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Global Sources reports third quarter 2014 results

- **Reported third quarter revenue of \$42.5 million –**
- **Posted IFRS EPS of \$0.06 and non-IFRS EPS of \$0.08 –**
- **Reaffirms guidance for the second half of 2014 –**

NEW YORK, Nov. 13, 2014 – [Global Sources Ltd.](http://www.globalsources.com) (NASDAQ: GSOL) reported financial results for the third quarter ended Sept. 30, 2014.

“In the third quarter, our exhibitions business featured a mix of shows serving the international and mainland China domestic buying communities, including our inaugural *China Sourcing Fairs* in Jakarta, Indonesia in August,” stated Merle A. Hinrich, Global Sources’ executive chairman. “Several key events for the mainland China domestic market were held in the third quarter, which included: *IIC-China*; the *China International Optoelectronic Expo (CIOE)*; the *Global Sourcing Fair: Mobile & Wireless*; and the *FashionSZshow* in Shenzhen.

“In October, we completed our fall *China Sourcing Fairs* for the international export market. Attendance totaled 75,000 and the events featured more than 7,500 booths. Opening the series was our *Electronics & Components* show, focused on electronics for the home, automotive and office, and our new *Mobile Electronics* show, which featured all the latest personal electronics products: smartphones, tablets, wireless products, wearables and accessories. This comprehensive offering for buyers was a tremendous success, with the two shows combined featuring some 5,200 booths and more than 52,000 buyers from 148 countries, an increase of more than 25 percent in booths and more than 36 percent in traffic compared to the spring shows. The second phase encompassed gifts and home products while the third phase was focused on fashion accessories and apparel. Overall, we are pleased with the long-term positive trend of our exhibitions business.”

Financial highlights – Third quarter: 2014 compared to 2013

- Revenue was \$42.5 million, as compared to \$44.8 million.
 - Online revenue was \$20.3 million, as compared to \$22.0 million.
 - Exhibitions revenue was \$17.6 million for both periods.
 - Print revenue was \$2.8 million, as compared to \$3.4 million.
- IFRS net income was \$1.9 million, or \$0.06 per diluted share, as compared to third quarter 2013 IFRS net income of \$5.4 million, or \$0.15 per diluted share.
- Non-IFRS net income was \$2.6 million, or \$0.08 per diluted share, as compared to \$6.1 million, or \$0.17 per diluted share, for the third quarter of 2013.
- Adjusted EBITDA was \$7.4 million, as compared to \$11.0 million for the third quarter of 2013.
- Total deferred income and customer prepayments were \$106.8 million as at Sept. 30, 2014, as compared to \$105.1 million as at Sept. 30, 2013.

Financial highlights – Nine Months Ended Sept. 30: 2014 compared to 2013

- Revenue was \$135.3 million, as compared to \$137.5 million.
- IFRS net income was \$9.0 million, or \$0.26 per diluted share, as compared to \$27.8 million, or \$0.77 per diluted share.
- Non-IFRS net income was \$12.6 million, or \$0.37 per diluted share, as compared to \$19.3 million, or \$0.54 per diluted share, for the nine months ended Sept. 30, 2013.
- Adjusted EBITDA was \$25.2 million, as compared to \$27.4 million for the nine months ended Sept. 30, 2013.

Global Sources' CFO, Connie Lai, stated: "We are reaffirming our guidance for the second half of 2014. We expect the revenue mix to range between 36% and 37% for online, 53% and 54% for exhibitions, 5% and 6% for print, and approximately 3% for miscellaneous. This compares to a second half 2013 revenue mix of approximately 42% for online, 49% for exhibitions, 6% for print and 3% for miscellaneous."

Financial expectations for the second half of 2014 under IFRS

- For the second half of 2014 ending Dec. 31, 2014:
 - Revenue is expected to be in the range of \$102.0 million to \$104.0 million, as compared to \$104.8 million for the second half of 2013.
 - IFRS EPS is expected to be in the range of \$0.13 to \$0.17, as compared to \$0.29 per diluted share in the second half of 2013. SBC and the amortization of intangibles as it relates to certain equity compensation plans are estimated to be an expense of \$0.05 per diluted share for the second half of 2014.

