

## FOR IMMEDIATE RELEASE

### **Global Sources Press Contact in Asia**

Camellia So

Tel: (852) 2555-5021

e-mail: [cso@globalsources.com](mailto:cso@globalsources.com)

### **Global Sources Investor Contact in Asia**

Investor Relations Department

Tel: (852) 2555-4777

e-mail: [investor@globalsources.com](mailto:investor@globalsources.com)

### **Global Sources Press Contact in U.S.**

James W.W. Strachan

Tel: (480) 664 8309

e-mail: [strachan@globalsources.com](mailto:strachan@globalsources.com)

### **Global Sources Investor Contact in U.S.**

Kirsten Chanman

Lippert/Heilshorn & Associates, Inc.

Tel: (415) 433-3777

e-mail: [investor@globalsources.com](mailto:investor@globalsources.com)

## **Global Sources reports second quarter results**

- Revenue of \$63.7 million, up 21% compared to second quarter 2007 -
- Online revenue growth continues to accelerate, increasing 30% compared to second quarter 2007 -
- Second quarter GAAP EPS of \$0.18 and non-GAAP EPS of \$0.21 -
- Online revenue expected to exceed 50% of total revenue in second half 2008 and to grow more than 40% compared to second half 2007 -

**NEW YORK, Aug. 14, 2008** – Global Sources Ltd. (NASDAQ: GSOL)

(<http://www.globalsources.com>) reported financial results for the second quarter and six months ended June 30, 2008.

Global Sources' chairman and CEO, Merle A. Hinrichs, said: “We had a very successful second quarter. Our 21% revenue growth was driven by accelerating online revenue growth of 30% overall, and 40% from mainland China.

“The great majority of this growth is due to the success of *Global Sources Online 2.0* and its industry leading supplier verification services. The success of the site has been supported by the repackaging and re-pricing of our services along with investments in IT, content development, marketing and increased sales representation. With the expectation of a continuing acceleration of online revenue growth for the second half, we are experiencing a promising return on these investments and plan to continue investing.”

## **Financial Highlights: Second Quarter 2008 Compared to Second Quarter 2007**

- Revenue was \$63.7 million, up 21% from \$52.5 million.
  - \* Online revenue was \$24.1 million, up 30% from \$18.5 million.
  - \* Exhibitions revenue was \$25.3 million, up 21% from \$20.9 million.
  - \* Print revenue was \$12.8 million, up 6% from \$12.0 million.
  - \* Revenue from mainland China was \$42.0 million, up 29% from \$32.6 million.
- Second quarter 2008 net income was \$8.4 million, or \$0.18 per diluted share, which included \$1.5 million, or \$0.03 per share of non-cash, stock-based compensation expense (SBC) based on a stock price of \$15.18 on June 30, 2008. For the second quarter of 2007, GAAP net income was \$4.2 million, or \$0.09 per diluted share, which included \$2.8 million of non-cash SBC, and \$1.8 million of net impairment charge related to the company's HC International investment or \$0.10 per share.
- Non-GAAP net income for the second quarter of 2008 was \$9.9 million, compared to \$8.8 million for the second quarter of 2007.
- Non-GAAP EPS for the second quarter of 2008 was \$0.21, compared to \$0.19 for the second quarter of 2007.
- Total deferred income and customer prepayments were \$86.8 million as at June 30, 2008, up 19% from \$72.9 million as at June 30, 2007.
- Cash, cash equivalents and available-for-sale securities were \$220.6 million as at June 30, 2008, up 27% from \$173.5 million as at June 30, 2007.

### **Global Sources' Non-GAAP Metrics**

Management believes non-GAAP metrics are useful measures of operations and provides GAAP to non-GAAP reconciliation tables at the end of this press release. Global Sources defines non-GAAP net income as net income excluding non-cash, stock-based compensation (SBC) expense or credit, gains or losses on acquisitions and investments, and/or impairment charges, for all historical and future references to non-GAAP metrics. Non-GAAP EPS is defined as non-GAAP net income divided by the weighted average of diluted common shares outstanding.

