

GLOBAL SOURCES LTD /BERMUDA

Form 20-F

April 24, 2015

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 20-F

(Mark One)

Registration Statement Pursuant to Section 12(b) or (g) of the Securities Exchange Act of 1934

OR

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2014.

OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

OR

Shell Company Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the period from ..... to ..... of 1934

Commission file number 000-30678

GLOBAL SOURCES LTD.

(Exact name of Registrant as specified in its charter)

Global Sources Ltd.

(Translation of Registrant's name into English)

Bermuda

(Jurisdiction of incorporation or organization)

Canon's Court

22 Victoria Street

Hamilton, HM 12 Bermuda

(Address of principal executive offices)

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Global Sources Ltd.

c/o Equitable Accounting Services Limited,

22/F Vita Tower, 29 Wong Chuk Hang Road, Hong Kong

(Name, Telephone, E-mail and /or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Shares, \$0.01 Par Value	NASDAQ Global Select Market

Securities registered or to be registered pursuant to Section 12(g) of the Act: NONE

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: NONE

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Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

29,906,227 common shares, \$0.01 par value, outstanding as of December 31, 2014.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act

Yes      No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Yes      No

Note-Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes       No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes      No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	Accelerated <input checked="" type="checkbox"/> filer	Non-accelerated filer
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Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

International Financial Reporting	<input checked="" type="checkbox"/>	Other
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U.S.  
GAAP

Standards as  
issued by the  
International  
Accounting  
Standards  
Board

If "Other" has been checked in response to the previous questions, indicate by check mark with financial statement item the registrant has elected to follow.

Item	Item
17	18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)

Yes      No x

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes      No

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## FORWARD-LOOKING STATEMENTS

Except for any historical information contained herein, the matters discussed in this Annual Report on Form 20-F contain certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to our financial condition, results of operations and business. These statements relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to our future prospects, developments and business strategies. These forward-looking statements are identified by their use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “predict”, “will” and similar terms and phrases, including references to assumptions. These forward-looking statements involve risks and uncertainties, including current trend information, projections for deliveries, backlog and other trend projections, that may cause our actual future activities and results of operations to be materially different from those suggested or described in this Annual Report on Form 20-F.

These risks include:

- customer satisfaction and quality issues;
- competition;
- our ability to achieve and execute internal business plans;
- worldwide political instability and economic downturns and inflation, including any weakness in the economic and political conditions of countries in the Asia-Pacific region, including China; and
- other factors described herein under “Risk Factors.”

If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results may vary materially from those expected, estimated or projected. Given these uncertainties, users of the information included in this Annual Report on Form 20-F, including investors and prospective investors, are cautioned not to place undue reliance on such forward-looking statements. We do not intend to update the forward-looking statements included in this Annual Report on Form 20-F.

In this Annual Report on Form 20-F, except as specified otherwise or unless the context requires otherwise, “we”, “our”, “us”, the “Company”, the “Group” and “Global Sources” refer to Global Sources Ltd. and its subsidiaries. All references to “fiscal” in connection with a year shall mean the year ended December 31.

## SPECIAL NOTE ON OUR FINANCIAL INFORMATION PRESENTED IN THIS ANNUAL REPORT

Our consolidated financial statements included in this Annual Report on Form 20-F have been prepared in conformity with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

In accordance with rule amendments adopted by the U.S. Securities Exchange Commission (the “SEC”), which became effective on March 4, 2008, we do not provide a reconciliation to U.S. GAAP.



All financial information contained herein is expressed in United States Dollars (“U.S. Dollars” or “USD”), unless otherwise stated.

## PART I

## ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

– (Not applicable)

## ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

– (Not applicable)

## ITEM 3. KEY INFORMATION

## Selected Financial Data

The following tables present the selected historical financial data of our company as of and for each of the years in the five-year period ended December 31, 2014. The selected financial information as of December 31, 2014 and 2013 and for the years ended December 31, 2014, 2013 and 2012 set forth below are derived from, should be read in conjunction with, and are qualified in their entirety by reference to, the section entitled “Operating and Financial Review and Prospects” and our audited consolidated financial statements and related notes, which are included elsewhere in this document. The consolidated statements of income data for each of the three years ended December 31, 2014, 2013 and 2012 and selected consolidated balance sheet data as of December 31, 2014 and 2013 are derived from, and qualified by reference to, our audited consolidated financial statements included elsewhere in this document. The consolidated statement of income data for the years ended December 31, 2011 and 2010, and the selected consolidated balance sheet data as of December 31, 2012, 2011 and 2010 are derived from our audited financial statements not included in this document.

As disclosed above under “Special Note on Our Financial Information In This Annual Report”, our consolidated financial statements as of and for the years ended December 31, 2014, 2013, 2012, 2011 and 2010 have been prepared and presented in accordance with IFRS, as issued by the International Accounting Standards Board.

	Year ended December 31,				
	2014	2013	2012	2011	2010
(In U.S. Dollars Thousands, Except Number of Shares and per Share Data)					
<b>Income Statement Data:</b>					
<b>Revenue</b>					
Online and other media services	\$93,252	\$104,629	\$136,101	\$141,475	\$122,203
Exhibitions	97,017	85,636	88,782	77,973	69,450
Miscellaneous	7,943	7,257	6,857	5,617	4,996
	198,212	197,522	231,740	225,065	196,649
<b>Operating Expenses:</b>					
Sales (Note 1)	60,805	61,958	80,354	81,363	71,923

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Event production	25,080	24,403	26,250	24,637	21,875
Community and content (Note 1)	26,843	27,481	32,696	34,078	31,923
General and administrative (Note 1)	52,631	50,272	44,281	40,660	33,463
Information and technology (Note 1)	12,683	12,729	13,188	12,607	11,839
Total Operating Expenses	178,042	176,843	196,769	193,345	171,023
Profit on sale of property	-	15,410	-	-	-
Profit from Operations	20,170	36,089	34,971	31,720	25,626
Interest income	1,314	1,472	1,044	360	510
Interest expenses	(186 )	-	-	-	-
Gain on sale of available-for-sale securities	11	64	-	-	1,223
Share of loss of associate	-	-	(24 )	-	-
Impairment loss on investment in associate	-	-	(302 )	-	-
Profit before income taxes	21,309	37,625	35,689	32,080	27,359
Income tax expense	(2,468 )	(4,753 )	(2,744 )	(1,613 )	(1,117 )
Net profit	18,841	32,872	32,945	30,467	26,242
Net profit attributable to non-controlling interests	(511 )	(137 )	(739 )	(991 )	(991 )
Net profit attributable to the Company's shareholders..	\$18,330	\$32,735	\$32,206	\$29,476	\$25,251
Basic net profit per share attributable to the Company's shareholders	\$0.57	\$0.95	\$0.95	\$0.87	\$0.63
Diluted net profit per share attributable to the Company's shareholders	\$0.55	\$0.91	\$0.90	\$0.83	\$0.61
Cash dividends declared per share	-	-	-	-	-
Shares used in basic net profit per share calculations	31,953,136	34,426,468	34,017,730	33,742,648	40,283,874
Shares used in diluted net profit per share calculations	33,482,371	36,068,326	35,742,495	35,385,218	41,693,616

	As at December 31,				
	2014	2013	2012	2011	2010
(In U.S. Dollars Thousands Except Number of Shares)					
<b>Balance Sheet Data:</b>					
Cash and cash equivalents	\$90,223	\$137,359	\$104,631	\$81,903	\$101,298
Term deposits with the banks	\$4,285	\$106	\$4,184	\$2,764	\$1,411
Financial assets, available-for-sale	\$3,952	\$6,367	\$7,472	\$13,250	\$-
Total assets (Note 2)	\$314,011	\$339,097	\$311,169	\$276,330	\$225,703
Net assets	\$185,074	\$213,562	\$177,312	\$138,554	\$102,460
Long-term debt, less current portion	\$11,702	\$10,251	\$15,152	\$9,800	\$8,107
Total Company shareholders' equity (Note 2)	\$171,606	\$203,980	\$165,920	\$129,673	\$94,295
Common share capital	\$529	\$525	\$521	\$518	\$516
Common shares outstanding (Note 2)	29,906,227	34,485,771	34,069,363	33,793,948	33,573,540

(Note Non-cash compensation expenses associated with the employee and non-employee equity compensation plans, including the Global Sources Directors Share Grant Award Plan included under various categories of expenses are approximately as follows: sales expenses: \$409 (2013: \$539; 2012: \$565; 2011: \$737; 2010: \$545), community and content: \$16 (2013: \$43; 2012: \$70; 2011: \$234; 2010: \$284), general and administrative: \$1,215 (2013: \$1,340; 2012: \$1,524; 2011: \$1,528; 2010: \$1,089), and information and technology expenses: \$217 (2013: \$248; 2012: \$250; 2011: \$278; 2010: \$269).

(Note On 24 June 2010, the Board of Directors of the Company authorized a program to repurchase 11,121,000 of our common shares by tender offer at purchase price of \$9.00 per share. Accordingly, in August 2010, we completed the repurchase and paid a total cash consideration of \$100,089. On 11 March 2014, the Board of Directors of the Company authorized a program to repurchase 5,000,000 of our common shares by tender offer at purchase price of \$10.00 per share. Accordingly, in June 2014, we completed the repurchase and paid a total cash consideration of \$50,000. We are holding the repurchased shares as treasury shares.

## Risk Factors

In addition to other information in this Annual Report, the following risk factors should be carefully considered in evaluating us and our business. Such factors may have a significant impact on our business, operating results and financial condition. As a result of the risk factors set forth below and elsewhere in this Annual Report, and the risks discussed in our other Securities and Exchange Commission (“SEC”) filings, actual results could differ materially from those projected in any forward-looking statements. Such risks and uncertainties are not the only ones facing us. Other risks or events that are not presently known to or anticipated by us, or that we currently deem immaterial, may also adversely affect our business, operating results and financial condition.

The risk factors set forth below are organized into three categories: “Industry Risks”, “Company Risks” and “Investment Risks.” Within each of these categories, the individual risk factors are arranged in a sequence which roughly corresponds with our view as to their order of significance, beginning with those that we consider to be of higher significance.

### Industry Risks

The mainland China market is key to our current and future success and political instability in this market could seriously harm our business and reduce our revenue.

Our customers in mainland China accounted for approximately 84% of our total revenues in 2014. Our dependence on revenue from the mainland China market is significant, and adverse political, legal or economic changes in mainland China may harm our business and cause our revenues to decline.

The Chinese government has instituted a policy of economic reform which has included encouraging foreign trade and investment, and greater economic decentralization. However, the Chinese government may discontinue or change these policies, or these policies may not be successful.

Moreover, despite progress in developing its legal system, mainland China does not have a comprehensive and highly developed system of laws, particularly as it relates to foreign investment activities and foreign trade. Enforcement of existing and future laws, regulations and contracts is uncertain, and implementation and interpretation of these laws and regulations may be inconsistent. As the Chinese legal system develops, new laws and regulations, changes to existing laws and regulations, and the interpretation or enforcement of laws and regulations may adversely affect business operations in and revenue from mainland China.

While Hong Kong has had a long history of promoting foreign investment, its incorporation into China means that the uncertainty related to mainland China and its policies may now also affect Hong Kong.

Exports from mainland China are key to our current and future success and uncompetitive cost conditions in this market, or a potential backlash against mainland Chinese-made products arising from inadequate product safety and quality standards, and/or fraudulent behavior by sellers, could reduce our revenue and seriously harm our business.

Mainland China is the largest supplier of consumer products to the world. Our actual and potential customers are mainly suppliers who are based in mainland China. Should mainland China manufacturers’ production costs go up substantially (for example, due to the further appreciation of the Chinese Renminbi (“RMB”), wage and product input price inflation, reduced export rebates and new environmental or labor regulations), products from mainland China may become less competitive on price versus other supply markets. There is also increasing competition from

alternative cheaper emerging supply markets in the Asia-Pacific region, such as Vietnam and Indonesia. If products from mainland China become less competitive on price, buyers may shift their production sources or supply sources to other cheaper alternative markets or even bring their production in-house or to their own home countries, which would likely in turn have a negative impact on the demand in mainland China for our various export-focused media and marketing services.

