837)	(255,687)	(591,318)	(413,503)
Profit/(Loss) from operations		103,303	(78,602)	(123,474)	(130,659)
Finance costs					
Interest expenses		(4,045)	(22,662)	(8,570)	(44,796)
Profit/(Loss) before tax		99,258	(101,264)	(132,044)	(175,455)
Income tax expense		(244)	(98)	(37)	(165)
Net profit/(Loss) for the period		99,014	(101,362)	(132,081)	(175,620)
Other comprehensive loss, net of tax: <i>Items that may be reclassified to profit or loss</i>					
Foreign exchange differences on translating of foreign currency financial operations		(221,980)	(88,788)	(76,369)	(125,353)
Total comprehensive loss for the period		(122,966)	(190,150)	(208,450)	(300,973)
Net profit/(loss) for the period attributable to:					
Shareholders		97,878	(100,512)	(131,829)	(174,792)
Non-controlling interest		1,136	(850)	(252)	(828)
		99,014	(101,362)	(132,081)	(175,620)
Total comprehensive loss for the period attributable to:					
Shareholders		(123,983)	(189,180)	(208,181)	(299,944)
Non-controlling interest		1,017	(970)	(269)	(1,029)
		(122,966)	(190,150)	(208,450)	(300,973)
Profit/(Loss) per share	10				
Basic (In Canadian cents)		0.065	(0.067)	(0.088)	(0.117)
Diluted		0.065	N/A	N/A	N/A

The accompanying notes are an integral part of these consolidated financial statements.

GINSMS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2020 AND DECEMBER 31, 2019

(In Canadian Dollars)

	Note	(Unaudited) June 30, 2020 \$	(Audited) December 31, 2019 \$
Non-current assets			
Property, plant and equipment	11	43,532	50,859
Right-of-use assets	12	97,940	120,385
Goodwill	13	-	-
		<u>141,472</u>	<u>171,244</u>
Current assets			
Accounts receivable	14	466,971	360,885
Other receivables, prepayments and deposits		79,742	82,133
Bank and cash balances		231,846	194,411
		<u>778,559</u>	<u>637,429</u>
Current liabilities			
Accounts payable and accrued liabilities	15	629,780	670,400
Advances from related parties	17	1,097,383	887,512
Loan from related parties	19	5,163,919	4,168,840
Promissory note payable	18	580,000	580,000
Lease Liabilities	20	43,769	40,071
Current tax liabilities		591	590
		<u>7,515,442</u>	<u>6,347,413</u>
Net current liabilities		<u>(6,736,883)</u>	<u>(5,709,984)</u>
Total assets less current liabilities		<u>(6,595,411)</u>	<u>(5,538,740)</u>
Non-current liabilities			
Loans from a related party	19	-	824,628
Lease Liabilities	20	53,184	76,777
		<u>53,184</u>	<u>901,405</u>
NET LIABILITIES		<u>(6,648,595)</u>	<u>(6,440,145)</u>
EQUITY			
Share capital	21	11,415,709	11,415,709
Deficit		(18,163,917)	(18,032,088)
Accumulated other comprehensive income		112,901	189,253
Total deficiency attributable to equity shareholders of the Corporation		<u>(6,635,307)</u>	<u>(6,427,126)</u>
Non-controlling interests		<u>(13,288)</u>	<u>(13,019)</u>
TOTAL DEFICIENCY		<u>(6,648,595)</u>	<u>(6,440,145)</u>

Approved on behalf of the board on August 12, 2020

Director
/s/ "Joel Siang Hui Chin"

Director
/s/ "Kuen Kuen Lau"

The accompanying notes are an integral part of these consolidated financial statements.

GINSMS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019 (Unaudited)

(In Canadian Dollars)

	Attributable to equity shareholders of the Corporation				Non-controlling interests	Total deficiency
	Share capital	Deficit	Accumulated other comprehensive income	Total		
	\$	\$	\$	\$	\$	\$
Balance as at January 1, 2020	11,415,709	(18,032,088)	189,253	(6,427,126)	(13,019)	(6,440,145)
Loss for the period	-	(131,829)	-	(131,829)	(252)	(132,081)
Other comprehensive loss	-	-	(76,352)	(76,352)	(17)	(76,369)
Balance as at June 30, 2020	<u>11,415,709</u>	<u>(18,163,917)</u>	<u>112,901</u>	<u>(6,635,307)</u>	<u>(13,288)</u>	<u>(6,648,595)</u>
	Attributable to equity shareholders of the Corporation				Non-controlling interests	Total deficiency
	Share capital	Deficit	Accumulated other comprehensive income	Total		
	\$	\$	\$	\$	\$	\$
Balance as at January 1, 2019	11,415,709	(17,717,269)	264,252	(6,037,308)	(12,387)	(6,049,695)
Loss for the period	-	(174,792)	-	(174,792)	(828)	(175,620)
Other comprehensive loss	-	-	(125,152)	(125,152)	(201)	(125,353)
Balance as at June 30, 2019	<u>11,415,709</u>	<u>(17,892,061)</u>	<u>139,100</u>	<u>(6,337,252)</u>	<u>(13,416)</u>	<u>(6,350,668)</u>

The accompanying notes are an integral part of these consolidated financial statements.