### **Six-month Period Ended June 30<sup>th</sup> Financial Highlights: 2008 Compared with 2007**

For the six-month period ended June 30, 2008, revenue was \$104.3 million, compared to \$87.5 million in the six-month period ended June 30, 2007. GAAP net income for the six months ended June 30, 2008 was \$16.6 million, or \$0.35 per diluted share, compared to \$10.7 million, or \$0.23 per diluted share for the six-month period ended June 30, 2007. Non-GAAP net income was \$16.5 million, or \$0.35 per diluted share, compared to \$15.9 million, or \$0.34 per diluted share for the six-month period ended June 30, 2007.

Global Sources' CFO, Eddie Heng, said: "Our guidance reflects our decision to continue to invest, particularly to support our online initiatives and several new trade shows. Sales representation increased by more than 500 team members in the first half, and we expect continued expansion in the second half. We envision significant changes in the growth trajectories for our lines of business with online revenue expected to continue accelerating, exhibitions to moderate and print to decline. As such, for the second half of 2008 we expect the revenue mix to be approximately 53% online, 25% exhibitions, 20% print, and 2% miscellaneous."

### **Financial Expectations for Third Quarter and Second Half 2008**

- Third Quarter 2008 Ending Sept. 30, 2008:
  - \* Guidance for revenue is expected to be between \$38.5 million and \$39 million, representing growth of 14% to 15% over the third quarter of 2007. Based on the stock price of \$14.05 on Aug. 5, 2008, SBC is estimated to be \$0.02 per diluted share.
  - \* GAAP EPS is expected to be between \$0.02 and \$0.03, as compared to \$0.11 per diluted share in third quarter of 2007.
  - \* Non-GAAP EPS is expected to be between \$0.04 and \$0.05, compared to \$0.13 per diluted share in the third quarter of 2007.
  
- Second Half 2008 Ending Dec. 31, 2008:
  - \* Revenue is expected to be in the range of \$108 million to \$109.5 million. Compared to \$94.6 million for the second half of 2007, this represents an increase of 14% to 16%. Using the stock price of \$14.05 on Aug. 5, 2008, SBC is estimated to be \$0.04 per diluted share.

- \* GAAP EPS is expected to be in the range of \$0.23 to \$0.25, as compared to \$0.28 per diluted share in the second half of 2007.
- \* Non-GAAP EPS is expected to be in the range of \$0.27 to \$0.29, compared to \$0.39 per diluted share for the same period in 2007.

### **Recent Corporate Highlights**

- Held the *China Sourcing Fairs* in Hong Kong, in April, featuring over 6,700 booths.
- Conducted the Second Annual *China Sourcing Fairs* in Dubai, in June, with 800 booths sold, up by over 60% compared to the 2007 show.
- Hosted complimentary *Private Sourcing Events* for numerous very large buyers including Best Buy, Circuit City, Markant, Office Depot, RadioShack, Samsung Electronics, Staples, Target, and Woolworths (Australia).
- Achieved record lead generation, which is measured as requests for information (RFIs) from buyers to suppliers through *Global Sources Online*. There were more than 36 million RFIs during the 12 months ended June 30, 2008, up more than 94% compared to the same period last year.
- Increased Global Sources' independently certified community of active buyers to more than 725,000 at the end of the second quarter, 14% higher than the same time last year.
- Honored by *Supply & Demand Chain Executive* for "2008 Supply & Demand Chain Executive 100", an award that recognizes companies providing the next wave of innovative supply chain solutions.