In recent years, there have been several highly publicized incidents involving products made in mainland China not meeting consumer standards in overseas markets. More recently, there have been reports of fraudulent behavior whereby sellers in mainland China have taken orders and payment and then not delivered the products. If these kinds of issues continue or worsen, there may be a strong backlash against products made in mainland China and our business and financial condition may consequently suffer.

International trade, and especially imports from the Greater China region (which includes mainland China, Hong Kong and Taiwan), is subject to political, legal and economic instability, which may inhibit our ability to be successful.

The international markets in which we operate are subject to risks, including:

- fluctuations in regional and/or global economic conditions;
- fluctuations in the availability of trade finance, especially for small and medium enterprises in the Greater China region;
  - fluctuations in currency exchange rates;
- governments could increase trade protection measures including tariffs, quotas, import duties or taxes, thereby significantly reducing demand for imported goods;
  - political instability;
  - the threat of terrorist attacks;
- conflicting and/or changing legal and regulatory requirements;
- restrictions placed on the operations of companies with a foreign status;
- significant changes in tax laws and regulations (or the interpretation, practice or policies in respect thereof by tax authorities), tax rates and tax reporting requirements;
- the loss of revenues, property and equipment from expropriation, nationalization, war, insurrection, terrorism and other political risks;
  - adverse governmental actions, such as restrictions on transfers of funds; and
    - oil embargoes or significant fluctuations in oil prices.

In 2014, we derived approximately 95% of our revenues from customers in the Greater China region. We expect that a majority of our future revenues will continue to be generated from customers in this region. At the time of the Asian economic crisis of 1997 and 1998, and the global financial crisis of 2008 and 2009, our revenues and operating results were adversely affected, and our sales declined. Future reductions in trade between Greater China and the world may cause our business to be harmed and our revenues to decrease.

Our industry is intensely competitive, evolving and subject to rapid change. If we are unable to compete effectively, we will lose current customers and fail to attract new customers. If that happens, our business may not be successful and our financial condition may be adversely affected.

Our industry is intensely competitive, particularly in the online space, which is becoming increasingly crowded with new market participants. Barriers to entry are minimal, and competitors are able to launch new websites and other media at a low cost. We constantly face threats from competition, including from non-



traditional competitors and new forms of media. We compete for our share of customers' marketing and advertising budgets with other online marketplaces, trade publications and trade shows. Competitors vary in size, geographic scope, industries served and the breadth of the products and services offered. We may encounter competition from companies which offer more comprehensive content, services, functionality and/or lower prices. We may also encounter competition from companies offering software services and e-commerce transactional platforms.

Many of our current and potential competitors may have greater financial, technical, marketing and/or other resources than we have. Also, others may have more experience and greater name recognition. In addition, many of our competitors may have established relationships with one another and with our current and potential suppliers and buyers and may have extensive knowledge of our industry. Current and potential competitors have established or may establish cooperative relationships with third parties to increase the ability of their products to address customer needs. Accordingly, our competitors may develop and rapidly acquire significant market share.

We endeavor to monitor significant business, market, competitive, financial, economic, political, legal, regulatory and/or other relevant trends and developments in the various markets and jurisdictions in or with which we actually or may potentially conduct our business and/or operations; to evaluate the corresponding opportunities and/or risks for us, if any; and to strategize, adapt and respond as appropriate (in which case we may have to incur significant expenditures to implement our strategies). However, we may not always be successful in correctly spotting, evaluating, appreciating the extent, significance or impact of, or in implementing appropriate strategies, initiatives or other measures in response to, such trends, developments, opportunities and risks; or we may fail or be unable to do so in a timely manner or at all. If that happens, we may fail to adapt and compete effectively and to grow our business and revenues, or we may incur significant costs to address lost time and opportunity, or we may suffer other costs or adverse consequences; in which event, our business and financial condition could thereby be harmed.

Current and future economic uncertainty, slowdowns, or recessions have reduced and may continue to reduce demand and spending for business-to-business marketing services. This has in the past adversely affected and could in the future adversely affect our revenues and operating results.

The revenue and profitability of our business depends significantly on the overall demand for business-to-business media services. We believe that the demand for these services of ours is subject to a number of potentially negative factors, such as the large recent decline in global trade, the fact that many economies in the world have recently been in a recession and ongoing economic uncertainties. In addition, potential sovereign debt risks could adversely affect foreign trade. Accordingly, the overall level of global demand for mainland China's and Asia's exports may not be sustainable in the foreseeable future.

As a result of the global market conditions, we may incur operating losses and net losses in the future, and we may not be able to achieve positive cash flow from operations. We have a significant fixed operating expense, which may be difficult to adjust in response to unanticipated fluctuations in revenues.

We depend upon Internet search sites and other online marketing channels to attract a significant portion of the users who visit our websites, and if we were listed less prominently in Internet search result listings, or if we are unable to rely on our other online marketing channels as a cost-effective means of driving visitors to our websites, our business, operating results and financial condition could be harmed.

We derive a significant portion of our website traffic from users who search for content through Internet search sites, such as Google, Baidu, Bing and other Microsoft-powered search sites. A critical factor in attracting users to our websites is whether we are prominently displayed in such Internet search results.

Search result listings are determined and displayed in accordance with a set of formulas or algorithms developed by the particular Internet search site. The algorithms determine the order of the listing of results in response to the user's Internet search. From time to time, search sites revise these algorithms. In some instances, these modifications may cause our websites to be listed less prominently in unpaid search results, which will result in decreased traffic from search site users to our websites.

Our websites may also become listed less prominently in unpaid search results for other reasons, such as search site technical difficulties, search site technical changes and changes we make to our websites. In addition, search sites have deemed the practices of some companies to be inconsistent with search site guidelines and have decided not to list such companies' websites in search result listings at all. If we are listed less prominently or not at all in search result listings for any reason, the traffic to our websites will likely decline, which could harm our operating results. If we decide to attempt to replace this traffic, we may be required to increase our marketing expenditures, which also could harm our operating results and financial condition.

We also rely on other online marketing channels (such as "pay per click" marketing) as an important means of driving visitors to our websites. However, the cost of such online marketing channels can change very frequently (often daily), and it is unclear whether such online marketing channels will remain cost-effective for us. If we are unable to rely on such online marketing channels as a cost-effective means of driving visitors to our websites, our business, operating results and financial condition could be harmed; or if we continue to rely on such marketing channels despite their increased costs, our marketing expenditures will increase, which also could harm our operating results and financial condition.

Foreign exchange rate fluctuations may have a material impact on our operating results, revenues, and profits.

Because we operate internationally and report our operating results, revenues and profits in U.S. Dollars, foreign exchange rate fluctuations, especially in the RMB and other Asian currencies, may have a material impact on our operating results.

The RMB strengthened during the last few years against the U.S. Dollar; however, in 2014 the RMB slightly weakened against the U.S. Dollar. Although we bill in RMB and have expenses in RMB in mainland China, if the RMB appreciates against the U.S. Dollar, our current and potential supplier customers may become less competitive with suppliers from other regions, leading to less demand for our advertising services.

In addition, we have investments in operations and commercial properties in mainland China, the net assets of which are exposed to foreign currency translation risks. Further, we have significant amounts of deposits denominated in RMB, which are kept with commercial banks located in Hong Kong, and which are exposed to foreign currency fluctuation risks.

To the extent significant currency fluctuations occur in the RMB and other Asian currencies, our financial condition and results of operations may be adversely affected.

Currently, we do not hedge our exposure to foreign currency fluctuations.

Evolving regulation of the Internet and commercial e-mail may affect us adversely.

As Internet commerce continues to evolve, increasing legislation and regulation by governments and agencies become more likely. We use e-mail as a significant means of communicating with our existing and potential customers and users. We also provide "@globalsources.com" e-mail addresses to our clients, for their use. The laws and regulations governing the use of e-mail for marketing purposes continue to evolve, and the growth and development of the market for commerce over the Internet may lead to the adoption of additional legislation and/or changes to existing laws. Existing, new or additional legal prohibitions on the transmission of unsolicited commercial e-mail (commonly known as "spam"), coupled with aggressive enforcement, could reduce our ability to promote our services in a cost-efficient manner and our ability to facilitate communications between suppliers and buyers and, as a result, adversely affect our

business and financial condition.

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In addition to legal restrictions on the use of e-mail, Internet service providers, various operators of Internet mailbox services, anti-spam organizations and others typically attempt to block the transmission of unsolicited e-mail and are increasing the number and volume of unsolicited e-mails they are blocking. With this increasing vigilance also comes an increased rate of “false positives”, i.e., legitimate e-mails being wrongly identified as “spam.” If an Internet or other service provider or software program identifies e-mail from us (or from our clients to whom we have provided “@globalsources.com” e-mail addresses) as “spam”, we could be placed on a restricted list that would block our e-mails to our actual or potential customers or users who maintain e-mail accounts with these Internet service or other providers or who use these software programs or our e-mails could be routed to bulk folders and ignored. If we are unable to communicate by e-mail with our actual or potential customers or users as a result of legislation, blockage of our e-mails, routing of our e-mails to bulk folders, or otherwise, our business, operating results and financial condition could be harmed.

In addition, taxation of products and services provided over the Internet or other charges imposed by government agencies or by private organizations for accessing the Internet may also be imposed. Any regulation imposing greater fees for Internet use or restricting information exchange over the Internet could result in a decline in the use of the Internet and the viability of Internet-based services, which could harm our business, operating results and financial condition.

The laws governing Internet transactions and market access over the Internet are evolving and remain largely unsettled. The adoption or modification of laws or regulations relating to the Internet may harm our business and financial condition by increasing our costs and administrative burdens. It may take years to determine whether and how existing laws apply to the Internet.

Changes in laws and regulations could adversely affect our business, operating results and financial condition.

It is possible that new laws and regulations or new interpretations of existing laws and regulations in the United States, the European Union, mainland China and elsewhere will be adopted covering issues affecting our business, including:

- privacy, data security, the use of “cookies” and the use of personally identifiable information;
- copyrights, trademarks and domain names; and
- marketing practices, such as telemarketing, e-mail or direct marketing or online behavioral advertising.

Increased government regulation of, or the application of existing laws to, online activities or other relevant business, operational or marketing practices, could:

- decrease the growth rate of our business;
- reduce our revenues;
- increase our operating expenses; or
- expose us to significant liabilities.

Furthermore, the relationship between regulations governing domain names and laws protecting trademarks and similar proprietary rights is still evolving. Therefore, we might be unable to prevent third parties from acquiring domain names that infringe or otherwise decrease the value of our trademarks and other proprietary rights. Any impairment in the value of these important assets could cause our share price to decline. We cannot be sure what effect any future material non-compliance by us with these laws and regulations or any material changes in these laws and regulations could have on our business, operating results and financial condition.

We endeavor to monitor significant relevant legal and regulatory developments that could impact our business and operations. However, we may not always be successful in correctly spotting, evaluating, appreciating the extent, significance or impact of, or in adapting and implementing appropriate measures in response to, such developments; or we may fail or be unable to do so in a timely manner or at all. If that happens, we may incur significant legal liabilities, costs in mitigating or otherwise addressing the issue, or other adverse consequences, and our business, operating results and financial condition could thereby be harmed.

Changes in laws and standards relating to data collection and use practices and the privacy of Internet users and other individuals could impair our efforts to maintain and grow our audience and thereby decrease our advertising revenue.