GINSMS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019 (Unaudited)

(In Canadian Dollars)

	<i>(Unaudited)</i> Three months ended June 30, 2020 \$	<i>(Unaudited)</i> Three months ended June 30, 2019 \$	<i>(Unaudited)</i> Six months ended June 30, 2020 \$	<i>(Unaudited)</i> Six months ended June 30, 2019 \$
OPERATING ACTIVITIES				
Net profit/(loss) for the period	99,014	(101,362)	(132,081)	(175,620)
Deferred income tax expenses	244	98	37	165
Allowance for doubtful debts	1,568	6,131	1,568	6,131
Written back of allowance for doubtful debts	-	(12,959)	-	(12,959)
Lease interest on right-of-use assets	4,045	-	8,570	-
Interest expenses on other borrowings	-	22,662	-	44,796
Foreign currency exchange (gain)/loss	(141,453)	(2,293)	119,495	(50,038)
Loss on written off of suspended project costs	-	9,466	-	9,466
Depreciation of property, plant and equipment	7,527	4,922	15,179	9,700
Depreciation of right-of-use assets	11,049	-	22,393	-
Changes in non-cash working capital items:				
Accounts receivable	57,885	(45,294)	(57,865)	298,503
Other receivables, prepayments and deposits	(441)	9,424	5,882	29,213
Accounts payable and accrued liabilities	(34,194)	59,795	(109,995)	(366,089)
Interest on lease liabilities	(4,045)	-	(8,570)	-
Net cash generated from / (used in) operating activities	1,199	(49,410)	(135,387)	(206,732)
FINANCING ACTIVITIES				
Advance from related parties	79,556	2,043	204,283	134,439
Repayment of advance from a related party	(672)	(666)	(1,845)	(979)
Principal elements of lease payments	(9,262)	-	(20,137)	-
Net cash generated from financing activities	69,622	1,377	182,301	133,460
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	-	(6,232)	(7,918)	(6,232)
Net cash used in investing activities	-	(6,232)	(7,918)	(6,232)
Effect of exchange rate changes on cash held in foreign currencies	(29,199)	9,658	(1,561)	(21,890)
Increase / (Decrease) in cash	41,622	(44,607)	37,435	(101,394)
Cash, beginning of period	190,224	211,164	194,411	267,951
Cash, end of period	231,846	166,557	231,846	166,557

The accompanying notes are an integral part of these consolidated financial statements.

GINSMS INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019 (Unaudited)

(In Canadian Dollars)

1. GENERAL INFORMATION

GINSMS Inc. (the "Corporation") was incorporated in Alberta under the Canada Business Corporations Act on March 20, 2009. The address of its registered office is Suite 3000, 700 - 9th Avenue S.W., Calgary, Alberta, T2P 3V4. The Corporation's shares are listed on the TSX Venture Exchange ("TSXV").

The Corporation is an investment holding company. The principal activities of its subsidiaries are set out in note 23 to the unaudited condensed interim consolidated financial statements.

In the opinion of the directors of the Corporation, Xinhua Mobile Limited ("Xinhua Mobile"), a company incorporated in the Cayman Islands, is the immediate parent; Beat Holdings Limited ("Beat Holdings"), a company incorporated in the Cayman Islands, is the ultimate parent.

Beat Holdings' securities are listed on Tokyo Stock Exchange's Second Section (9399).

The principal activities of the Corporation are as follows:

(a) Provision of messaging service ("Messaging Service")

The Corporation, through its subsidiary, GIN International Limited in Hong Kong, was originally involved in the provision of inter-operator short message services. On March 27, 2014, the Corporation launched its cloud-based application-to-peer ("A2P") messaging service ("A2P Service"). On September 12, 2014, the Corporation discontinued its IOSMS service to focus on the A2P Service. Through the provision of A2P Service, the Corporation enables the mobile application developers, short message service ("SMS") gateway, enterprises and financial institution to deliver SMS worldwide without any upfront capital investment through the use of the Corporation's rich application programming interface.

(b) Provision of software products and services ("Software Products and Services")

The Corporation operates its Software Products and Services business 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 support and maintenance services to customers that have purchased its products and solutions.
- ii. Maintain the A2P Cloud platform and develop new features as and when necessary, to support the Corporation's A2P business.
- iii. Outsource technical resources to customers for the purpose of software development based on a time and material basis.

Software Products and Services revenues are primarily derived from customers in Singapore, Malaysia and Indonesia.

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019 (Unaudited)**

2. BASIS OF PREPARATION

These unaudited interim consolidated financial statements are prepared according to International Accounting Standard ("IAS") 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

Amounts are reported in Canadian dollars ("CDN" or "\$") unless otherwise indicated.