- Non-IFRS EPS is expected to be in the range of \$0.18 to \$0.22, as compared to \$0.47 per diluted share for the same period in 2013.
- Adjusted EBITDA is expected to be between \$13.0 million and \$14.2 million, as compared to \$24.1 million in the second half of 2013.

Recent Corporate Highlights

- Organized its series of fall shows with more than 7,500 booths in October at Hong Kong's AsiaWorld-Expo. Total attendance exceeded 75,000 and included buyers from more than 148 countries and territories.
- Held the *China Sourcing Fair: Electronics & Components*, which featured more than 3,700 booths.
- Held the inaugural *Mobile Electronics Fair*, which featured more than 1,500 booths, up 43 percent from spring, and fully launched its suite of services for the mobile electronics industry, which also include an online marketplace, a magazine, alerts and an app.
- The *China International Optoelectronic Expo (CIOE)* was held in Shenzhen in September.
- The third annual *China Sourcing Fairs* in Sao Paulo, Brazil were held in August.
- Launched *China Sourcing Fairs* in Jakarta, Indonesia in August.
- The 14th *China International Fashion Brand Fair – Shenzhen (FashionSZshow)*, the largest and most influential fashion exhibition in southern China, was held in Shenzhen in July.
- *Private Sourcing Events* were held from August through the end of October for 70 sourcing teams from very large buying organizations including Auchan, Blade Group, Groupe Adeo, Kering Global Sourcing, Lojas Renner, Philips, Top Toy, etc. These events created more than 350 high-quality, one-on-one selling opportunities for Global Sources suppliers.

Conference call for Global Sources third quarter 2014 earnings

Executive Chairman Merle A. Hinrich and CFO Connie Lai are scheduled to conduct a conference call at 8:00 a.m. ET on Nov. 13, 2014 (9:00 p.m. on Nov. 13, 2014 in Hong Kong) to review these results in more detail. Investors in the United States may participate in the call by dialing (888) 819-8018, and non-Hong Kong international participants may dial (1-913) 312-1412. Investors in Hong Kong may participate by dialing (852) 3008-0382. The conference ID is 1137202 and participants are encouraged to dial 10 minutes prior to the call to prevent a delay in joining. A live webcast of the conference call is scheduled to be available on Global Sources' corporate site at <http://www.investor.globalsources.com>.

For those who cannot listen to the live broadcast, a webcast replay of the call is scheduled to be available on the company's corporate site for 30 days. A telephone replay of the call is also scheduled

to be available through Nov. 20, 2014. To listen to the telephone replay dial (888) 203-1112 or dial (1-719) 457-0820 outside the United States, and enter pass code 1137202. For those in the Hong Kong area, the replay dial-in number is (800) 901-108, and the pass code is 1137202.

About Global Sources

Global Sources is a leading business-to-business media company and a primary facilitator of trade with Greater China.

The core business facilitates trade between Asia and the world using English-language media such as online marketplaces (GlobalSources.com), print and digital magazines, sourcing research reports, private sourcing events, and trade shows.

More than 1 million international buyers, including 95 of the world's top 100 retailers, use these services to obtain product and company information to help them source more profitably from overseas supply markets. These services also provide suppliers with integrated marketing solutions to build corporate image, generate sales leads and win orders from buyers in more than 240 countries and territories.

Global Sources' other businesses provide Chinese-language media to companies selling to and within Greater China. These services include online web sites, print and digital magazines, seminars and trade shows. In mainland China, Global Sources has a network of more than 30 office locations and a community of more than 5 million registered online users and magazine readers of its Chinese-language media.

Now in its fifth decade, Global Sources has been publicly listed on the NASDAQ since 2000.