We collect information from our users who register for services or respond to surveys. Subject to each user's permission (or right to decline), we may use this information to inform our users of products and services that may be of interest to them. We may also share this information with our advertising clients for those who have granted us permission to share their information with third parties. In addition, we also use "cookies" in our websites and engage in various online behavioral advertising practices. Governments in various jurisdictions, including the United States and the European Union, have adopted or proposed limitations on the collection, distribution and use of personal information of Internet users. In addition, growing public concern about privacy, data security, the use of "cookies", and online behavioral advertising practices, has led to or may result in increased legal and governmental regulation, and/or self-regulation of these practices by the Internet advertising and direct marketing industry. Because many of the proposed laws or regulations are in their early stages, we cannot yet determine the impact these regulations may have on our business and financial condition over time. Although, to date, our efforts to comply with applicable laws and regulations have not hurt our business and financial condition, additional or more burdensome laws or regulations, including consumer privacy and data security laws, could be enacted or applied to us or our customers. Such laws or regulations could impair our ability to collect user information that helps us to provide more targeted advertising to our users, thereby impairing our ability to maintain and grow our audience and maximize advertising revenue from our advertising clients.

Customer or user concerns regarding Internet security or fraud, or data privacy issues, may deter the adoption or use of our online products and services.

Our business and financial success depends on our reputation and our customers' and users' confidence in the security of our products and services, our anti-fraud measures and our data privacy policies and practices. Widely publicized security breaches or fraud involving the Internet or online services generally, or our failure to prevent security breaches or fraud by our customers or users, or "phishing" activities by third parties who masquerade as us, or as our customers or users, in an attempt to obtain personal data from our other customers or users, or computer malware, viruses or hacking activities occurring on or through the Internet or our systems, may harm our reputation and cause our current and potential customers and users not to adopt or use our products and services, thereby adversely affecting our revenues. We may also be required to incur additional costs to protect against security breaches and fraud, or to alleviate problems caused thereby. In addition, increasing public awareness and concerns about data use and collection practices and other privacy issues could deter the adoption or use of our online products and services, thereby adversely affecting our revenues.

Magazine advertising has declined in recent years and may continue to decline, which could adversely impact our revenue.

In the past years, global business-to-business print advertising has significantly declined which has led to a decrease in our print advertising revenue. Print advertising is generally facing many challenges and may continue to decline and

not recover. The growth in alternative forms of media, such as the Internet, has increased the competition for advertising dollars, which in turn could reduce the levels of expenditures for magazine advertising or suppress magazine advertising rates. Our customers may decide to use less print advertising as part of their overall marketing campaigns and the rates we charge for print advertising may decline, thereby adversely affecting our revenue.



Digital magazines may not become widely adopted and this may have an adverse effect on our competitive position.

Technology, particularly digital technology used in the media industry, continues to evolve rapidly, and advances in that technology have led to alternative methods for the distribution of magazine content. Many publishers including ourselves have launched various types of digital magazines, often to complement print magazine editions. Our initiatives may not become widely adopted by buyers and other users, or advertisers, which could have a significant adverse effect on our competitive position and our business and results of operations.

The successful operation of our business depends significantly on the quality, performance and reliability of the telecommunications and Internet infrastructure globally, and especially in mainland China and the Asia-Pacific region, where we derive most of our revenue and where the vast majority of our sales representatives are located.

We derived approximately 41% of our revenue from Internet-related services in 2014 and poor performance or failures of the telecommunications and Internet infrastructure anywhere in the world could negatively impact our business.

We are likely to continue to derive the majority of our Internet-based marketplace business and revenues from mainland China and the Asia-Pacific region.

The quality, performance and reliability of some of the telecommunications and Internet infrastructure and telephone line availability in mainland China and many other countries in the Asia-Pacific region could fail and/or become unreliable.

In mainland China, almost all access to the Internet is maintained through state-owned telecommunication operators under the administrative control and regulatory supervision of the government authorities. In addition, the national networks are connected to the Internet through international gateways controlled by the mainland China government. These international gateways are the only channels through which a mainland China user can connect to the Internet. We cannot assure that a more sophisticated or flexible Internet infrastructure will be developed in mainland China. Our mainland China users may not have access to alternative networks in the event of disruptions, failures or other problems with mainland China's Internet infrastructure. Furthermore, the Internet infrastructure in mainland China may not support the demands associated with continued growth in Internet usage.

These issues and problems may contribute to lower than expected adoption of many of our services and may cause our growth and revenues to fall below expectations, or we may have to incur significant costs to address or mitigate them, thereby adversely affecting our profitability.

Outbreaks of H1N1, avian influenza, Severe Acute Respiratory Syndrome ("SARS"), Ebola, norovirus or other widespread public health problems could adversely affect our business and financial condition.

In the event of future outbreaks of H1N1, avian influenza, SARS, Ebola, norovirus or other widespread public health problems, some ways in which our business and financial condition might be adversely affected could include the following:

- quarantine or travel restrictions (whether required by government or public health authorities, or self-imposed) could result in the closure of some of our offices and other disruptions to our operations;
- sickness or death of our key officers and employees;

- a general slowdown in international trade and the global economy;

- our trade shows may have to be cancelled; and
- exhibitor and visitor participation at our trade shows could be significantly curtailed or otherwise adversely affected.

Climate change and other environment-related regulations in supply markets and overseas demand markets could increase the costs of certain groups of our supplier and/or buyer community, or otherwise harm their business or financial viability. As a result, they may reduce or cease their usage of our services, thereby adversely affecting our revenue.

In many jurisdictions, there is a growing trend of increasing concerns, and legal, regulatory, political and policy developments, in the area of climate change and other environmental issues. These may discourage, or may involve the imposition of certain prohibitions, restrictions, standards, levies and/or taxes in respect of, certain types of manufacturing processes, products and/or imports, which may in turn increase the costs of affected manufacturers, suppliers, exporters, buyers and/or importers or otherwise harm their business or financial viability. Those of our supplier and/or buyer community who are so affected may consequently reduce or cease their usage of our services, in which case our revenue would be adversely affected.

#### Company Risks

Online advertising rates in our sectors have declined over the past few years, and if we are not able to slow or reverse this trend or to substantially grow the total number of customers using our services, our operating results and financial condition could be adversely affected.

The marketing and pricing decisions of our competitors strongly influence our business and therefore affect our financial condition. For example, in mainland China, online advertising rates in our sectors have declined over the past few years. If online advertising rates continue to decline, if customers choose lower value packages, or if we are unable to make up for such declines by growing our customer base, it could affect the relative proportions of our online, print and trade show revenue mix, our overall margins could be adversely impacted and our business and financial condition could suffer.

If our current and potential customers are not willing to renew and adopt our services, we may not attract and retain a critical mass of customers, our business may not be successful, and our financial condition could be adversely affected.

Our services will be attractive to suppliers only if buyers use our services to identify suppliers and purchase their products. The content, products and suppliers currently available through our various media, or made available by suppliers, may not be sufficient to attract and retain buyers as users of our services. In addition, customers for our core export marketing services may reduce their focus on exports and shift more of their focus and marketing on the mainland China domestic market, where our products and services are generally less developed and extensive.

If buyers and suppliers do not accept our media and services, or if we are unable to attract and retain a critical mass of buyers and suppliers for our media and services, our business will suffer and our revenues may decrease.

Generally, suppliers' advertising contracts with us for our online and print media are for 6 to 24 months in duration, while most booth contracts are for trade shows that will be held within the next 24 months. A significant percentage of our customers do not renew their contracts and we experience high customer turnover from year to year. If we cannot

replace non-renewing customers with new customers, our business and financial condition could be adversely affected.

We may not innovate at a successful pace, which could harm our operating results and financial condition.

Our industry is rapidly adopting new technologies and standards to create and satisfy the demands of users and advertisers. It is critical that we continue to innovate by anticipating and adapting to these changes to ensure that our content-delivery platforms and services remain effective and interesting to our users, advertisers and partners. In addition, we may discover that we must make significant expenditures to achieve these goals. If we fail to accomplish these goals, we may lose users and the advertisers that seek to reach those users, which could harm our operating results and financial condition.

We may be required to record an impairment charge to earnings if our goodwill or amortizable intangible assets become impaired.

We are required to test goodwill for impairment at least annually and to review our amortizable intangible assets for impairment whenever events or changes in circumstance indicate that the carrying amounts may not be recoverable. The carrying amounts of our goodwill and intangible assets as of December 31, 2014 were approximately \$11.5 million and \$26.3 million, respectively. During the year ended December 31, 2014, we recorded an impairment charge of \$2.2 million on intangible assets relating to one of our investments relating to our FashionSZshow exhibition business. Significant adverse changes in the business climate, or economic, competitive and other factors, may affect the value of goodwill and identifiable intangible assets. If any of these factors impair the value of these assets, accounting rules would require that we reduce their carrying value and recognize an impairment charge, which would reduce our reported assets and earnings in the year in which the impairment charge is recognized.

There are various factors that could adversely affect our ability to operate our trade show business successfully and profitably.

We expect that a significant portion of our future revenues will continue to be derived from our trade show business. Our trade shows attract exhibitors from Greater China and the rest of Asia, and attendees from all over the world, and represent the great majority of our trade show business.

Our trade shows may continue to be expanded into new categories and locations and we are uncertain as to our ability to attract and retain the quality and quantity of exhibitors and buyers that would enable such new trade show initiatives to be successful.

Also, because of the complexities, competition and uncertainties associated with the expansion of our shows into new categories and locations, we may not achieve our desired sales objectives. Furthermore, in order to implement our trade show growth strategy and/or to cope with the scope or speed of expansion of our trade shows, our management, personnel and other resources may be strained and/or we may have to continue hiring additional personnel and incurring additional expenditures. In addition, our new or expanded trade show initiatives may erode the customer base of our other pre-existing trade shows. If we are unable or fail to manage these issues and execute the operations appropriately and effectively, it would jeopardize our ability to be successful in the trade show business and adversely affect our financial condition.

From time to time, we may also discontinue our trade shows in a particular location, due to a reduction of exhibitor-interest and/or buyer-demand resulting from changes in the market conditions associated with that location or due to other factors such as those described above and below. Any such discontinuation could have an adverse impact on our overall trade show revenues.

We rely heavily on cooperation with various government bodies, trade associations and other relevant parties for marketing and selling booths to exhibitors. The availability of government subsidies to exhibitors in some jurisdictions (e.g., mainland China) is also a significant factor in attracting exhibitors to our trade shows. If we fail to achieve such cooperation or if such cooperation is unsuccessful, or if government subsidies are not available or granted or are withdrawn, the success of our trade show business could be jeopardized, and our operating results and financial condition may be adversely affected.

Our trade show business also requires us to make substantial non-refundable deposits and progress payments to secure desirable venues and dates far in advance of conducting the trade show. The market for desirable dates and locations is often highly competitive and critical to the success of the show. If we cannot secure desirable dates and locations for our trade shows, their profitability and future prospects would suffer, and our financial condition and operating results would be materially and adversely affected.

Several other factors could also negatively affect our financial performance in this business, including:

- natural catastrophes, labor strikes and transportation shutdowns;
- the spread of H1N1, avian influenza, SARS, Ebola, norovirus and other similar epidemics;
- civil unrest, political instability and the threat of terrorist attacks;
- conflicting and/or changing legal and regulatory requirements;
- changing and/or adverse governmental policies and actions;
- decrease in demand for booth space;
- we may not always be able to obtain the required trade show licenses (where applicable), which may limit the number of trade shows we are able to hold;
- our sales representative companies' inability to effectively expand their staff and infrastructure;
- inability to renew our venue contracts on favorable terms or at desired times;
- a slowdown in product demand from outlet markets; and
- sudden closure of event venue sites due to unforeseen circumstances.

In view of the various risks outlined above, we can give no assurances that our operation of the trade show business will be instrumental to our success or that our financial condition will not be adversely affected.

Our trade shows in Hong Kong face various competitive threats that may adversely affect their success, profitability and viability.