The Corporation has faced considerable competition in its existing principal activities, and the profitability of the businesses has been affected. The Corporation incurred a loss of \$132,081 for the six months ended June 30, 2020. Additionally, as at June 30, 2020, the Corporation had net current liabilities and net liabilities of \$6,736,883 and \$6,648,595 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Corporation's ability to continue as a going concern. Therefore, the Corporation may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Corporation confirms to adopt the going concern basis in preparing its consolidated financial statements. Management has instituted plans to address these matters:

- (a) The liquidity risk is mitigated as related parties have confirmed with the Corporation that they will not call the interest-free loan of \$828,586 and cash advances of \$1,097,383 in the next twelve months from the six months ended June 30, 2020 and Mr. Joel Siang Hui Chin confirmed to the Corporation that he will not demand settlement of the loans of \$3,942,637 until the Corporation is in sound financial position to repay to him. Furthermore, the immediate parent and the promissory note holder have agreed to extend the due dates of the loan of \$392,696 and promissory note of \$580,000 to March 31, 2021.
- (b) The ultimate parent has agreed to provide adequate funds for the Corporation to meet all third party obligations for at least the ensuing twelve month period.

Should the Corporation be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Corporation's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019 (Unaudited)**

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The new and revised international financial reporting standards that have been adopted by the Corporation are described in Note 3 of the audited consolidated financial statements for the year ended December 31, 2019.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed interim consolidated financial statements as at and for the six months ended June 30, 2020 have been prepared under the historical cost convention.

The preparation of these unaudited condensed interim consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Corporation's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The unaudited condensed interim consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the audited consolidated financial statement for the twelve months ended December 31, 2019 which has been prepared in accordance with IFRS.

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019 (Unaudited)**

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES**Critical judgement in applying accounting policies**

In the process of applying the accounting policies, the directors have made the following judgment that has the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Going concern basis

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of the ultimate parent at a level sufficient to finance the working capital requirements of the Corporation. Details are explained in note 2 to the unaudited condensed interim consolidated financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Impairment of trade receivables and contract assets

The management of the Corporation estimates the amount of impairment loss for ECL on trade receivables and contract assets based on the credit risk of trade receivables and contract assets. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Corporation in accordance with the contract and all the cash flows that the Corporation expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at June 30, 2020, the carrying amount of trade receivables and contract assets is \$466,971 (net of allowance for doubtful debts of \$25,779) (December 31, 2019: \$360,885 (net of allowance for doubtful debts of \$25,872)).

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019 (Unaudited)****6. FINANCIAL RISK MANAGEMENT**

The Corporation's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Corporation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Corporation's financial performance.

(a) Foreign currency risk

The Corporation is exposed to foreign currency rate variability primarily in relation to certain assets and liabilities denominated in foreign currencies such as United States Dollars ("USD"). However, the Corporation has no material exposure to foreign currency risk as most of its foreign operations are self-sustaining and these foreign operations' functional currencies are in HKD and SGD. The Corporation is mainly exposed to the effects of fluctuation in SGD and USD.

The Corporation also mitigates foreign currency risks, within each segment, by transacting in their functional currency for material procurement, sales contracts and financing activities.

The Corporation currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Corporation monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The following presents the carrying amounts of the financial instruments that are denominated in the currencies:

	At June 30, 2020 (Unaudited)						
	CDN \$	SGD \$	HKD \$	USD \$	Euro \$	Others \$	Total \$
Bank and cash balances	2,887	76,922	15,465	79,285	16,615	40,672	231,846
Trade receivables	-	294,537	-	589	140,337	31,508	466,971
Other receivables and Deposits	-	5,589	115	-	27,563	23,513	56,780
Accounts payable and accrued liabilities	(113,113)	(28,775)	(198,482)	(6,887)	(66,792)	(131,632)	(545,681)
Advances from related parties	-	(170,675)	(307,511)	-	-	(619,197)	(1,097,383)
Promissory note payable	(580,000)	-	-	-	-	-	(580,000)
Loans from related parties	-	(1,481,853)	(2,773,184)	(908,882)	-	-	(5,163,919)
	At December 31, 2019 (Audited)						
	CDN \$	SGD \$	HKD \$	USD \$	Euro \$	Others \$	Total \$
Bank and cash balances	6,414	24,435	3,431	76,498	14,871	68,762	194,411
Trade receivables	-	241,853	-	7,119	101,171	10,742	360,885
Other receivables and Deposits	-	7,077	110	-	26,312	23,512	57,011
Accounts payable and accrued liabilities	(83,398)	(64,276)	(205,212)	(6,575)	(64,177)	(178,106)	(601,744)
Advances from related parties	-	(47,386)	(293,552)	-	-	(546,574)	(887,512)
Promissory note payable	(580,000)	-	-	-	-	-	(580,000)
Loans from related parties	-	(1,457,758)	(2,647,299)	(888,411)	-	-	(4,993,468)

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019 (Unaudited)****6. FINANCIAL RISK MANAGEMENT (CONT'D)****(a) Foreign currency risk (cont'd)**

At June 30, 2020, if the SGD had weakened or strengthened 5 per cent against USD with all other variables held constant, consolidated loss after tax and the deficiency for the year would have been \$21,000 (December 31, 2019: \$18,000) higher or lower, arising mainly as a result of the foreign exchange gain or loss denominated on net payables denominated in USD.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Corporation is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Corporation's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Corporation considers to have low credit risk.