### **Conference Call for Global Sources Second Quarter 2008 Earnings**

Chairman and CEO, Merle A. Hinrichs, and Eddie Heng, CFO, are scheduled to conduct a conference call at 8:00 a.m. ET on Aug. 14, 2008 (8:00 p.m. on Aug. 14, 2008 in Hong Kong) to review these results in more detail. Investors in the United States may participate in the call by dialing (888) 212-8315, and international participants may dial (1-706) 643-0144. Investors in Hong Kong may call (852) 3011-4522. 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 at least 30 days. A telephone replay of the call is also scheduled to be available through Aug. 18, 2008. To listen to the telephone replay, dial

(800) 642-1687, or dial (1-706) 645-9291 outside the United States, and enter pass code 55221142#. For those in the Hong Kong area, the replay dial-in number is (852) 3011-4541, and the pass code is 55221142#.

### **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 is facilitating trade from Greater China to the world, using a wide range of English-language media. The other business segments facilitate trade from the world to Greater China, and trade within China, using Chinese-language media.

The company provides sourcing information to volume buyers and integrated marketing services to suppliers. It helps a community of over 725,000 active buyers source more profitably from complex overseas supply markets. With the goal of providing the most effective ways possible to advertise, market and sell, Global Sources enables suppliers to sell to hard-to-reach buyers in over 230 countries.

The company offers the most extensive range of media and export marketing services in the industries it serves. It delivers information on 4.3 million products and more than 196,000 suppliers annually through 14 online marketplaces, 13 monthly magazines, over 100 sourcing research reports and 9 specialized trade shows which run 27 times a year across eight cities.

Suppliers receive more than 36 million sales leads annually from buyers through *Global Sources Online* (<http://www.globalsources.com>) alone.

Global Sources has been facilitating global trade for 37 years. Global Sources' network covers more than 69 cities worldwide. In mainland China, Global Sources has over 2,800 team members in more than 44 locations, and a community of over 1 million registered online users and magazine readers for Chinese-language media.

### **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 to Follow -

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

	<b>At June 30, 2008</b>	<b>At December 31, 2007</b>
	<b>(Unaudited)</b>	
<b><u>ASSETS</u></b>		
<b>Current Assets:</b>		
Cash and cash equivalents.....	\$ 214,348	\$ 197,825
Available-for-sale securities.....	6,292	-
Accounts receivable, net.....	6,621	6,665
Receivables from sales representatives.....	11,237	12,303
Inventory .....	1,145	1,108
Prepaid expenses and other current assets.....	15,392	15,333
Deferred tax assets.....	46	46
<b>Total Current Assets.....</b>	<b>255,081</b>	<b>233,280</b>
Property and equipment, net.....	37,029	35,352
Long term investments.....	100	100
Bonds held to maturity, at amortized cost.....	101	99
Deferred tax assets – long term.....	202	196
Other assets.....	2,141	2,781
<b>Total Assets.....</b>	<b>\$ 294,654</b>	<b>\$ 271,808</b>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>		
<b>Current Liabilities:</b>		
Accounts payable.....	\$ 6,592	\$ 5,577
Deferred income and customers' prepayments.....	81,363	78,141
Accrued liabilities.....	11,847	12,546
Income taxes payable.....	826	694
<b>Total Current Liabilities.....</b>	<b>100,628</b>	<b>96,958</b>
Deferred income and customers' prepayments – long term.....	5,458	4,934
Deferred tax liability .....	296	283
<b>Total Liabilities.....</b>	<b>106,382</b>	<b>102,175</b>
Non-controlling interest .....	5,795	4,940
<b>Shareholders' equity:</b>		
Common shares, US\$0.01 par value; 75,000,000 shares authorized; 46,702,092 (2007: 46,572,092) shares issued and outstanding.....	467	466
Additional paid in capital .....	134,768	133,987
Retained earnings.....	45,454	28,829
Accumulated other comprehensive income .....	1,788	1,411
<b>Total Shareholders' Equity.....</b>	<b>182,477</b>	<b>164,693</b>
<b>Total Liabilities and Shareholders' Equity.....</b>	<b>\$ 294,654</b>	<b>\$ 271,808</b>