There are substantial and long-established trade shows in Hong Kong and southern mainland China which compete with our trade shows in Hong Kong, and which now have access to expanded venue space. Many of these competing trade show events and/or venues are owned and/or organized by, and/or sponsored, funded, endorsed and/or otherwise strongly supported by, governmental or statutory bodies, which may continue to further develop and/or expand such trade show events and/or venues in competition with ours or engage in other competitive actions. For example, the Hong Kong Trade Development Council ("HKTDC"), a government-subsidized statutory body and the largest trade show organizer in Hong Kong, competes aggressively with our trade shows at the AsiaWorld-Expo exhibition venue in Hong Kong. The HKTDC is also a co-owner of the Hong Kong Convention and Exhibition Centre ("HKCEC"), and is able to secure and has secured most of the favorable exhibition venue time-slots at the HKCEC for the HKTDC's own trade shows. The HKCEC was recently expanded, and the HKTDC and the HKCEC (as well as other exhibition

organizers and trade associations) have from time to time been pressing the Hong Kong government to consider supporting a further expansion (“Phase 3”) of the HKCEC. There have also been some industry and political pressures for more large-scale convention and exhibition centers to be built in Hong Kong. As a result of such developments, and especially if HKCEC Phase 3 proceeds or other exhibition venues are built, our overall competitiveness may be harmed, we may not be able to attract the desired quantity and quality of exhibitors and buyers to our trade shows, and the viability of our trade show business may be jeopardized.



The long-term growth and viability of our trade shows in Hong Kong depend significantly on the continued or improved attractiveness of the AsiaWorld-Expo exhibition venue (at which they are held) to exhibitors and buyers. If the economic, transportation, urban, tourism and other infrastructures and developments surrounding the AsiaWorld-Expo (which is located near the Hong Kong International Airport) are not further planned, built, improved and implemented appropriately or at all, and we are unable to secure bookings at and switch to other more attractive alternative exhibition venues for our Hong Kong trade shows, the overall competitiveness and viability of our trade show business may be jeopardized.

In addition, in June 2012, the Hong Kong government adopted a competition law that prohibits any agreement or concerted practice amongst undertakings, or any conduct by an undertaking with a substantial degree of market power, that has the object or effect of preventing, distorting or restricting competition in Hong Kong. This competition law would apply to private enterprises, but at the same time all Hong Kong statutory bodies (such as the HKTDC) would be excluded from the application of the competition law, unless Hong Kong's Chief Executive-in-Council specifies, through subsequent regulations, which statutory bodies are not to be exempted. During the Hong Kong Legislative Council's debate concerning this law, the Hong Kong government indicated that the HKTDC would not be one of the "non-exempted" statutory bodies covered by any such regulation to be made by Hong Kong's Chief Executive-in-Council. If so, this means that while we will have to comply with the Hong Kong competition law regime, the HKTDC need not, thereby resulting in an uneven playing field that could jeopardize the competitiveness and viability of our trade show business in Hong Kong.

Any re-branding of our media or re-organization of product verticals covered by our media could lead to a loss of customer recognition, affinity and loyalty, in which event our business could be adversely affected.

Customer recognition, affinity and loyalty associated with our brands and the specialized product verticals covered by our various media are important to the success of our business. From time to time, we may re-brand some of our media and/or re-organize some of the product verticals covered by our various media. This could lead to a loss of the customer recognition, affinity and loyalty associated with the affected brands and/or product verticals concerned, in which event our business could be adversely affected.

The loss of one or more of our executive officers could harm our business and financial condition.

Our growth and success depend significantly on the continued services of our executive officers and other key members of our management. The loss of their services and/or that of other key executives, including our executive chairman, chief executive officer, chief financial officer, chief operating officer and chief information officer, or senior management personnel of our acquired subsidiaries, or significant changes in our executive management team, whether as a result of resignation, service termination, retirement, succession planning or otherwise, may be disruptive to our business and operations and/or could jeopardize the success and viability of our business and financial condition. If competitors hire our key personnel, it could allow them to compete more effectively by diverting customers from us and facilitating more rapid development of their competitive offerings.

We may not be able to attract, hire and retain qualified personnel cost-effectively, or to successfully manage increases in personnel headcount required for business expansion purposes, which could impact the quality of our content and services and the effectiveness and efficiency of our management, resulting in increased costs and jeopardizing the success and viability of our business and financial condition.

Our success depends on our ability to attract, hire and retain at commercially reasonable rates qualified technical, sales support management, marketing, customer support, financial and accounting, legal and other managerial personnel.

The competition for personnel in the industries in which we operate is intense. Our personnel may terminate their employment at any time for any reason. Loss of personnel may also result in increased costs for replacement hiring and training. If we fail to attract and hire new personnel or retain and motivate our current personnel, we may not be able to operate our business effectively or efficiently, serve our customers properly, or maintain the quality of our content and services. If this were to occur, our financial condition could be adversely affected.

In addition, any increases in personnel headcount required for business expansion purposes may strain our management and other resources and involve significant costs. If we are unable or fail to manage such issues effectively, it could adversely affect our operations and financial condition.

We rely heavily on independent sales representative companies for the sales and marketing of our products and services. If we lose the services of these sales representative companies or their employees, or if they perform poorly, or if we fail to effectively manage our relationship with them, our business and revenues could be harmed.

We have agreements with various independent sales representative companies, whom we rely heavily upon for the sales and marketing of our products and services. Eight main sales representative companies in mainland China were responsible for approximately 71% of our total revenues for the year ended December 31, 2014. These independent sales representatives collect cash from our customers on our behalf and deposit such collections into designated bank accounts owned by them whereby, for managing the credit risks, our senior employees are the authorized signatories to withdraw cash from such bank accounts in China. Generally, either we or the sales representative companies may terminate the service agreement between them and us upon short notice. It is possible that we may not retain some of our sales representative companies, or they may not retain some of their sales personnel (due to competition from other companies in hiring and retaining sales personnel) or be able to replace them with equally qualified personnel. Furthermore, if a sales representative company terminates its agreement with us, some of our customers with a direct relationship with that sales representative company or its personnel may terminate their relationship with us. Although these sales representative companies and their employees are independent from us, there can be no assurance that our reputation and our business, and our financial condition, will not be harmed by their acts or omissions. If sufficient numbers of employees are not recruited, or properly trained, integrated, motivated, retained and managed, by these sales representative companies, or if they or their employees perform poorly or fraudulently, or otherwise fail to perform their roles and responsibilities adequately, appropriately or as required, or if our relationships with these sales representative companies fail or deteriorate or we are otherwise unable or unsuccessful in effectively managing our relationship with them, our business and revenues may be harmed. In addition, although we have long-standing relationships with a majority of these independent sales representatives, for whom there is no recent history of default in transferring client payments received by them to us, if any of these sales representatives go bankrupt or otherwise fail to transfer such moneys to our own bank accounts, we could be exposed to credit risk.

The value of our commercial properties in mainland China, Hong Kong and Singapore may fall below the carrying value, requiring us to recognize an impairment charge; or we may not be able to fully rent out any excess unutilized space in our investment properties.

We own commercial properties in Shenzhen's new commercial business district, which are equivalent in standard to "Grade A" private office premises in Hong Kong ("Grade A" private office premises in Hong Kong are defined by the Hong Kong Rating and Valuation Department and generally understood by the Hong Kong property market to mean premises situated in buildings designed for commercial purposes which are modern with high quality finishes; have a flexible layout; have large floor plates; have spacious, well decorated lobbies and circulation areas; have effective central air-conditioning; have good lift services zoned for passengers and goods deliveries; have professional management; and have parking facilities normally available). In addition, we own commercial properties in Hong Kong and Shanghai, and in February 2014 we acquired a commercial property in Singapore.

The total carrying amount of our owned Shenzhen, Shanghai, Hong Kong and Singapore properties was approximately \$142.18 million, and their total market value was approximately \$242.52 million as of December 31, 2014. However, real estate markets are cyclical and valuation year-on-year is uncertain, given global and country-specific demand and supply drivers. As a result, we may not be able to recover the carrying value of our

owned properties, which may require us to recognize an impairment charge in future earnings.

If and to the extent we are unable to fully rent out and generate rental income from any excess unutilized space in our investment properties, our operating results may be adversely affected thereby.

We may not be successful in identifying, financing, consummating and/or effectively integrating acquisitions, joint ventures or strategic alliances, in order to expand our business. In such event, our operating results and financial condition could be adversely affected.

We are regularly evaluating potential strategic acquisitions, joint ventures, alliances or other investments, or other opportunities for growth. We believe that these are key components of our business strategy. However, we may not be successful in identifying such opportunities, or we may not be able to negotiate satisfactory terms or consummate them successfully, or we may not have sufficient access to capital to enter into or to take advantage of them. In these circumstances, our growth potential, competitiveness and/or business success, and therefore our financial condition, may be harmed.

If we do identify and consummate such opportunities, there is still a risk that we may not be able to integrate any new businesses, products or technologies into our existing business and operations, or to manage our relationships with our joint venture or alliance partners successfully. Alternatively, even if we are successful in doing so, we may not achieve expected results, or we may not realize other expected benefits. In such circumstances, our financial condition could be adversely affected.

In order to finance such opportunities, we may use equity securities, debt, cash, or a combination of the foregoing. Any issuance of equity securities or securities convertible into equity may result in substantial dilution to our existing shareholders, reduce the market price of our common shares, or both. Any debt financing is likely to have financial and other covenants based on our performance, results or other conditions, and there could be an adverse impact on us if we do not observe, maintain, achieve or comply with applicable financial covenants, such as minimum performance results, or other conditions. In addition, the related increases in expenses could adversely affect our operating results and financial condition.

Our lengthy sales and implementation cycle could cause delays in concluding sales contracts with customers, thereby adversely affecting our business objectives and success, and therefore our financial condition.

The period between our initial contact with a potential customer and the purchase of our products and services is often long and unpredictable and may have delays associated with the lengthy budgeting and approval processes of our customers. This lengthy sales and implementation cycle may affect our ability to estimate our revenue in future quarters and could cause delays in the conclusion of sales contracts with customers, thereby adversely affecting our business objectives and success, and therefore our financial condition.

Our plans to expand into the mainland China domestic business-to-business market may fail or underperform.

We have various media properties serving the mainland China domestic market and we intend to grow this, in particular by adding online services and trade shows. We are generally less competitive in this market than the export market and may not be successful. Competition is intense and price points tend to be very low, which may adversely affect the success of our plans to expand into the mainland China domestic business-to-business market.

We could be subject to additional income tax liabilities.

We are subject to income taxes in numerous jurisdictions. Significant judgment is required in evaluating our worldwide provision for income taxes. During the ordinary course of business, there are many transactions for which the ultimate tax determination is uncertain. For example, our effective tax rates could be adversely

affected by earnings being lower than anticipated in countries where we have lower statutory rates and higher than anticipated in countries where we have higher statutory rates; by changes in the valuation of our deferred tax assets and liabilities; or by changes in the relevant tax, accounting and other laws, regulations, principles and interpretations. We are subject to potential or actual tax reviews in various jurisdictions, and such jurisdictions may assess additional income tax against us. Although we believe our tax estimates are reasonable, the final determination of such tax reviews and any related litigation could be materially different from our historical income tax provisions and accruals. The results of a tax review or related litigation could have a material adverse effect on our operating results or cash flows.

The failure of or security breaches to our computer systems, network and communications hardware and software could materially and adversely affect our business, operating results and financial condition.

Our business depends on the high availability, good performance and strong security of our computer systems, network, and associated hardware and software. Any system interruptions, poor performance or security breaches impacting on Global Sources Online or any of our online sites may drive buyers and other registered users away and reduce the attractiveness of these sites to advertisers, therefore adversely affecting our business, operating results and financial condition.

We host our key customer-facing computer systems with major Internet Service Providers (ISPs) and data center facilities in Hong Kong. Interruptions to these service providers' and/or their partners' hosting services could result from natural disasters as well as catastrophic hardware failures, software problems, extended power loss, telecommunications failure and similar events. While these service providers may have their own disaster recovery capabilities and/or be able to provide us with disaster recovery facilities on request in such circumstances, nevertheless, if there is any failure, inability or delay on their part in providing such disaster recovery facilities as committed, serious and prolonged disruptions to our systems and services could result.

