



## News Release

### **Principal Shareholders to sell Common Shares Representing 54.57% Shares of GINSMS Inc.**

Calgary, Alberta, January 15, 2015 – GINSMS Inc. (TSXV: GOK) (the “Corporation” or “GINSMS”) today was informed that its Chairman of the Board of Directors, Mr. Jonathan Lai (“Mr. Lai”), and major shareholders, Panaco Limited (“Panaco”, 100% owned by Mr. Lai) and One Heart International Limited (“One Heart”, 100% owned by Mr. Yih Hann Lian (“Mr. Lian”)) have entered into Share Purchase Agreements with Xinhua Mobile Limited (“Xinhua Mobile”) to sell 28,123,320 common shares of the Corporation representing 54.57% of all of the issued and outstanding common shares of the Corporation (collectively the “Common Shares”).

Xinhua Mobile is a 100% owned subsidiary of Xinhua Holdings Limited (“Xinhua Holdings”, together with its subsidiaries “Xinhua Group”). Xinhua Group is a multi-disciplinary group headquartered in Hong Kong and doing businesses in China and the rest of Asia, including Japan. Mr. Lian is the CEO of Xinhua Holdings. Xinhua Holdings’ securities are listed on the Tokyo Stock Exchange’s (“TSE”) Mothers Board (9399).

Xinhua Mobile will pay an aggregate purchase price of \$6,235,537 or \$0.35 per Common Share in consideration for the sale of 17,815,820 Common Share from Mr. Lai and Panaco. The purchase price will be payable by way of two promissory notes and all of the equity interest in a PRC subsidiary of Xinhua Group. Each note will be due and payable three months from its issuance and will bear an interest of 18% per annum compounded on a daily basis. In addition, Xinhua Mobile will pay an aggregate purchase price of \$1,546,125 or \$0.15 per Common Share in consideration for the sale of 10,307,500 Common Share from One Heart. The purchase price will be payable by way of a promissory note. The note will be due and payable six months from its issuance and will bear an interest of 9% per annum compounded on a daily basis. The transfer of the Common Shares to Xinhua Mobile is subject to TSX Venture Exchange (“TSXV”) and shareholders' approval.

Xinhua Group is shifting its main business to high growth areas such as application-to-person messaging (“A2P”) business through Xinhua Mobile and finds the Corporation a perfect fit for its plans. The Corporation’s A2P business started generating revenue in the month of April 2014. Revenue for the first quarter ended June 30, 2014 and second quarter ended September 30, 2014 were \$78,115 and \$104,836 respectively. A2P revenue was expected to increase in the current quarter ending December 31, 2014. Table 1 below shows the monthly revenue generated for the A2P business in the quarter ended September 30, 2014 and a forecast of the monthly revenue for the month of November 2014 and December 31, 2014. As a parent company of the Corporation, Xinhua Mobile will allow the Corporations’ management team to leverage on its existing technology and operations to start and grow mobile business in China and Japan. Xinhua Group is confident that the Corporation can generate net profits in its A2P business if the quarterly revenue of the A2P business grows to approximately \$4,643,000.

**Table 1:** Actual and forecasted revenue for A2P business from July 2014 to December 2014

Revenue (CAD thousand)	Jul 2014	Aug 2014	Sep 2014	Oct 2014	Nov 2014 forecast	Dec 2014 forecast
<b>A2P SMS Service</b>	31	30	44	72	96	133

In order to become a dominant A2P messaging player in Asia, the Corporation will need to raise substantial capital. If Xinhua Mobile becomes a majority shareholder of the Corporation, Xinhua Holdings, through its listing in Japan can help finance the Corporation's business. Having a listed parent with access to the Japanese capital market will give tremendous leverage to the Corporation's future fund raising efforts. "We are delighted that we can leverage on Xinhua Group's resources to raise capital and accelerate our growth in Asia especially China and Japan," said Joel Chin, CEO of GINSMS.

Moving forward, the Corporation feels that A2P will be the dominant revenue contributor for the Corporation. The revenue contribution of Software Products and Services to the total revenue of the Corporation is expected to decrease from 72% for the quarter ended September 2014 to 27% for the month of December 2014 (refer to Table 2), and is expected to further decrease to below 5% by year 2017. The contribution to total gross profit of GINSMS by Software Products and Services is also expected to decrease from 96% for the quarter ended September 2014 to 83% for the month of December 2014 (refer to Table 3), and is expected to further decrease to below 15% by year 2017.

**Table 2:** Revenue for different business lines:

	Jan- Sep 2014 (Actual)		Oct 2014 (Actual)		Nov 2014 (forecast)		Dec 2014 (forecast)	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
A2P	183	21%	72	63%	96	68%	133	73%
Software	621	72%	42	37%	45	32%	50	27%
IOSMS	61	7%	0	0%	0	0%	0	0%
	<u>866</u>	<u>100%</u>	<u>114</u>	<u>100%</u>	<u>142</u>	<u>100%</u>	<u>183</u>	<u>100%</u>

**Table 3:** Gross profit (excluding depreciation) for business lines:

	Jan- Sep 2014		Oct 2014		Nov 2014		Dec 2014	
	(Actual)		(Actual)		(forecast)		(forecast)	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
A2P	13	4%	7	38%	3	14%	5	17%
Software	331	96%	11	62%	21	86%	26	83%
IOSMS *	(76)	n/a	0	n/a	(3)	n/a	(3)	n/a
	269	100%	18	100%	21	100%	28	100%

\* cost incurred/expected to incur due to outstanding contractual obligations which ends in Dec 2014 even though operations have ceased in Jun 2014

## About GINSMS

GINSMS is a mobile technology and services company focusing on 2 areas namely cloud-based application-to-peer (“A2P”) messaging service and Software Products & Services. GINSMS operates a cloud-based A2P messaging service that allows the termination of SMS to mobile subscribers of more than 200 mobile operators globally. GINSMS also develops and distribute innovative software products and services for mobile operators and enterprises and have successfully deployed more than 100 solutions worldwide. GINSMS has offices in China, Singapore, Hong Kong, Malaysia and Indonesia.

## Forward Looking Statements

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

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

assumptions, the Company cannot assure the reader that actual results will be consistent with these forward-looking statements.

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

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

These forward-looking statements are made as of the date of this press release and the Company assumes no obligation to update or revise them to reflect new events or circumstances except as may be required by law. Accordingly, readers should not place undue reliance on the forward-looking statements. All forward-looking statements contained in this press release are qualified by this cautionary statement.

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