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

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenue:</b>				
Online and other media services (Note 1) .....	\$ 36,884	\$ 30,534	\$ 70,416	\$ 59,579
Exhibitions .....	25,259	20,883	31,220	25,699
Miscellaneous.....	1,517	1,128	2,638	2,214
	<b>63,660</b>	<b>52,545</b>	<b>104,274</b>	<b>87,492</b>
<b>Operating Expenses:</b>				
Sales (Note 2).....	20,557	17,666	32,873	28,802
Event production .....	10,074	9,464	11,079	10,077
Community (Note 2).....	9,406	7,435	15,449	12,708
General and administrative (Note 2).....	12,839	11,492	24,067	21,445
Online services development (Note 2) .....	1,502	1,300	2,981	2,586
Amortization of software costs .....	57	40	97	80
<b>Total Operating Expenses .....</b>	<b>54,435</b>	<b>47,397</b>	<b>86,546</b>	<b>75,698</b>
<b>Income from Operations .....</b>	<b>9,225</b>	<b>5,148</b>	<b>17,728</b>	<b>11,794</b>
Interest and dividend income.....	649	1,724	1,946	3,116
Loss on investment, net.....	-	(1,846)	-	(1,846)
Foreign exchange gains (losses), net .....	(1,039)	(190)	(1,295)	(464)
<b>Income before Income Taxes .....</b>	<b>8,835</b>	<b>4,836</b>	<b>18,379</b>	<b>12,600</b>
<b>Income Tax Expense .....</b>	<b>(188)</b>	<b>(338)</b>	<b>(421)</b>	<b>(557)</b>
<b>Net Income before Non-controlling Interest .....</b>	<b>\$ 8,647</b>	<b>\$ 4,498</b>	<b>\$ 17,958</b>	<b>\$ 12,043</b>
Non-controlling interest .....	(227)	(308)	(1,333)	(1,325)
<b>Net Income .....</b>	<b>\$ 8,420</b>	<b>\$ 4,190</b>	<b>\$ 16,625</b>	<b>\$ 10,718</b>
<b>Diluted net income per share .....</b>	<b>\$ 0.18</b>	<b>\$ 0.09</b>	<b>\$ 0.35</b>	<b>\$ 0.23</b>
<b>Total shares used in diluted net income per share calculations .....</b>	<b>47,543,536</b>	<b>47,039,911</b>	<b>47,434,955</b>	<b>46,843,657</b>

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

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Online services .....	\$ 24,104	\$ 18,492	\$ 46,034	\$ 35,762
Print services.....	12,780	12,042	24,382	23,817
	<b>\$ 36,884</b>	<b>\$ 30,534</b>	<b>\$ 70,416</b>	<b>\$ 59,579</b>

Note : 2. Non-cash compensation expenses associated with the several employee equity compensation plans and Directors Purchase Plan included under various categories of expenses are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales.....	\$ 585	\$ 1,519	\$ (808)	\$ 1,386
Community.....	165	17	180	102
General administrative .....	647	1,135	400	1,645
Online services development .....	77	98	125	160
	<b>\$ 1,474</b>	<b>\$ 2,769</b>	<b>\$ (103)</b>	<b>\$ 3,293</b>