Trade receivables and contract assets

Customer credit risk is managed by each business unit subject to the Corporation's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days from the date of billing. Debtors with balances that are more than 180 days past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Corporation does not obtain collateral from customers.

The Corporation measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Corporation's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Corporation's different customer bases. The Corporation assessed that there is no significant loss allowance recognised in accordance with IFRS 9 as at December 31, 2019 and June 30, 2020.

No additional impairment for trade receivables and contract assets as at June 30, 2019 is recognised.

Expected loss rates are based on actual loss experience over the past 4 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Corporation's view of economic conditions over the expected lives of the receivables.

GINSMS INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019 (Unaudited)

6. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

Trade receivables and contract assets

Movement in the loss allowance account in respect of trade receivables and contract assets during the period/year is as follows:

	<i>(Unaudited)</i> As at June 30, 2020	<i>(Audited)</i> As at December 31, 2019
	\$	\$
At beginning of period/ year	25,872	44,067
Amount written off during the period/year	-	(11,699)
Reversal of allowance for the period/year	-	(6,828)
Exchange differences	(93)	332
At end of period/year	<u>25,779</u>	<u>25,872</u>

(c) Liquidity risk

The Corporation manages its risk of not meeting its financial obligations through management of its capital structure, and annual budgeting of its revenues, expenditures and cash flows.

The maturity analysis based on contractual undiscounted cash flows of the Corporation's non-derivative financial liabilities is as follows:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	\$	\$	\$	\$
At June 30, 2020				
(Unaudited)				
Accounts payable and accrued liabilities	545,681	-	-	545,681
Advances from related parties	1,097,383	-	-	1,097,383
Promissory note payable	580,000	-	-	580,000
Loans from related parties	5,163,919	-	-	5,163,919
Lease liabilities	43,769	50,805	2,379	96,953
At December 31, 2019				
(Audited)				
Accounts payable and accrued liabilities	601,744	-	-	601,744
Advance from related parties	887,512	-	-	887,512
Promissory note payable	592,000	-	-	592,000
Loans from related parties	4,168,840	824,628	-	4,993,468
Lease liabilities	56,338	56,338	28,169	140,845

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019 (Unaudited)****6. FINANCIAL RISK MANAGEMENT (CONT'D)****(c) Liquidity risk (cont'd)**

The Corporation has working capital deficiency of \$6,736,883 as at June 30, 2020 (December 31, 2019: \$5,709,984). The liquidity risk is mitigated as related parties have confirmed with the Corporation that they will not call the interest-free loan of \$828,586 and cash advances of \$1,097,383 in the next twelve months from the quarter ended June 30, 2020 and Mr. Joel Siang Hui Chin confirmed to the Corporation that he will not demand settlement of the loans due to him of \$3,942,637 until the Corporation is in sound financial position to repay. Furthermore, the immediate parent and the promissory note holder have agreed to extend the due dates of the loan of \$392,696 and promissory note of \$580,000 to March 31, 2021.

(d) Interest rate risk

As the Corporation has no significant interest-bearing assets, its earnings and operating cash flows are substantially independent of change in market interest rates.

The Corporation's borrowings are interest-free and is not exposed to fair value interest rate risk. The Corporation is not exposed to cash flow interest rate risk as at June 30, 2020 and December 31, 2019.

(e) Categories of financial instruments

	<i>(Unaudited)</i> As at June 30, 2020	<i>(Audited)</i> As at December 31, 2019
	\$	\$
Financial assets:		
Financial assets measured at amortised cost	755,597	612,307
Financial liabilities:		
Financial liabilities at amortized costs	<u>7,386,983</u>	<u>7,062,724</u>

(f) Fair values

The carrying amounts of the Corporation's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

(g) Capital management

Capital is comprised of shareholders equity (deficit) on the consolidated statement of financial position. The Corporation's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders. The Corporation's sources of additional capital and policies for distribution of excess capital may also be affected by the Corporation's capital management objectives.

The Corporation manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity ratio analysis. The capital is generally used for defraying the administrative expenses in promoting the objectives of the Corporation. The external imposed capital requirement for the Corporation is to have a public float of at least 10% of the shares in order to maintain its listing on the TSX Venture Exchange. As at June 30, 2020, 15.63% (December 31, 2019, 15.63%) of the shares were held in public hands.

There have been no changes in the Corporation's capital management policies for the six months ended June 30, 2020 and year ended December 31, 2019.