Global Sources' non-IFRS metrics

Management believes non-IFRS metrics are useful measures of operations and provides IFRS to non-IFRS reconciliation tables at the end of this press release. Global Sources defines non-IFRS net income as net income excluding non-cash, SBC expense or credit, amortization of intangibles as it relates to certain equity compensation plans, profits or losses on acquisitions and investments net of transaction costs and related tax expenses, and/or impairment charges net of related taxes, for all historical and future references to non-IFRS metrics. Non-IFRS EPS is defined as non-IFRS net income divided by the weighted average of diluted common shares outstanding. Adjusted EBITDA is defined as earnings before interest, taxes, depreciation, amortization, stock-based compensation, impairment of goodwill and intangible assets, and profits or losses on acquisitions and investments net of transaction costs and related tax expenses.

Safe Harbor Statement

This news release contains forward-looking statements within the meaning of Section 27-A of the Securities Act of 1933, as amended and Section 21-E of the Securities Exchange Act of 1934, as amended. The company's actual results could differ materially from those set forth in the forward-looking statements as a result of the risks associated with the company's business, changes in general economic conditions, and changes in the assumptions used in making such forward-looking statements.

– Tables Follow –

GLOBAL SOURCES LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In U.S. Dollars Thousands, Except Number of Shares and Per Share Data)

	As at September 30, 2014 (Unaudited)	As at December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents.....	\$ 87,757	\$ 137,359
Term deposits with banks.....	3,954	106
Financial assets, available-for-sale.....	3,954	6,367
Accounts receivables, net.....	2,714	3,122
Receivables from sales representatives.....	13,505	10,630
Inventories.....	214	266
Prepaid expenses and other current assets.....	24,108	18,544
	136,206	176,394
Non-current assets		
Property and equipment.....	64,516	49,701
Investment properties.....	86,924	89,615
Intangible assets.....	38,396	21,423
Long term investment.....	100	100
Deferred income tax assets.....	246	98
Other non-current assets.....	2,109	1,766
	192,291	162,703
Total assets.....	\$ 328,497	\$ 339,097
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable.....	\$ 10,408	\$ 8,779
Deferred income and customer prepayments.....	99,060	84,704
Accrued liabilities.....	21,150	19,166
Income tax liabilities.....	4,473	2,635
	135,091	115,284
Non-current liabilities		
Accounts payable.....	886	-
Deferred income and customer prepayments.....	7,709	5,660
Deferred income tax liabilities.....	6,942	4,591
	15,537	10,251
Total liabilities.....	150,628	125,535
Equity attributable to Company's shareholders		
Common shares.....	529	525
Treasury shares.....	(200,089)	(150,089)
Other reserves.....	162,050	161,950
Retained earnings.....	200,643	191,594
Total Company shareholders' equity.....	163,133	203,980
Non-controlling interests.....	14,736	9,582
Total equity.....	\$ 177,869	\$ 213,562
Total liabilities and equity.....	\$ 328,497	\$ 339,097

GLOBAL SOURCES LTD. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
(In U.S. Dollars Thousands, Except Number of Shares and Per Share Data)