Although we support the integrity of our security with IDS (Intrusion Detection Systems), anti-virus and other tools as a precaution against computer malware, viruses, hackings, denial-of-service and other cyber intrusions, such security systems and programs are not completely foolproof or error-free, and new updates to deal with the latest viruses or security threats may not yet be available or may not yet have been implemented. Hence, security breaches could still occur, and we cannot give any assurances that we will always be able to prevent individuals from gaining unauthorized access to our servers. Any such unauthorized access to our database servers, including abuse by our employees, could result in the theft of confidential customer or user information contained in our database servers. If such confidential information is compromised, we could lose customers or become subject to liability or litigation and our reputation could be harmed, any of which could materially and adversely affect our business, operating results and financial condition.

We may be subject to legal liability for publishing or distributing advertisements or other content in our trade publications or websites, or at our trade shows.

We may be subject to legal claims or liabilities relating to the advertising or other content on Global Sources Online or our other websites, or the downloading and distribution of such content, as well as legal claims or liabilities arising out of the products or companies featured in our trade publications and at our trade shows. Claims or liabilities could involve matters such as: libel and defamation; negligent misstatements; false or misleading advertisements; patent, trademark, copyright, design or other intellectual property infringement; fraud; invasion of privacy; direct or indirect, or primary or secondary, liability for illegal, prohibited, restricted, controlled, unlicensed, fake, defective, poor quality, hazardous, contaminated or injurious products or substances advertised on our websites or in our publications

or exhibited at our trade shows; or other legal theories, for example, based on aiding and abetting our advertisers or exhibitors in our role as a publisher, website operator or trade show organizer (for example, by allegedly facilitating or providing the means for any unlawful or infringing activities conducted through the medium of our websites or publications or at our trade shows), or based on the nature, creation or distribution of our content (for example, the use of hypertext links to other websites operated by third parties).



Media companies have been sued in the past, sometimes successfully, based on the content published or made available by them. Like many companies in our industry, we have received notices of claims based on content made available in our publications, on our website or at our trade shows. In addition, some of the content provided on Global Sources Online is manually entered from data compiled by other parties, including governmental and commercial sources, and this data may have errors, or we may introduce errors when entering such data. If our content is improperly used or if we supply incorrect information, our users or third parties may take legal action against us. In addition, we may violate usage restrictions placed on text or data that is supplied to us by third parties. Regardless of the merit of such claims or legal actions, they could divert management time and attention away from our business, result in significant costs to investigate and defend, and damage our reputation (which could result in client cancellations or overall decreased demand for our products and services), thereby harming our business, operating results and financial condition. In addition, if we are not successful in defending against such claims or legal actions, we may be liable to pay substantial damages. Our insurance may not cover claims or legal actions of this type, or may not provide sufficient coverage.

We may be subject to legal liability for the supplier verification services that we offer to buyers.

In addition to supplier-provided information, we also offer verification services (by ourselves and/or through third parties whom we engage) to buyers in respect of certain data from certain of our supplier customers. These verification services include: verification of some of a supplier's company and business details; supplier credit profiles and credit reports; and supplier capability assessment. We may be subject to legal claims and actions for any inaccurate, erroneous, incomplete or misleading information provided in connection with such verification services. While we may have liability disclaimers associated with such verification services, such liability disclaimers may nevertheless be insufficient to deter a complainant from attempting to raise a claim or to institute legal action against us, or may be held by a court to be invalid or unenforceable. As for those verification services which are not provided directly by us but by third parties engaged by us, a complainant may nevertheless attempt to hold us responsible for such third parties. Regardless of the merit of any such claims or legal actions, they could divert management time and attention away from our business, result in significant costs to investigate and defend, and damage our reputation (which could result in client cancellations or overall decreased demand for our products and services), thereby harming our business, operating results and financial condition. In addition, if we are not successful in defending against such claims or legal actions, we may be liable to pay substantial damages. Our insurance may not cover claims or legal actions of this type, or may not provide sufficient coverage.

Our intellectual property protection is limited, and others may infringe upon it, which may reduce our ability to compete and may divert our resources.

Our success and ability to compete are dependent in part upon our proprietary technology, content and information databases, the goodwill associated with our trademarks, and other intellectual property rights. We have relied on a combination of copyright, trade secret and trademark laws and non-disclosure and other contractual restrictions to protect ourselves. However, our efforts to protect our intellectual property rights may not be adequate. Although we have filed (and continue to file) applications for and have obtained registration of many of our key trademarks in various jurisdictions, we may not always be able to obtain successful registrations. Our competitors may independently develop similar technology or duplicate our software and services. If others are able to develop or use technology and/or content we have developed, our competitive position may be negatively affected.

We have in the past co-developed, and may in the future co-develop, some of our intellectual property with independent third parties. In these instances, we take all action that we believe is necessary and advisable to protect and to gain ownership of all co-developed intellectual property. However, if such third parties were to introduce

similar or competing online products and services that achieve market acceptance, the success of our online services and business, operating results, financial condition and prospects may be harmed.

We cannot determine whether future patent, copyright, service mark or trademark applications, if any, will be granted. No certainty exists as to whether our current intellectual property or any future intellectual property that we may develop will be challenged, invalidated, or circumvented, or will provide us with any competitive advantages.

Litigation may be necessary to enforce our intellectual property rights, protect trade secrets, determine the validity and scope of the proprietary rights of others, or defend against claims of infringement or invalidity. Intellectual property laws provide limited protection. Moreover, the laws of some foreign countries do not offer the same level of protection for intellectual property as the laws of the United States. Such laws may not always be sufficient to prevent others from copying or otherwise obtaining and using our content, technologies or trademarks. In addition, policing our intellectual property rights worldwide is a difficult task, and we may be unable to detect unauthorized use of our intellectual property or to identify infringers. Litigation may result in substantial costs and diversion of resources, regardless of its outcome, which may limit our ability to develop new services and compete for customers.

If third parties claim that we are infringing upon their intellectual property rights, our ability to use technologies and products may be limited, and we may incur substantial costs to resolve these claims.

Litigation regarding intellectual property rights is common in the Internet and software industries. Defending against these claims could be expensive and divert our attention from operating our business. We expect third-party infringement claims involving Internet technologies and software products and services to increase. If we become liable to third parties for infringing their intellectual property rights, we could be required to pay substantial damage awards and be forced to develop non-infringing technology, obtain a license with costly royalties or cease using the products and services that contain the infringing technology or content. We may be unable to develop non-infringing technology or content or to obtain a license on commercially reasonable terms, or at all. All of this could therefore have a material adverse effect on our business, operating results and financial condition.

We may not have, in all cases, conducted formal or comprehensive investigations or evaluations to confirm that our content and trademarks do not or will not infringe upon the intellectual property rights of third parties. As a result, we cannot be certain that we do not or will not infringe upon the intellectual property rights of third parties. If we are found to have infringed a third party's intellectual property rights, the value of our brands and our business reputation could be impaired, and our business and financial condition could suffer.

Apart from the U.S. treasury bills which we hold, a significant portion of our cash and cash equivalents are held as cash deposits with various banks. In the event of an insolvency of any such banks, we may not be able to recover our cash from them in full or in part, or there may be prolonged delays in such recovery.

A significant portion of our cash and cash equivalents are held as cash deposits with various commercial banks. A majority of such balances are held in banks located outside mainland China. Although we have not recognized any losses to date on our cash and cash equivalents, in the event of an insolvency of any such banks, we may not be able to recover our cash from them in full or in part, or there may be prolonged delays in such recovery. This could materially adversely affect the value or liquidity of our cash and cash equivalents and result in an impairment, which could materially adversely affect our financial condition and operating results.

The commercial real estate properties which we own in mainland China constitute a substantial portion of our assets, and there are legal ownership risks associated with these properties, given the fact that the interpretation of mainland China laws and regulations involves uncertainty.

The mainland China legal system is based on written statutes, and prior court decisions can only be used as a reference. For some time now, the mainland China government has been promulgating laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial law, including laws relating to property ownership and development. However, due to the fact that these laws and regulations have not been fully developed,

and because of the limited volume of published cases and the non-binding nature of prior court decisions, interpretation of mainland Chinese laws and regulations involves a degree of uncertainty.

Some of these laws may be changed without being immediately published or may be amended with retroactive effect. In addition, any litigation in mainland China may be protracted and result in substantial costs and diversion of resources and management attention. All these uncertainties may cause difficulties in the enforcement of our land use rights, entitlements under its permits, and other statutory and contractual rights and interests relating to the commercial real estate properties which we own in mainland China and which constitute a substantial portion of our assets.

The failure of outside parties to meet committed service levels and information accuracy expectations may make our services less attractive to customers and harm our business and financial condition.

We rely on outside parties for some information, licenses, product delivery, telecommunications and technology products and services. We rely on relationships and/or contractual agreements with software developers and providers, systems integrators and other technology or telecommunications firms to support, enhance and develop our products and services.

Although we have contracts with technology providers to enhance, expand, manage and maintain our computer and communications equipment and software, these service providers may not provide acceptable services. Services provided by third parties include providing application licenses, hosting our Global Sources Online servers and database, maintaining our communications and managing the network and data centers which we rely on for the provision of our services. These relationships may not continue or may not be available on the same commercial terms in the future, which could cause customer dissatisfaction and/or a delay in the launch of new software or services.

We license some components of our technology from third parties. These licenses may not be available to us on the same commercial terms in the future. The loss of these licenses could delay the release or enhancement of our services until equivalent technology could be licensed, developed, or otherwise obtained. Any such delay could have a material adverse effect on our business and financial condition. These factors may deter customers from using our services, damage our business reputation, cause us to lose current customers, and harm our ability to attract new customers, thereby adversely affecting our financial condition.

We have no direct control over the accuracy, timeliness, or effectiveness of the information, products and services or performances of these outside parties. As a result of outside party actions, we may fail to provide accurate, complete and current information about customers and their products in a timely manner and to deliver information to buyers and/or other registered users in a satisfactory manner.

Our inability to maintain or acquire effective Internet domain names could adversely impact our online business.

If we are not able to prevent third parties from acquiring Internet domain names that are similar to the various Internet domain names that we own, third parties could create confusion that diverts traffic to other websites away from our online services, thereby adversely affecting our business and financial condition. Furthermore, if we are unable to acquire the preferred or appropriate Internet domain names that we may wish to use for any new or additional websites that we may wish to launch from time to time (for example, if such Internet domain names are already registered by third parties), the timing, scale or effectiveness of our launch efforts could be adversely impacted.

The acquisition and maintenance of Internet domain names generally are regulated by governmental agencies. The regulation of Internet domain names in the United States and in foreign countries is subject to change. As a result, we may not be able to acquire or maintain relevant Internet domain names. Furthermore, the relationship between regulations governing such addresses and laws protecting proprietary rights is unclear.



Should our directors or officers incur personal liabilities in connection with the performance of their duties, such liabilities could be substantial. Our insurance coverage for such directors' or officers' liabilities may be inadequate, and we may have to indemnify them (if, and to the extent, applicable and permissible) out of our own funds.

Our insurance coverage for the potential personal liabilities of our directors and officers is limited and may not be sufficient to cover the scope or extent of such liabilities. In such event, our directors and officers may have to rely in whole or in part on indemnities from out of our funds (see "Personal Liability of Directors and Indemnity" under Item 10 for a description of the personal liabilities of our directors and the indemnities by us which may be available to our directors and officers). If and to the extent such indemnities are applicable and permissible, they could be substantial.

We may be required to record an impairment charge on our accounts receivable if we are unable to collect the outstanding balances from our customers.

We generally collect our fees in advance from customers in markets with higher risk. We have a large number of customers and no individual customer represents more than 10% of our accounts receivable. We estimate the collectability of our accounts receivable based on our analysis of the accounts receivable, historical bad debts, customer creditworthiness and current economic trends. We continuously monitor collections from our customers and maintain adequate impairment allowance for doubtful accounts. However, while credit losses have historically been within our expectations and the allowances we established, if the bad debts significantly exceed our impairment allowance, our operating results and liquidity could be adversely affected.