GINSMS INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019 (Unaudited)

7. REVENUE

An analysis of the Corporation's revenue is as follows:

	(Unaudited) Three months ended June 30, 2020	(Unaudited) Three months ended June 30, 2019	(Unaudited) Six months ended June 30, 2020	(Unaudited) Six months ended June 30, 2019
	\$	\$	\$	\$
Revenue from contracts with customers within the scope of IFRS 15				
Service income	640,292	708,825	1,342,024	1,363,641
Other income				
Miscellaneous income	7,244	-	30,258	-
	<u>647,536</u>	<u>708,825</u>	<u>1,372,282</u>	<u>1,363,641</u>

8. SEGMENT INFORMATION

The Corporation's reportable segments are (1) provision of Messaging Service ("MS") and (2) Software Products and Services ("SPS"). They are managed separately because each business requires different technology and marketing strategies. In addition, the Corporation has corporate expenses, assets and liabilities, and such information is included in the "unallocated" column.

The accounting policies of the segments are the same as those described in note 4 to the consolidated financial statements.

(a) Revenue by customers

The revenues are primarily generated in HKD, USD, and SGD. Six major customers have contributed to sales revenue for the three and six months ended June 30, 2020 and June 30, 2019 as indicated in the following table.

	(Unaudited) Three months ended June 30, 2020		(Unaudited) Three months ended June 30, 2019	
	\$	% of total revenue	\$	% of total revenue
Customer A	207,565	32.1	195,400	27.6
Next five top customers				
Customer B	166,660	25.7	136,022	19.2
Customer C	66,583	10.3	148,507	21.0
Customer D	42,119	6.5	60,138	8.5
Customer E	48,389	7.5	-	-
Customer F	32,811	5.1	29,730	4.2
All other customers	83,409	12.8	139,028	19.5
	<u>647,536</u>	<u>100.0</u>	<u>708,825</u>	<u>100.0</u>

GINSMS INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019 (Unaudited)

8. SEGMENT INFORMATION (CONT'D)

(a) Revenue by customers (Cont'd)

	<i>(Unaudited)</i> Six months ended June 30, 2020		<i>(Unaudited)</i> Six months ended June 30, 2019	
	\$	% of total revenue	\$	% of total revenue
Customer A	397,243	28.9	380,688	27.9
Next five top customers				
Customer B	221,843	16.2	234,760	17.2
Customer C	220,759	16.1	302,405	22.2
Customer D	150,380	11.0	133,478	9.8
Customer E	108,220	7.9	-	-
Customer F	64,800	4.7	45,425	3.3
All other customers	209,037	15.2	266,885	19.6
	<u>1,372,282</u>	<u>100.0</u>	<u>1,363,641</u>	<u>100.0</u>

(b) Revenue by geographical location

	<i>(Unaudited)</i> Three months ended June 30, 2020		<i>(Unaudited)</i> Three months ended June 30, 2019	
	\$	% of total revenue	\$	% of total revenue
Singapore	268,778	41.5	219,446	31.0
Indonesia	63,983	9.9	60,138	8.5
Other Asia countries	26,455	4.1	85,801	12.1
Europe	46,238	7.1	37,647	5.3
United States	233,244	36.0	284,609	40.2
Other regions	8,838	1.4	21,184	2.9
	<u>647,536</u>	<u>100.0</u>	<u>708,825</u>	<u>100.0</u>

	<i>(Unaudited)</i> Six months ended June 30, 2020		<i>(Unaudited)</i> Six months ended June 30, 2019	
	\$	% of total revenue	\$	% of total revenue
Singapore	546,535	39.8	419,556	30.8
Indonesia	177,498	12.9	133,478	9.8
Other Asia countries	82,397	6.0	168,751	12.4
Europe	102,996	7.5	52,136	3.8
United States	442,602	32.3	537,698	39.4
Other regions	20,254	1.5	52,022	3.8
	<u>1,372,282</u>	<u>100.0</u>	<u>1,363,641</u>	<u>100.0</u>

GINSMS INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019 (Unaudited)

8. SEGMENT INFORMATION (CONT'D)

(c) Total assets by geographical location

	<i>(Unaudited)</i>		<i>(Audited)</i>	
	Six months ended June 30, 2020		Twelve months ended December 31, 2019	
	\$	% of total assets	\$	% of total assets
Singapore	85,661	9.3	83,739	10.4
Indonesia	445,423	48.4	435,139	53.8
Other Asia countries	283,856	30.9	205,461	25.4
Europe	3,607	0.4	11,512	1.4
United States	97,243	10.6	51,005	6.3
Other regions	4,241	0.4	21,817	2.7
	920,031	100.0	808,673	100.0

(d) Financial information by business segments

	MS	SPS	Unallocated	Total
	\$	\$	\$	\$
Six months ended June 30, 2020 (Unaudited)				
Revenue	738,887	633,395	-	1,372,282
Intersegment revenue	-	102,492	-	102,492
Amortisation and depreciation	-	37,572	-	37,572
Interest income	-	127	-	127
Interest and finance expenses	-	8,570	-	8,570
Income tax expenses	-	37	-	37
Segment profit/(loss)	59,705	20,926	(212,712)	(132,081)
Additions to segment non-current assets	-	7,918	-	7,918
As at June 30, 2020 (Unaudited)				
Segment assets	287,073	631,945	1,013	920,031
Segment liabilities	(3,924,194)	(2,361,836)	(1,282,596)	(7,568,626)