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

	Six months ended June 30,	
	2008	2007
	(Unaudited)	(Unaudited)
<b>Cash flows from operating activities:</b>		
Net income.....	\$ 16,625	\$ 10,718
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization .....	2,611	2,154
Accretion of U.S. Treasury strips zero % coupons .....	(2)	(8)
Provision for doubtful debts.....	66	100
Non-cash compensation expense (credit).....	(103)	3,293
Income attributable to non-controlling shareholder .....	1,333	1,325
Equipment written off.....	4	4
Impairment of investment.....	-	2,301
Exchange rate realignment.....	35	-
	20,569	19,887
<b>Changes in assets and liabilities:</b>		
Accounts receivables.....	(22)	821
Receivables from sales representatives.....	1,071	3,332
Inventory .....	(37)	(276)
Prepaid expenses and other current assets.....	(23)	445
Long term assets.....	647	(1,688)
Accounts payable.....	958	(638)
Accrued liabilities and liabilities for incentive and bonus plans.....	(751)	(848)
Deferred income and customer prepayments.....	3,724	9,051
Tax liability .....	108	276
<b>Net cash provided by operating activities.....</b>	<b>26,244</b>	<b>30,362</b>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment.....	(3,616)	(8,636)
Purchase of available-for-sale securities.....	(6,467)	-
Proceeds from sale of available-for-sale securities.....	-	8
<b>Net cash used in investing activities.....</b>	<b>(10,083)</b>	<b>(8,628)</b>
<b>Cash flows from financing activities:</b>		
Amount received towards directors purchase plan .....	886	422
Payment of dividend to non-controlling shareholder by a subsidiary.....	(479)	-
<b>Net cash generated from financing activities.....</b>	<b>407</b>	<b>422</b>
Effect of exchange rate changes on cash equivalents.....	(45)	-
Net increase in cash and cash equivalents .....	16,568	22,156
Cash and cash equivalents, beginning of the period .....	197,825	135,093
<b>Cash and cash equivalents, end of the period .....</b>	<b>\$ 214,348</b>	<b>\$ 157,249</b>
<b>Supplemental cash flow disclosures:</b>		
Income tax paid.....	\$ 282	\$ 281

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

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
<b>GAAP EPS</b>	<b>\$ 0.18</b>	<b>\$ 0.09</b>	<b>\$ 0.35</b>	<b>\$ 0.23</b>
GAAP Net Income	\$ 8,420	\$ 4,190	\$ 16,625	\$ 10,718
Non-cash, stock-based compensation expense / (credit) (Note 1)	1,474	2,769	(103)	3,293
Loss on investment, net (Note 2)	-	1,846	-	1,846
<b>Non-GAAP Net Income</b>	<b>\$ 9,894</b>	<b>\$ 8,805</b>	<b>\$ 16,522</b>	<b>\$ 15,857</b>
<b>Non-GAAP diluted net income per share</b>	<b>\$ 0.21</b>	<b>\$ 0.19</b>	<b>\$ 0.35</b>	<b>\$ 0.34</b>
Total shares used in non-GAAP diluted net income per share calculations	47,543,536	47,039,911	47,434,955	46,843,657
Notes:				
(1) Non-cash, stock-based compensation expense / (credit).				
(2) An impairment charge of approximately \$2.3 million on the company's HC International investment, net of \$0.5 million received pursuant to indemnification obligations of the vendor under the purchase agreement for HC International investment.				

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

	GUIDANCE		ACTUAL	GUIDANCE		ACTUAL		
	Three month		Three month	Six month		Six month		
	ended Sept. 30		ended Sept. 30	ended Dec. 31		ended Dec. 31		
	2008		2007	2008		2007		
Revenue	\$38.50	to	\$39.00	\$33.8	\$108.00	to	\$109.50	\$94.6
GAAP EPS	\$0.02	to	\$0.03	\$0.11	\$0.23	to	\$0.25	\$0.28
Non-cash, stock-based compensation expenses (Note 1)	\$0.02		\$0.02	\$0.02	\$0.04		\$0.04	\$0.09
Gain on sale of HC shares (Note 2)	-		-	-	-		-	(\$0.05)
Impairment charge for Blue Bamboo (Note 3)	-		-	-	-		-	\$0.07
<b>Non-GAAP diluted net income per share</b>	<b>\$0.04</b>	to	<b>\$0.05</b>	<b>\$0.13</b>	<b>\$0.27</b>	to	<b>\$0.29</b>	<b>\$0.39</b>
Total shares used in non-GAAP diluted net income per share calculations	47,553,353		47,553,353	47,090,456	47,494,995		47,494,995	46,986,861