#### Investment Risks

Our quarterly operating results may have seasonal fluctuations and as a result, we may fail to meet analyst, investor and/or shareholder expectations.

We typically experience seasonal quarter-to-quarter fluctuations in our revenue. Currently, most of our largest trade shows are expected to be held in the second quarter and fourth quarter of each year. The net result of the above seasonality is that second and fourth quarter revenues are likely to be substantially higher than the first and third quarter revenues. In 2014, approximately 29% of our revenue was generated during the second quarter and approximately 32% during the fourth quarter. The first quarter accounted for approximately 17% of our revenue in 2014 and the third quarter accounted for approximately 22% of our revenue in 2014. In addition, certain expenses associated with future revenues are likely to be incurred in the preceding quarters, which may cause profitability to be lower in those preceding quarters. Also, because event revenue is recognized when a particular event is held, we may also experience fluctuations in quarterly revenue based on the movement of annual trade show dates from one quarter to another. As a result of seasonal fluctuations in our quarterly operating results, we may fail to meet analyst, investor and/or shareholder expectations.

There is a limited public market for our shares and the trading volume for our shares is low, which may limit your ability to sell your shares or purchase more shares.

As of February 28, 2015, we had approximately 968 registered shareholders, and a total of 30,218,703 issued and outstanding common shares of par value \$0.01 each, out of which approximately 17,639,899 issued and outstanding common shares were tradable on the NASDAQ Global Select Market ("NASDAQ").

Because of the small number of shareholders and the small number of publicly tradable shares, we cannot be sure that an active trading market will develop or be sustained or that you will be able to sell or buy common shares when you

want to. As a result, it may be difficult to make purchases or sales of our common shares in the market at any particular time or in any significant quantity. If our shareholders sell our common shares in the public market, the market price of our common shares may fall. In addition, such sales may create the perception by the public of difficulties or problems with our products and services or management. As a result, these sales may make it more difficult for us to sell equity or equity-related securities in the future at a time or price that is appropriate.



Sales of our common shares by our major shareholders could depress the price of the common shares.

Sales of common shares by our major shareholders could adversely affect the prevailing market price of the common shares. As of February 28, 2015, we had 30,218,703 common shares issued and outstanding, out of which at least 14,445,169 common shares issued and outstanding are beneficially owned by people who may be deemed “affiliates”, as defined by Rule 405 of the Act. Of these 14,445,169 shares, 12,288,938 shares are “restricted securities” which can be resold in the public market only if registered with the SEC or pursuant to an exemption from registration.

We cannot predict what effect, if any, that the sales of such restricted shares or the availability of shares for sale, will have on the market price of the common shares from time to time. Sales of substantial amounts of common shares in the public market, or the perception that such sales could occur, could adversely affect prevailing market prices for the common shares and could impair our ability to raise additional capital through an offering of our equity securities.

Merle A. Hinrich, our Executive Chairman, is also our major shareholder and he may take actions that conflict with your interest.

As of February 28, 2015, Mr. Merle Allan Hinrich beneficially owned approximately 41.60% of our total issued and outstanding common shares, and may be deemed to be the beneficial owner of up to 45.87% of our total issued and outstanding common shares (as described in Item 7 below). Mr. Hinrich is also our Executive Chairman. Accordingly, Mr. Hinrich has substantial voting influence over the election of our directors, the appointment of new management and the opposition of actions requiring shareholder approval, such as adopting amendments to our articles of incorporation and approving mergers or sales of all or substantially all of our assets. Such concentration of ownership and substantial voting influence may have the effect of delaying or preventing a change of control, even if a change of control is in the best interest of all shareholders. There may be instances in which the interests of our major shareholder may conflict or be perceived as being in conflict with the interests of a holder of our securities or the interest of the Company.

Because we are governed by Bermuda law rather than the laws of the United States and our assets are outside of the United States, our shareholders may have more difficulty protecting their rights because of differences in the laws of the jurisdictions.

We are incorporated under the laws of Bermuda. In addition, certain of our directors and officers reside outside the United States and a substantial portion of our assets is located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon such persons or to realize against them judgments of courts of the United States predicated upon civil liabilities under the United States federal securities laws. We have been advised by our legal counsel in Bermuda, Appleby, that there is some uncertainty as to the enforcement in Bermuda, in original actions or in actions for enforcement of judgments of United States courts, of liabilities predicated upon U.S. federal securities laws, although final and conclusive judgments in the courts of the United States against our Company under which a sum of money is payable (not being a sum of money payable in respect of taxes or other charges of a like nature, in respect of a fine or other penalty, or in respect of multiple damages as defined in The Protection of Trading Interests Act 1981 of Bermuda) would be enforced by the Supreme Court of Bermuda as a debt against our Company, subject to certain conditions and exceptions.

It may be difficult for a third party to acquire us, and this may depress our share price.

Our bye-laws contain provisions that may have the effect of delaying, deferring or preventing a change in control or the displacement of our management. These provisions may discourage proxy contests and make it more difficult for

the shareholders to elect directors and take other corporate actions. These provisions may also limit the price that investors might be willing to pay in the future for our common shares. These provisions include:

- providing for a staggered Board of Directors, so that it would take three successive annual general meetings to replace all directors;
  - requiring the approval of 100% of shareholders for shareholder action by written consent;
- establishing advance notice requirements for submitting nominations for election to the Board of Directors and for proposing matters that may be acted upon by shareholders at a general meeting; and
- with respect to engaging in business combinations with, or proposed by or on behalf of, any interested shareholder or its affiliate, requiring the approval of not less than two-thirds of the holders of our voting shares (other than shares held by that interested shareholder or any affiliate or associate of such interested shareholder), voting together as a single class, or by a simple majority if the business combination is approved by a majority of the continuing directors or if certain prescribed conditions are met assuming that we will receive fair market value in exchange for such business combination. In this context, a “business combination” includes, among others, (i) any mergers, (ii) any asset sales and other material transactions resulting in a benefit to the interested shareholder or any of its affiliates or associates or (iii) the adoption of a plan for our liquidation or dissolution; an “affiliate” or an “associate” have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the “Exchange Act”); a “continuing director” is a member of our Board of Directors that is not an affiliate or associate or representative of an interested shareholder and was a member of our board prior to such person becoming an interested shareholder; and an “interested shareholder” is any person (other than us or any of our subsidiaries, or any profit sharing, employee share ownership or other employee benefit plan, or any of the shareholders of Trade Media Holdings Limited that received our shares pursuant to a share exchange agreement prior to the listing of our shares on NASDAQ) that owns or has announced its intention to own, or with respect to any of our affiliates or associates, within the prior two years did own, at least 15% of our voting shares.

We are a “foreign private issuer,” and have disclosure obligations that are different than those of other U.S. domestic reporting companies, so you should not expect to receive information about us in the same amount and/or at the same time as information received from, or provided by, U.S. domestic reporting companies.

We are a foreign private issuer and, as a result, we are not subject to some of the requirements imposed upon U.S. domestic issuers by the SEC. For example, we are not required to issue quarterly reports or file proxy statements with the SEC, and we and our directors and executive officers are not subject to certain disclosure obligations that would otherwise be required if we were a U.S. domestic issuer.

Hence, our shareholders, potential shareholders and the investing public in general should not expect to receive information about us in the same amount and/or at the same time as information received from, or provided by, U.S. domestic reporting companies.

As a foreign private issuer, we are permitted to, and did, follow certain home country corporate governance practices instead of otherwise applicable Nasdaq Global Select Market requirements, which may result in less protection than is accorded to investors under rules applicable to domestic U.S. issuers.

As a foreign private issuer, we are permitted to, and did, follow certain home country corporate governance practices instead of those otherwise required under the applicable rules of the Nasdaq Global Select Market for domestic U.S. issuers, provided that we disclose the requirements we are not following and describe the home country practices we are following. From time to time, we have followed and may follow home country practice in Bermuda in lieu of Nasdaq Global Select Market rules requiring shareholders to approve equity compensation plans and material revisions thereto. Under the Companies Act 1981 of Bermuda (as amended) (the “Companies Act”), there is no general requirement for equity compensation plans of a Bermuda company to be approved by way of a shareholders’ resolution, which is different than the requirements of the Nasdaq Global Select Market listing standards. As such, while we may choose to seek shareholder approval for any equity compensation plans, our memorandum of association and bye-laws do not require any such approvals. See “Item

16.G – Corporate Governance.” We may in the future elect to follow home country practices in Bermuda with regard to other matters. Following our home country governance practices as opposed to the requirements that would otherwise apply to a U.S. company listed on the Nasdaq Global Select Market may provide less protection to you than what is accorded to investors under the applicable rules of the Nasdaq Global Select Market applicable to domestic U.S. issuers.

Our share prices may fluctuate in response to a number of events and factors.

Our share price may fluctuate in response to a number of events and factors such as quarterly variations in operating results; announcements of new services or pricing options by us or our competitors; changes in financial estimates and recommendations by securities analysts; failure to meet our financial guidance and/or the financial forecasts of analysts; the operating and share price performance of other companies that investors may deem comparable; news reports relating to trends in the Internet and the information technology industry; reports, articles, commentaries, blogs or online postings about us by analysts, short sellers, our competitors, our customers, our users and/or others; announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments; or changes in laws or regulations in the jurisdictions in which we operate.

While we believe that we currently have adequate internal control procedures in place, we are still exposed to potential risks from legislation requiring companies to evaluate internal controls under Section 404 of the Sarbanes-Oxley Act of 2002.

Under the supervision and with the participation of our management, we have evaluated our internal controls systems in order to allow management to report on, and our registered independent public accounting firm to attest to, our internal controls over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act. We have performed the system and process evaluation and testing required in an effort to comply with the management certification and auditor attestation requirements of Section 404. As a result, we have incurred additional expenses and a diversion of management’s time. If we are not able to continue to meet the requirements of Section 404 in a timely manner or with adequate compliance, we might be subject to sanctions or investigation by regulatory authorities such as the SEC or by NASDAQ. Any such action could adversely affect our financial results and the market price of our shares.

U.S. persons that hold our common shares could be subject to material adverse U.S. federal income tax consequences if we were considered to be a PFIC for any taxable year.

A non-U.S. corporation generally will be a “passive foreign investment company,” or PFIC, for U.S. federal income tax purposes in any taxable year in which, after applying the relevant look-through rules with respect to the income and assets of its subsidiaries, either (i) 75% or more of its gross income is “passive income” (generally including (without limitation) dividends, interest, annuities and certain royalties and rents not derived in the active conduct of a business) or (ii) the average value of its assets that produce passive income or are held for the production of passive income is at least 50% of the total value of its assets.

Although the application of the PFIC rules is unclear, there is a risk that we could be treated as having become a PFIC in a prior year, and there can be no assurance that we will not be considered a PFIC for the current year or any subsequent year. A U.S. person that holds our common shares should consult its own tax advisor regarding possible adverse tax consequences to such person if we are considered to be a PFIC.

## History and Development of the Company

We are a leading facilitator of global merchandise trade. Our business began in 1971 in Hong Kong when we launched Asian Sources, a trade magazine to serve global buyers importing products in volume from Asia. Today,

we are one of Asia's leading providers of trade information using online media, print media and face-to-face events, meeting the marketing and sourcing needs of our supplier and buyer communities.

The core business uses English-language media to facilitate trade from Greater China (which includes mainland China, Hong Kong and Taiwan) to the world. The other business segment utilizes Chinese-language media to enable companies to sell to, and within, Greater China.

Realizing the importance of the Internet, we became one of the first providers of business-to-business online marketplace services by launching Asian Sources Online in 1995. In 1999, we changed the name of Asian Sources Online to Global Sources Online.