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019 (Unaudited)****8. SEGMENT INFORMATION (CONT'D)****(d) Financial information by business segments (cont'd)**

	MS	SPS	Unallocated	Total
	\$	\$	\$	\$
Six months ended				
June 30, 2019 (Unaudited)				
Revenue	942,046	421,595	-	1,363,641
Intersegment revenue	-	230,646	-	230,646
Amortisation and depreciation	-	9,700	-	9,700
Interest income	95	94	-	189
Interest and finance expenses	-	-	44,796	44,796
Income tax expenses	-	165	-	165
Segment profit/(loss)	27,387	(83,485)	(119,522)	(175,620)
Additions to segment non-current assets	-	6,232	-	6,232
As at June 30, 2019 (Unaudited)				
Segment assets	242,656	412,360	1,762	656,778
Segment liabilities	<u>(3,211,503)</u>	<u>(2,609,641)</u>	<u>(1,186,302)</u>	<u>(7,007,446)</u>

The totals of above items disclosed in the segment information are the same as the consolidated totals.

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019 (Unaudited)****9. EMPLOYEE BENEFITS EXPENSE**

	(Unaudited) Three months ended June 30, 2020	(Unaudited) Three months ended June 30, 2019	(Unaudited) Six months ended June 30, 2020	(Unaudited) Six months ended June 30, 2019
	\$	\$	\$	\$
Directors' fees	10,000	-	20,000	-
Employee benefits expense (including key management personnel):				
Salaries, bonuses and allowances (Note)	245,588	245,234	465,914	444,725
Retirement benefit scheme contributions	32,184	31,151	58,202	56,297
	287,772	276,385	544,116	501,022

Note: Included expenses of \$313,249 (Six months ended June 30, 2019: \$269,591) recognised in cost of sales.

10. LOSS PER SHARE

The calculation of the basic loss per share is based on the following:

	(Unaudited) Three months ended June 30, 2020	(Unaudited) Three months ended June 30, 2019	(Unaudited) Six months ended June 30, 2020	(Unaudited) Six months ended June 30, 2019
	\$	\$	\$	\$
Profit / (Loss)				
Profit / (Loss) for the purpose of calculating basic loss per share	97,878	(100,512)	(131,829)	(174,792)
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	149,793,861	149,793,861	149,793,861	149,793,861

The Corporation did not have any dilutive potential ordinary shares during the three and six months ended June 30, 2020 and June 30, 2019.

GINSMS INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019 *(Unaudited)*

11. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment and software
	\$
Cost	
At January 1, 2019	109,107
Additions	37,579
Exchange difference	<u>1,155</u>
At December 31, 2019 and January 1, 2020	147,841
Additions	7,918
Exchange difference	<u>(114)</u>
At June 30, 2020	<u>155,645</u>
Accumulated depreciation and impairment	
At January 1, 2019	73,621
Depreciation	22,551
Exchange difference	<u>810</u>
At December 31, 2019 and January 1, 2020	96,982
Depreciation	15,179
Exchange difference	<u>(48)</u>
At June 30, 2020	<u>112,113</u>
Carrying amount	
As at June 30, 2020	<u><u>43,532</u></u>
As at December 31, 2019	<u><u>50,859</u></u>

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019 (Unaudited)****12. RIGHT-OF-USE ASSETS**

	Leased properties \$	Total \$
At January 1, 2019	-	-
Additions	135,152	135,152
Depreciation	(15,017)	(15,017)
Exchange differences	250	250
	<u>120,385</u>	<u>120,385</u>
At December 31, 2019 and January 1, 2020	120,385	120,385
Depreciation	(22,393)	(22,393)
Exchange difference	(52)	(52)
	<u>97,940</u>	<u>97,940</u>
At June 30, 2020	97,940	97,940

Lease liabilities of \$96,953 (December 31, 2019: \$116,848) are recognised with related right-of-use assets of \$97,940 (December 31, 2019: \$120,385) as at June 30, 2020. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

	(Unaudited) Six months ended June 30, 2020 \$
Depreciation expenses on right-of-use assets	22,393
Interest expense on lease liabilities (included in finance cost)	8,570
Expenses relating to short-term lease (included in administrative)	14,070
	<u><u>45,033</u></u>

The Corporation leases an office, for its operations during the quarter ended September 30, 2019. Lease contract is entered into for fixed term of 3 years. Hence there is no comparative figure for the six months ended June 30, 2019.

13. GOODWILL

	\$
Cost less impairment	
At January 1, 2019, December 31, 2019, January 1, 2020 and June 30, 2020	<u><u>-</u></u>

Due to changes in market condition, the recoverable amount of the goodwill was determined to be below its carrying value at March 31, 2015, and accordingly, the goodwill was considered fully impaired during the year ended March 31, 2015.