**Notes:**

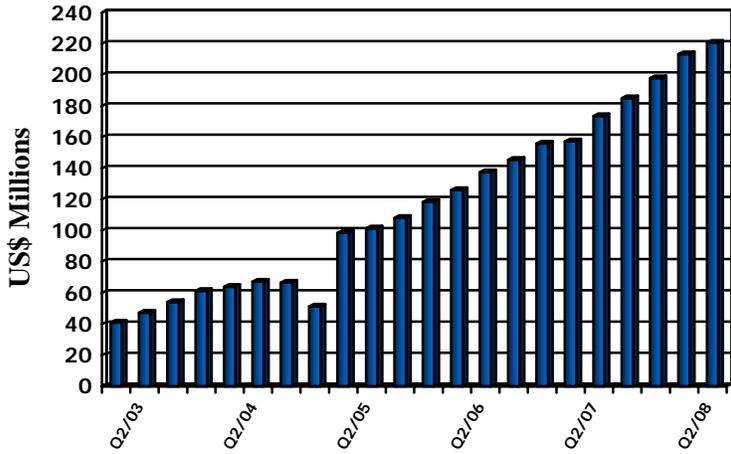
(1) Non-cash, stock-based compensation expenses.

(2) A gain of approximately \$2.4 million arising from the sale of the shares of HC International.

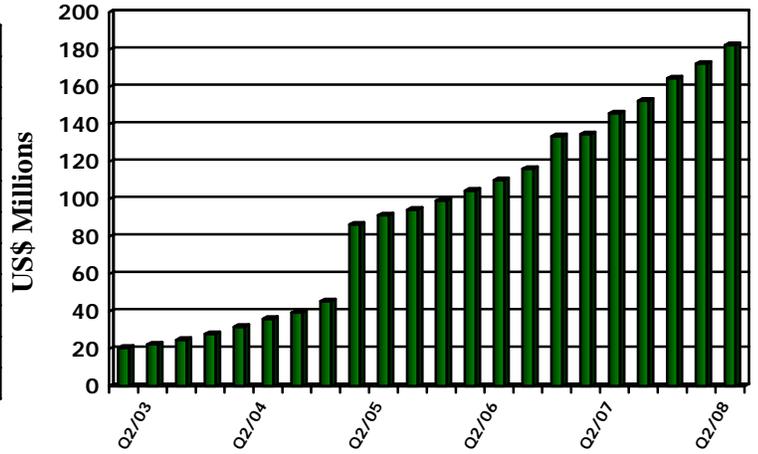
(3) Impairment charge of approximately \$3.1 million recorded by the company on intangible assets and goodwill pertaining to the business acquisition of Blue Bamboo China Ventures.

**GLOBAL SOURCES LTD. AND SUBSIDIARIES**

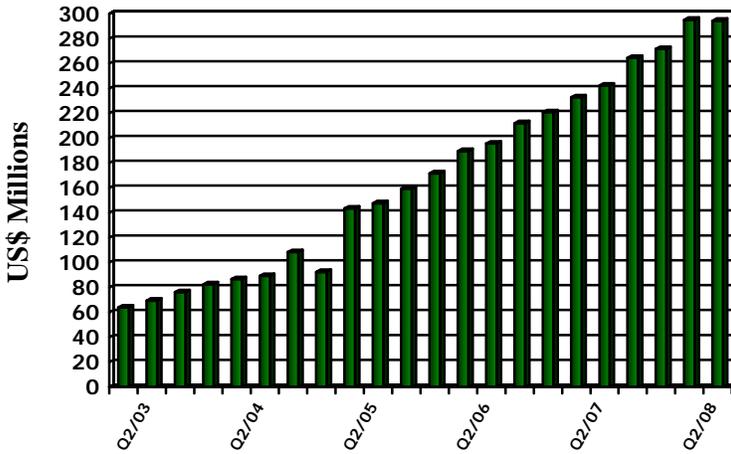
**Total Cash and Securities**



**Total Shareholders' Equity**



**Total Assets**



**Total Deferred Income  
Customer Prepayments**