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue:				
Online and other media services (Note 1).....	\$ 23,081	\$ 25,417	\$ 70,787	\$ 79,593
Exhibitions	17,562	17,624	58,834	52,399
Miscellaneous	1,895	1,726	5,724	5,466
	42,538	44,767	135,345	137,458
Operating Expenses:				
Sales (Note 2)	11,766	11,153	40,056	41,418
Event production.....	4,533	4,431	15,352	15,081
Community and content (Note 2).....	6,645	6,670	19,043	20,402
General and administrative (Note 2 & 3).....	12,303	10,990	40,256	34,146
Information and technology (Note 2).....	3,226	3,164	9,512	9,639
Total Operating Expenses	38,473	36,408	124,219	120,686
Profit on sale of property	-	-	-	15,410
Profit from Operations	4,065	8,359	11,126	32,182
Interest income.....	296	467	1,046	1,088
Gain on sale of available-for -sale securities	1	-	11	-
Interest expenses.....	(47)	-	(139)	-
Profit before Income Taxes	4,315	8,826	12,044	33,270
Income tax expense	(1,077)	(1,657)	(1,843)	(4,326)
Net Profit	\$ 3,238	\$ 7,169	\$ 10,201	\$ 28,944
Net (profit)/loss attributable to non-controlling interests	(1,321)	(1,813)	(1,152)	(1,193)
Net profit attributable to the Company's shareholders	\$ 1,917	\$ 5,356	\$ 9,049	\$ 27,751
Diluted net profit per share attributable to the Company's shareholders	\$ 0.06	\$ 0.15	\$ 0.26	\$ 0.77
Shares used in diluted net profit per share calculations	31,487,766	36,186,254	34,166,224	36,045,545

Note: 1. Online and other media services consists of:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Online services	\$ 20,252	\$ 22,046	\$ 62,348	\$ 69,710
Print services.....	2,829	3,371	8,439	9,883
	\$ 23,081	\$ 25,417	\$ 70,787	\$ 79,593

Note: 2. Non-cash compensation expenses associated with the several equity compensation plans and Global Sources Directors Share Grant Award Plan included under various categories of expenses are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales	\$ 140	\$ 159	\$ 286	\$ 386
Community and content.....	27	28	(5)	12
General and administrative.....	366	368	896	971
Information and technology	52	54	172	193
	\$ 585	\$ 609	\$ 1,349	\$ 1,562

Note: 3. General and administrative expenses consist of:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
General and administrative expenses before amortization of intangible assets, impairment charge on intangible assets and foreign exchange losses (gains)	\$ 11,083	\$ 10,556	\$ 30,350	\$ 30,146
Amortization of intangible assets	1,376	627	6,347	2,097
Impairment charge on intangible assets	-	-	2,238	2,531
Foreign exchange losses (gains)	(156)	(193)	1,321	(628)
	\$ 12,303	\$ 10,990	\$ 40,256	\$ 34,146

GLOBAL SOURCES LTD. AND SUBSIDIARIES
ACTUAL IFRS to NON-IFRS RECONCILIATION
(In U.S. Dollars Thousands, Except Number of Shares and Per Share Data)

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
IFRS EPS	\$ 0.06	\$ 0.15	\$ 0.26	\$ 0.77
IFRS Net Profit	\$ 1,917	\$ 5,356	\$ 9,049	\$ 27,751
Non-cash stock based compensation expense (Note 1)	585	609	1,349	1,562
Amortization of intangibles (Note 2)	104	167	508	594
Impairment of goodwill and intangibles (Note 3)	-	-	1,678	2,531
Profit on sale of property, net of transaction costs & related tax expenses	-	-	-	(13,124)
Non-IFRS Net Profit	\$ 2,606	\$ 6,132	\$ 12,584	\$ 19,314
Non-IFRS diluted net profit per share	\$ 0.08	\$ 0.17	\$ 0.37	\$ 0.54
Total shares used in non-IFRS diluted net profit per share calculations	31,487,766	36,186,254	34,166,224	36,045,545

Notes:

- (1) Actual SBC is calculated based on actual share price on date of the awards.
- (2) Amortization of intangible assets relating to certain non-compete agreements.
- (3) Impairment of intangibles are net of related taxes.