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019 (Unaudited)****14. ACCOUNTS RECEIVABLE**

	<i>(Unaudited)</i> As at June 30, 2020	<i>(Audited)</i> As at December 31, 2019
	\$	\$
Trade receivables	492,750	386,757
Less: Allowance for doubtful debts	<u>(25,779)</u>	<u>(25,872)</u>
	466,971	360,885
Contract assets (Note 16)	<u>-</u>	<u>-</u>
Total	<u>466,971</u>	<u>360,885</u>

As at June 30, 2020, an allowance was made for estimated irrecoverable trade receivables of approximately \$26,000 (December 31, 2019: \$26,000).

15. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<i>(Unaudited)</i> As at June 30, 2020	<i>(Audited)</i> As at December 31, 2019
	\$	\$
Trade payables	55,025	34,958
Contract liabilities (Note 16)	71,136	55,657
Deferred income	488	1,942
Accrued liabilities and other payable	<u>503,131</u>	<u>577,843</u>
Total	<u>629,780</u>	<u>670,400</u>

Accrued liabilities consist mainly of accrued rental, professional fees and general administration expenses.

16. CONTRACT ASSETS/CONTRACT LIABILITIES

	<i>(Unaudited)</i> As at June 30, 2020	<i>(Audited)</i> As at December 31, 2019
	\$	\$
Contract assets		
Receivables from contracts with customers within the scope of IFRS 15, which are included in "Account receivables"	<u>466,971</u>	<u>360,885</u>

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019 (Unaudited)****16. CONTRACT ASSETS/CONTRACT LIABILITIES (CONT'D)**

Amounts relating to contract assets are balances due from customers under software products and services that arise when the Corporation receives payments from customers in line with a series of performance related milestones.

There were no significant changes in the contract assets balances during the reporting period.

	<i>(Unaudited)</i> As at June 30, 2020	<i>(Audited)</i> As at December 31, 2019
Contract liabilities	<u>\$</u>	<u>\$</u>
Billings in advance of performance obligation		
- Software products and services	<u>71,136</u>	<u>55,657</u>

Contract liabilities relating to software products and services are balances due to customers under software products and services. These arise if a particular milestone payment exceeds the revenue recognised to date under the cost-to-cost method.

There were no significant changes in the contract liabilities balances during the reporting period.

17. ADVANCES FROM RELATED PARTIES

The balances represent advances from an officer and related companies which are unsecured, interest-free and repayable on demand.

During the quarter ended June 30, 2020, the officer and the related companies have advised the Corporation that they shall not demand settlement of the advances on or before June 30, 2021.

18. PROMISSORY NOTE PAYABLE

	<u>Total</u> \$
As at January 1, 2019	532,000
Interest expenses for the year	<u>48,000</u>
As at December 31, 2019, January 1, 2020 and June 30, 2020	<u>580,000</u>

The promissory note payable is charged a simple interest of 12% per annum by the note holder, Inphosoft Pte. Ltd. ("IPL") (Note 19(b)) effective from April 1, 2016 until end of December 2019. After that IPL agreed to convert the promissory note payable from interest-bearing to interest-free from January 1, 2020. IPL has also agreed to extend the due date of the promissory note payable to March 31, 2021.

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019 (Unaudited)****19. LOANS FROM RELATED PARTIES**

	Note	(Unaudited) As at June 30, 2020 \$	(Audited) As at December 31, 2019 \$
Non-current:			
Loan from a related party	(b)	-	824,628
		-	824,628
Current:			
Loan from immediate parent	(c)	392,696	374,690
Loans from a director	(a)	3,942,637	3,794,150
Loan from a related party	(b)	828,586	-
		5,163,919	4,168,840
Total		5,163,919	4,993,468

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

- (a) The loans are from the Corporation's director, Mr. Joel Siang Hui Chin, and bear interest at 12% per annum (compounded daily based on a 365-day year) until end of December 31, 2018. On January 1, 2019, these loans were converted to interest free loans and repayable on demand. During the quarter ended June 30, 2020, Mr. Joel Siang Hui Chin confirmed to the Corporation that he will not demand settlement of the loans until the Corporation is in sound financial position to repay to him.
- (b) The loan is from IPL, the former holding company of Inphosoft Group Pte. Ltd., and is interest-free. On September 24, 2015, IPL converted its convertible debentures of the Corporation and became a shareholder of the Corporation. A director of the Corporation, Mr. Joel Siang Hui Chin, 2 directors of the Corporation's subsidiaries, Mr. Wang Xianxiang and Mr. Xu Hongwei, each has significant influence over IPL. During the quarter ended June 30, 2020, this loan was converted to be on demand and IPL confirmed to the Corporation that they will not demand settlement of the loan until the Corporation is in sound financial position to repay to them.
- (c) The loan is from Xinhua Mobile, the immediate parent of the Corporation, and bears interest at 12% per annum (compounded daily based on a 365-day year) until end of December 31, 2019. After that Xinhua Mobile agreed to convert the loan from interest-bearing to interest-free from January 1, 2020 and further extend the due date of the loan to March 31, 2021.