We originally were incorporated under the laws of Hong Kong in 1970. In April 2000, we completed a share exchange with a publicly traded company based in Bermuda, and our shareholders became the majority shareholders of the Bermuda corporation. As a result of the share exchange, we became incorporated under the laws of Bermuda and changed our name to Global Sources Ltd. Our capital expenditures during the years ended December 31, 2014, 2013 and 2012 amounted to \$18.7 million, \$27.0 million and \$1.4 million, respectively. For 2014, such expenditures were incurred mainly for purchase of office premises in Singapore, computers, purchased software, office equipment, leasehold improvements and software development. For 2013, such expenditures were incurred mainly for purchase of office premises in Hong Kong, computers, software, office equipment and leasehold improvements. For 2012, such expenditures were incurred mainly for purchase of computers, software, office equipment and leasehold improvements. Our capital expenditures were financed using cash generated from our operations. The net book value of capital assets disposed and written off during the years ended December 31, 2014, 2013 and 2012 amounted to \$0.06 million, \$12.6 million and \$0.048 million, respectively. Disposals of our commercial properties in 2013 have been discussed under the heading "Properties" in this Item 4. In January 2014, we entered into an agreement for the purchase of office space in Singapore which was completed in February 2014. This transaction has been discussed in detail under the heading "Properties" in this Item 4.

Our primary operating offices are located in Shenzhen, China; Shanghai, China; Hong Kong, China; and Singapore. Our registered office is located at Canon's Court, 22 Victoria Street, Hamilton, HM 12, Bermuda, and our telephone number at that address is (441) 295-2244. Our website address is <http://www.globalsources.com>. Information contained on our website or available through our website is not incorporated by reference into this document and should not be considered a part of this document.

#### Business Overview

We are a leading business-to-business ("B2B") media company that provides information and integrated marketing services, with a particular focus on the Greater China market. Our mission is to facilitate global trade between buyers and suppliers by providing export marketing services and sourcing information. Although our range of media has grown, for more than 40 years we have been in the same primary business of helping buyers worldwide find products and suppliers in Asia.

Buyers rely on our media to find products and suppliers, and to stay current with supply market conditions. Suppliers use our media to find new buyers and markets for their products. We believe we offer the most extensive range of media and export marketing services in the industries we serve. Suppliers using our three primary channels – online marketplaces, magazines and trade shows – are supported by our advertising creative services and online content management applications.

We have a significant presence across a number of industry sectors including electronics, fashion accessories, hardware and gifts. We are particularly strong in facilitating China's two-way trade of electronics, one of China's largest import and export sectors.

As of December 31, 2014, more than 333,000 suppliers were listed on GlobalSources.com and we serve a buyer community of over 1,000,000 active members in more than 200 countries and territories.



We are diversified in terms of products and services offered, industries served, and our customer base. We have powerful and valuable assets including: the Global Sources brand; leading products and market positions; a strong and growing group of businesses in the China domestic market; and an extensive presence in Greater China. We believe that all of these provide a strong platform for success and that we are well-positioned in the industry segments within which we operate.

The following table sets forth our revenue by category for the last three fiscal years:

	Year Ended December 31,		
	2014	2013	2012
	(In U.S. Dollars Thousands)		
<b>Revenues</b>			
Online and other media services	\$93,252	\$104,629	\$136,101
Exhibitions	97,017	85,636	88,782
Miscellaneous	7,943	7,257	6,857
	\$198,212	\$197,522	\$231,740

The following table sets forth our revenue by geographical area for the last three fiscal years:

	Year Ended December 31,		
	2014	2013	2012
	(In U.S. Dollars Thousands)		
<b>Revenues</b>			
China	\$166,356	\$163,107	\$189,648
Rest of Asia	27,068	29,891	35,603
United States	4,334	4,031	5,706
Europe	385	365	531
Others	69	128	252
	\$198,212	\$197,522	\$231,740

We currently generate the majority of our revenue from suppliers in Asia, with China being our largest market at approximately 84% of total revenue during 2014. Our revenue is derived from two primary sources – Online and other media services, which represented approximately 47% of total revenue in 2014 and Exhibitions, which represented approximately 49% of total revenue in 2014.

Online and other media services. This consists of the following two primary revenue streams:

- **Online Services** – Our primary service is creating and hosting marketing websites that present suppliers' product and company information in a consistent and easily searchable manner on GlobalSources.com. We also offer banner ads and publish digital magazines.
- **Other Media Services** – We publish printed trade magazines, which consist primarily of advertisements from suppliers and our independent editorial reports and product surveys. We also derive a small amount of revenue from buyers that subscribe to our trade magazines and from marketing services provided to suppliers.

Exhibitions - Trade Shows and Seminars – Our primary revenue stream is selling booths to suppliers. Our exhibitions offer international and domestic buyers direct access to manufacturers based in China and other Asian countries.

## Industry Background

### Global Trade and the Role of Greater China

Over the past few decades, as communications and logistics technologies have improved and as more free trade agreements have been signed, international trade has grown at a pace exceeding the growth of overall global production. Asia, including Greater China in particular, has been a significant contributor to the growth of global trade.

China has become a major manufacturer and exporter of a wide range of products, due to its significant labor cost advantages, large population, improving quality controls and increasing amounts of foreign investment. Being admitted to the World Trade Organization in 2001 was a very important turning point for China. Membership led to a dramatic shift in global trade, with more orders flowing to China and away from traditional supply markets.

With a population that is more than 15 times as large as Hong Kong, Taiwan and South Korea combined, and with comparably more manufacturing facilities, the potential scale of China as an exporter is very substantial. China's exporters include state-owned enterprises, joint ventures and a rapidly growing number of entrepreneurial companies.

With thousands of manufacturers spread across vast regions, and given the large distances between them and their customers, it is difficult for buyers and suppliers to identify and communicate with one another. Accordingly, buyers' search and evaluation costs, and suppliers' advertising and marketing expenses can be substantial.

### The Role of Media in Global Trade

In global trade, media plays a key role in helping suppliers and buyers find, connect and transact with each other. To facilitate this, media companies provide three major offerings: online marketplaces, magazines and trade shows.

For media companies doing business in Asia, the fragmentation presents significant challenges. They need to find, qualify and visit tens of thousands of suppliers and then assist them to promote their products to the global marketplace. Building a sales force to contact these suppliers is a significant undertaking and typically requires substantial financial and manpower commitments and resources. In particular, there is a huge challenge to effectively and efficiently hire, train and manage a network of sales representatives across such an immense area, where multiple jurisdictions have varying legal requirements, languages, currencies and customs.

Buyers rely on media to stay current with all available purchasing opportunities. They use the media to identify and pursue new suppliers with which they can compare both pricing and product quality with their existing suppliers. They also seek to purchase new product lines appropriate to their distribution channels. Buyers choose media based on the quality and quantity of information relevant to their interests, and on the range and flexibility of the formats and delivery methods.

Most suppliers frequently introduce new products and actively seek new buyers and markets through the use of media. Their objective is to make sure their products are seen by as many potential buyers as possible, and sold to buyers that will provide them the best price and the right order size. Suppliers select media based on the number and quality of buyers reached, and on the reputation of the medium and its cost. Also, particularly in Greater China, creative services for advertising design and English language copywriting play a significant role in media selection. Suppliers measure the return on their promotional investments by the quantity and quality of sales leads, or Requests For Information ("RFIs"), that they receive, by the branding or competitive differentiation achieved, and where possible, by the actual

orders generated.

Operators of online marketplaces generate most of their business from selling marketing services to suppliers, such as publishing and hosting a supplier's website and product catalog, and from advertising. Compared to other media, online marketplaces have the advantages of content depth and timeliness and provide a venue where suppliers can make detailed product and company information accessible to buyers.

Trade show organizers generate most of their business from selling booth space to suppliers. Trade shows play a unique role in the sales process since they allow sellers to make face-to-face presentations to buyers and to negotiate and take orders at the booths. In international trade, face-to-face interaction is viewed as vital by many buyers and is something that cannot be accomplished by online or print media.

Trade magazines offer buyers the convenience of portability while offering suppliers a proven medium that delivers a targeted audience. Magazine advertising enables suppliers to do high-impact, display advertising that can strongly position their company and their products. Such advertising can also stimulate a buyer to make an inquiry, visit the supplier's website and/or visit the supplier's booth at a trade show.

Many suppliers want to reach their customers and prospects in multiple ways: online, in print and face-to-face at trade shows. Suppliers use this full range of media to make sure they reach their entire target market, because of the benefits of different and more frequent exposures to buyers, and because each of the media plays a different role in the sales cycle.

#### Our Offerings

Our primary business relates to connecting buyers worldwide with suppliers in Asia (with a particular focus on Greater China) and other emerging markets. However, we also offer a range of media that facilitates selling to, and within, China.

We provide a broad set of B2B media products and services to stimulate and streamline the marketing and sourcing processes of global trade. In particular, we believe that we offer the broadest and most integrated multi-channel offering to suppliers and buyers engaged in international trade with Greater China.

Buyers request information and purchase goods from suppliers who market themselves through our online services, trade magazines and trade shows. We provide information to help buyers evaluate numerous sourcing options so they can place orders with suppliers that have the most suitable capabilities and/or who offer them the best terms. We help suppliers market their products and their capabilities to our community of buyers worldwide. By receiving inquiries from a wide selection of buyers, suppliers have more opportunities to achieve the best possible terms, and to learn about the demand and specific requirements in different markets.

With the combination of our online, print and trade show offerings, supported by our creative and production services, we offer suppliers a virtual one-stop shop for most of their export marketing communications needs. Moreover, we believe that we are uniquely capable of helping suppliers create and deliver integrated marketing programs that impact all stages of the buying process – from awareness and lead generation – right through to purchase orders.

#### Media for Buyers Worldwide

##### Online Services

Through GlobalSources.com, our online marketplace and primary source of online revenue, buyers are able to identify, shortlist and make inquiries to suppliers. Our primary source of revenue is from suppliers who pay for marketing websites. Each marketing website is comprised of a home page, a company profile and a virtual showroom containing product profile pages of the supplier's products. Each product profile page contains detailed product information, specifications and full color images.

Buyers can reach a large potential supply base on GlobalSources.com by searching among, and/or making inquiries to, more than 333,000 suppliers.

### Trade Shows

Our largest shows are our China Sourcing Fairs which are held in Hong Kong each spring and fall. These shows bring buyers from around the world to meet face-to-face with suppliers.

### Trade Publications

We publish various industry-specific trade magazines. Our trade magazines come in print and digital formats and contain paid advertisements from suppliers, as well as our independent editorial content, which includes market reports, advice for buyers, and surveys.

### Advertising Creative Services

We offer our customers advertising and marketing creative services, which assist them in communicating their unique selling propositions and in executing integrated marketing campaigns across our online services, trade magazines and trade shows. Customer service officers and copywriters assist suppliers with creative services including digital photography of products, translation, copywriting, ad layout and quality control. Basic media and creative services are included in our media charges.

### Media for Electronics Engineers and Executives in Asia, and Media for Buyers and Executives in China

In addition to our primary media, which connect export suppliers in Asia with buyers worldwide, we are a leading provider of information to electronics engineers and executives within Asia. For this segment of our business, we have 12 online and 6 print media, trade shows for the semiconductor, optoelectronics, fashion and machinery sectors plus several other conferences and events.

### Mission and Business Strategy

#### Mission

Global Sources' mission is to connect global buyers and suppliers by providing the right information, at the right time, in the right format.

Our key business objective is to be the preferred provider of content, services, and integrated marketing solutions that enable our customers to achieve a competitive advantage.

#### Business Strategy

Our primary target market is comprised of professional small, medium and large-sized buyers and suppliers. Moreover, our focus is on verified suppliers and verified buyers. Our business strategy is to serve our markets with online, print and trade show media that address our customers' needs at all stages of the buying process.

The Global Sources strategy is built around the following four key foundations: to strengthen our position in the core, export-focused business; new product and market development; expansion in China's domestic B2B market; and acquisitions, joint ventures, and alliances.