GLOBAL SOURCES LTD. AND SUBSIDIARIES
ADJUSTED EBITDA RECONCILIATION
(In U.S. Dollars Thousands)

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
IFRS profit from operations	\$ 4,065	\$ 8,359	\$ 11,126	\$ 32,182
Depreciation and amortization	2,782	2,038	10,447	6,487
EBITDA	6,847	10,397	21,573	38,669
Non-cash stock based compensation expense	585	609	1,349	1,562
Impairment of goodwill and intangibles	-	-	2,238	2,531
Profit on sale of property, net of transaction costs	-	-	-	(15,410)
Adjusted EBITDA	\$ 7,432	\$ 11,006	\$ 25,160	\$ 27,352

GLOBAL SOURCES LTD. AND SUBSIDIARIES
GUIDANCE IFRS to NON-IFRS RECONCILIATION
(In U.S. Dollars Million, Except Number of Shares and Per Share Data)

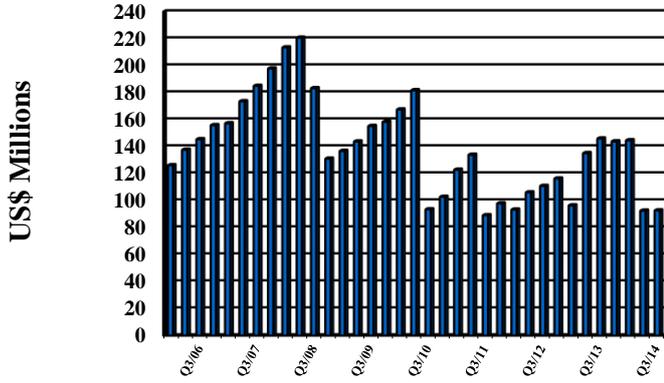
	GUIDANCE		ACTUAL
	Six months ended December 31, 2014		Six months ended December 31, 2013
Revenue	\$102.0	to	\$104.0
			\$104.8
IFRS EPS	\$0.13	to	\$0.17
			\$0.29
Non-cash stock based compensation expense (Note 1)	\$0.04		\$0.04
			\$0.03
Amortization of intangibles (Note 2)	\$0.01		\$0.01
			\$0.01
Impairment of goodwill and intangibles	-		-
			\$0.14
Non-IFRS diluted net income per share	\$0.18	to	\$0.22
			\$0.47
Total shares used in non-IFRS diluted net income per share calculations	31,600,000		31,600,000
			36,181,032

Notes:

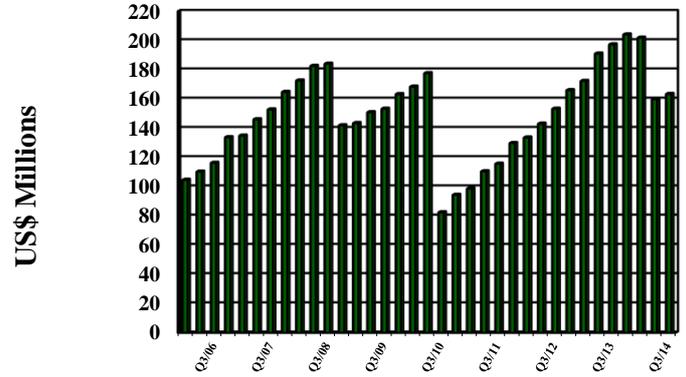
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GLOBAL SOURCES LTD. AND SUBSIDIARIES

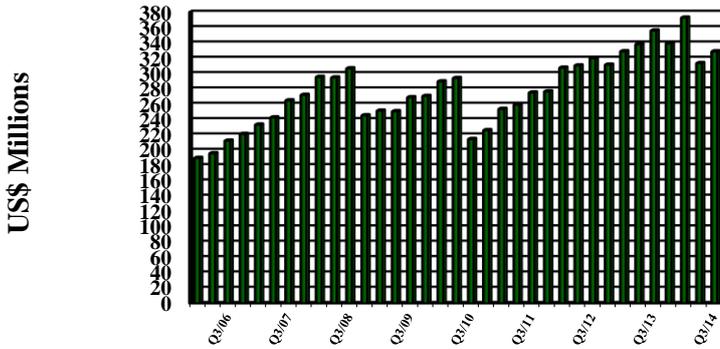
Total Cash and Securities



Total Shareholders' Equity



Total Assets



Total Deferred Income
Customer Prepayments