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019 (Unaudited)****20. LEASE LIABILITIES**

	Minimum lease payments		Present value of minimum lease payments	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	As at	As at	As at	As at
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
	\$	\$	\$	\$
Within one year	56,411	56,338	43,769	40,071
In the second to fifth years, inclusive	56,411	84,507	53,184	76,777
	112,822	140,845	96,953	116,848
Less: Future finance charges	(15,869)	(23,997)	N/A	N/A
Present value of lease obligations	96,953	116,848	106,217	116,848
Less: Amount due for settlement within 12 months (shown under current liabilities)			(43,769)	(40,071)
Amount due for settlement after 12 months			53,184	76,777

All lease liabilities are denominated in Indonesian Rupiah.

21. SHARE CAPITAL**Authorised:**

Unlimited common shares

Unlimited preferred shares, non-voting, non-participating, non-cumulative dividends, redeemable and retractable at the amount paid.

Issued:

	(Unaudited)	(Audited)
	Six months ended	Twelve months ended
	June 30, 2020	December 31, 2019
	Amount	Amount
Common shares	\$	\$
Balance, beginning and end of period/year	149,793,861	11,415,709

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019 (Unaudited)****22. RELATED PARTY TRANSACTIONS**

- (a) The Corporation had the following related party transactions for the three and six months ended June 30, 2020 and June 30, 2019:

	(Unaudited) Three months ended June 30, 2020	(Unaudited) Three months ended June 30, 2019	(Unaudited) Six months ended June 30, 2020	(Unaudited) Six months ended June 30, 2019
	\$	\$	\$	\$
Revenue and accounting fee income from companies controlled by immediate parent / a director	255,902	195,400	509,449	380,688
Cost of consignment stocks paid to a company controlled by a director	-	166	-	412
Accounting fee paid to an officer	13,558	15,393	28,409	29,631
Interest charged on loan from immediate parent	-	10,662	-	20,796
Interest charged on promissory note payable to a related party	-	12,000	-	24,000

- (b) The Corporation had the following related party balances at the end of the reporting period:

	Accounts receivable	Accounts payables and accrued liabilities	Advances payable	Promissory note payable	Loan payables
	\$	\$	\$	\$	\$
As at June 30, 2020 (Unaudited)					
Directors	-	(100,000)	(307,512)	-	(3,942,637)
An officer	-	(7,408)	-	-	-
A company controlled by a director	127,530	(3,344)	-	-	-
Companies controlled by immediate parent	176,714	-	(743,886)	-	-
A related party	-	-	(45,985)	(580,000)	(828,586)
Immediate parent	-	-	-	-	(392,696)
As at December 31, 2019 (Audited)					
Directors	-	(80,000)	(293,552)	-	(3,794,150)
An officer	-	(7,372)	-	-	-
A company controlled by a director	60,522	(3,322)	-	-	-
Companies controlled by immediate parent	191,058	-	(546,574)	-	-
A related party	-	-	(47,386)	(580,000)	(824,628)
Immediate parent	-	-	-	-	(374,690)

GINSMS INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019 (Unaudited)

22. RELATED PARTY TRANSACTIONS (CONT'D)

(c) Key management personnel compensation

	(Unaudited) Three months ended June 30, 2020	(Unaudited) Three months ended June 30, 2019	(Unaudited) Six months ended June 30, 2020	(Unaudited) Six months ended June 30, 2019
	\$	\$	\$	\$
Salaries and related costs	-	-	-	23,318
Accounting fees	13,558	15,393	28,409	29,631
Contributions to defined mandatory contribution funds	-	-	-	2,042
	13,558	15,393	28,409	54,991
Directors' fees	10,000	-	20,000	-
Total	23,558	15,393	48,409	54,991

23. PARTICULARS OF SUBSIDIARIES

Particulars of the principal subsidiaries as at June 30, 2020 are as follows:

Name	Place of incorporation / registration and operation	Particular of Issued share capital	Percentage of ownership interest / voting power / profit sharing		Principal activities
			Direct	Indirect	
Inphosoft Group Pte. Limited	Singapore	1,000,000 ordinary shares of SGD1,614,500	100%	-	Investment holding
PT Inphosoft Indonesia	Indonesia	1,000 ordinary shares of IDR962,500,000	-	99%	Provision for messaging service and outsourcing of technical resources to customers
GIN International Limited	Hong Kong	100 ordinary shares of HKD100	-	100%	Provision for short message services

24. EVENTS AFTER THE REPORTING PERIOD

Uncertainty of the Coronavirus (COVID-19) Outbreak

The extent that the coronavirus (COVID-19) outbreak will spread widely and its impact on our result will depend on future developments, which are highly uncertain and unpredictable. Although uncertain at this time, the outbreak could impede our ability to sell, grow and attract new customers. A number of our employees travel frequently to establish and maintain relationships with our customers. Although we continue to monitor the situation and may adjust our current policies as more information and guidance become available, suspending travel, not doing business in-person, and employees government imposed quarantined or sanitary public health authority imposed closures could negatively impact our operations and marketing efforts and also challenge our ability to enter into new customer contracts in a timely manner, which in turn could harm our business performance.

GINSMS INC.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019 *(Unaudited)***

25. APPROVAL OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed interim consolidated financial statements were approved and authorised for issue by the Board of Directors on August 12, 2020.