- Strengthen position in core, export focused business. Our objective is to leverage the combined strengths of GlobalSources.com and our trade shows.
- New product and market development. Our plans include the launch of new verticals and entries into new geographies.



- Expansion in China's domestic B2B market. We have more than a dozen individual media properties serving this market and plans include further development of these businesses and expansion into new verticals.
- Acquisitions, joint ventures and/or alliances. We are focused on complementary businesses, technologies and products that will help us maintain or achieve market leading positions in particular niche markets.

Products & Services

Media for Buyers Worldwide

Online Services

GlobalSources.com, our primary online service, is comprised of the following industry sector marketplaces:

Auto Parts & Accessories	Hardware & DIY
Baby & Children's Products	Home Products
Computer Products	Machinery & Parts
Electronic Components	Mobile Electronics
Electronics	Security Products
Fashion Accessories	Sports & Leisure
Garments & Textiles	Telecom Products
Gifts & Premiums	

Trade Publications

We currently publish the following industry-specific trade magazines in various frequencies ranging from monthly to once a year:

Global & Sources Auto Parts Accessories	Global Sources India Products
Global Sources Computer Products	Global Sources Korea Products
Global Sources Electronic Components	Global Sources LED & Solar Products
Global Sources Electronics	Global Sources Machinery & Parts
Global Sources Fashion Accessories	Global Sources Medical & Health Products
Global Sources Garments & Textiles	Global Sources Mobile Electronics
Global Sources Gifts & Premiums	Global Sources Security Products
Global Sources Hardware & DIY	Global Sources Sports & Leisure
Global Sources Home Products	Global Sources Telecom Products

Trade Shows

Trade Shows & Exhibitions currently scheduled for 2015. Note: CSF represents China Sourcing Fair; ISF represents India Sourcing Fair; and KSF represents Korea Sourcing Fair, each indicating the country of origin of most of the exhibitors.

Location	Hong Kong		Johannesburg
Show Dates	Apr 11-14, 18-21, 27-30	Oct 11-14, 18-21, 19-22 & 27-30	Nov 12-14
Electronics & Components			
Mobile Electronics			
CSF: Electronics			
CSF: Security Products			
CSF: Gifts & Premiums			
CSF: Home Products			
CSF: Fashion Accessories			
CSF: Garments & Textiles			
CSF: Underwear & Swimwear			
CSF: Hardware & Building Materials			
KSF: Electronics & Components			
KSF: Mobile & Wireless			
ISF: Garments & Accessories			
KSF: Gifts & Premiums			
Total (by show period)	12	11	6
Total (by location)		23	6
Total shows		29	

Media for Electronics Engineers and Executives in Asia

Online Services

Website

Description

EE Times – Asia Online Network

Provides industry news, new product information and technical features covering new technology and its application to engineering managers and design engineers in China, Taiwan, India and countries in the Association of Southeast Asian Nations (“ASEAN”); websites in traditional and simplified Chinese, and English.

EDN – Asia Online Network

Provides in-depth technical content including technology articles, product news and special reports to design engineers and engineering managers in China, Taiwan, and ASEAN countries; websites in traditional and simplified Chinese and English.

Electronics Supply & Manufacturing – China Online

Provides managers in China's electronics industry daily news updates, new product rollouts, new manufacturing strategies, supplier reviews and component catalogs.

Webinars

Various webinars are offered throughout the year to provide corporate, engineering, procurement and manufacturing management with access to new manufacturing strategies, technology and supplier news.

DatasheetsChina.com

The world’s largest Integrated Circuits and electronic components online datasheet database, providing engineers and purchasing managers with normalized data for 250 million parts from over 10,000 suppliers worldwide.

Roboticschina.com

Informs designers, implementers and users of manufacturing, medical, agricultural, industrial, consumer and educational robotics systems on all aspects of robotics from systems design to sell and systems integration on the manufacturing floor.

Trade Shows

Trade Shows	Description
International IC China Conference & Exhibition (“IIC-China”)	<p>China’s largest system design event showcasing new integrated circuit technologies and the latest application methodology.</p> <p>IIC-China 2014 Fall Conference and Exhibition was held on September 2-5 in Shenzhen, China with conferences on the Internet of Things, Wearable Electronics, Bluetooth Technology, Smartphone &amp; Tablet Design, Power and other popular technologies.</p> <p>Scheduled to be held September 2-5, 2015 in Shenzhen, China.</p>
China International Optoelectronic Exposition (“CIOE”)	<p>China's largest optoelectronics event established in 1999 and held annually in Shenzhen. Covers all optoelectronics segments including laser and infrared applications, precision optics, optical communications and LEDs.</p> <p>Scheduled to be held September 2-5, 2015 in Shenzhen, China.</p>

Magazines

Magazine	Description
EE Times - Asia	<p>Editions published monthly in simplified and traditional Chinese; provides engineering managers and design engineers in China and Taiwan with innovative design ideas and in-depth technology analysis.</p>
EDN - Asia	<p>Editions published monthly in simplified and traditional Chinese; provides engineers in China and Taiwan with in-depth technical content including technology articles, product news and special reports.</p>
Electronics Supply & Manufacturing - China	<p>Published monthly in simplified Chinese; provides corporate, engineering and procurement management in China with strategic business and technology information.</p>

Media for Buyers and Executives in China

Trade Shows and Exhibitions

Trade Shows / Exhibitions

Description, Scheduled Date and Location

FashionSZshow  
(formerly known as China International  
Fashion Brand Fair - Shenzhen)

China and international fashion brand fair featuring men's and women's clothing and accessories.

Scheduled to be held July 9 - 11, 2015 in Shenzhen, China.

Shenzhen International Machinery  
Manufacturing Industry Exhibition  
and its related shows (SIMM)

Includes mold manufacturing technology and products, cutting tools, industrial automation and robotics, and metal forming and metal cutting machine tools, 3D printing, and more.

Scheduled to be held March 30 – April 2, 2015 in Shenzhen, China

Website

Chief Executive China Online

The management portal for China executives in simplified Chinese, with management news, expert blogs and user discussion on leadership, strategy, marketing and human resource management.

Magazine

Global Sources Chief Executive China

A leading journal on management practice for senior executives in China, with a special focus on small and medium enterprises manufacturers. Content includes local cases and expert opinion both globally and from within China on business practices relevant to today's market situation. Published monthly in simplified Chinese.

## Customers

We provide services to a broad range of international buyers and suppliers in various industry sectors.

## Suppliers

During 2014, 18,197 suppliers paid us for marketing or advertising services compared to 24,048 during 2013. Approximately 87% of these suppliers were located in mainland China. No individual supplier customer represented more than 1% of our revenue during 2014 and one individual supplier customer represented more than 2% of our revenue during 2013.

## Buyers

For our primary group of media, which connect export suppliers in Asia with buyers worldwide, we serve a community of more than 1,000,000 active members in more than 200 countries and territories.

We have developed our services primarily for retailers, distributors and manufacturers who import in volume for resale. Although we serve a wide range of small, medium and large-sized buyers, we put extra emphasis on serving senior executives with large import buying power. Also, we believe that a significant portion of our buyer community consists of owners, partners, presidents, vice presidents, general managers or directors of their respective companies.

## Sales and Marketing

Our team member sales organization consists of approximately 1,900 independent representatives in approximately 60 cities worldwide, with more than 40 of these locations in Greater China. We have a staff of approximately 149 full-time employees that oversee and monitor the independent sales representative organizations that employ these representatives.

These organizations operate pursuant to service agreements with us that generally are terminable by either party on short notice. These representatives focus on developing and maintaining relationships with suppliers that are current customers and they seek to increase the number of new suppliers using our services. Substantially all of our contracts with suppliers are entered into directly between the supplier and us. Revenue for trade shows is seasonal as it is recognized in the month in which each show is held. Currently, most of our largest trade shows are expected to be held in the second quarter and fourth quarter of each year. The net result of the above seasonality is that second and fourth quarter revenues are likely to be substantially higher than the first and third quarter revenues. The largest representative sales offices are located in Beijing, Guangzhou, Shanghai, Xi'an, Shenzhen, Hong Kong and Taipei. Our eight sales representative organizations in China accounted for approximately 71% of our total revenue in 2014.

Our marketing strategy leverages our database of more than 333,000 suppliers currently listed on GlobalSources.com. Sophisticated analyses of buyer and supplier profile data enable us to target our sales and marketing programs to new geographic areas and to specific product categories within industry sectors.

Our sales representative organizations are generally structured to offer an integrated marketing solution of our media to customers. Our community development group is responsible for marketing our services to the global buyer community through online advertisements and promotions, search engine marketing, trade shows and direct mail campaigns.

## Content Development

Our content development group is responsible for compiling, editing, integrating and processing the content that appears in our online services and print media. Within content development, the advertisement operations and editorial groups compile materials from suppliers and freelance writers, respectively, and transform these materials



into the advertising and editorial content. Research teams analyze customer content usage to direct content development and they work with sales representatives and marketing staff to develop appropriate content for new industry sectors. Our site team is responsible for evaluating and integrating content into our online services, as well as maintaining the overall integrity of such services. In addition, members of the content development group manage the pre-press production work and print production processes associated with the creation of our printed and digital trade magazines. They also maintain the back-end supplier database, which is the foundation for our online supplier and product information.

#### Strategic Relationships

eMedia Asia Limited (“eMedia”) is a subsidiary of which we own 60.1% and control, and CMP Media (now known as TechInsights), through UBM Asia B.V., a member of the United Business Media group, owns 39.9%. We entered into the joint venture in September 2000 to provide new technology content, media and online services for the Asian electronics market, focusing on new opportunities in the Greater China market.

In December 2009, eMedia acquired from the United Business Media group, for a net cash consideration of approximately US\$5 million, the entire issued share capital of eMedia South China Limited (previously known as “UBM South China Limited”), a company incorporated in the Hong Kong Special Administrative Region, which holds a 70% equity interest in Shenzhen Herong GS Exhibition Co., Ltd. (previously known as “Shenzhen Herong UBM Exhibition Co., Ltd.”), a company incorporated in mainland China. Shenzhen Herong GS Exhibition Co., Ltd. organizes and operates the CIOE in mainland China. With this acquisition, eMedia’s portfolio of media products for the Chinese electronic engineering community further complements our own multi-channel media network for professionals in China’s electronic industry.

In April 2011, eMedia acquired EDN Asia Advertising Pte. Ltd. (previously known as “Canon Communications Asia Pte. Ltd.”) and Beijing EDN Advertising Production Co., Ltd. (previously known as “Beijing Reed Advertising Services Co., Ltd.”) – which published EDN-Asia and EDN-China, respectively – from Canon Communications LLC, a subsidiary of United Business Media Limited (LSE: UBM.L), for a cash consideration of approximately US\$4 million. Subsequently, these titles were transferred to eMedia and are now published directly by eMedia, with effect from January 1, 2013.

Haoji Group Limited (“Haoji”) is a company incorporated in the British Virgin Islands, which holds the entire issued share capital of Space Exhibition Consultants Limited, a company incorporated in the Hong Kong Special Administrative Region, which in turn holds all of the equity interests in Huanyu Shishang Exhibition (Shenzhen) Co., Ltd. (“Huanyu”). Huanyu operates the China (Shenzhen) International Brand Clothing & Accessories Fair (now known as Fashion SZ Show) in mainland China, and owns the businesses and assets associated therewith. In March 2012, we acquired 80% of the entire issued share capital of Haoji, from an individual who was the sole shareholder of Haoji, for a total cash consideration of approximately US\$17.0 million, comprising an initial cash amount of approximately US\$12.7 million that was paid by us on completion of the transaction, and another additional cash amount of approximately US\$4.3 million was paid in February 2013.

The Shenzhen International Machinery Manufacturing Industry Exhibition and its related shows (the “SIMM Events”) currently consist of two groups of co-located trade shows: (a) the Shenzhen International Machining Automation

Exhibition and the Shenzhen International Metal Forming Machine Tool & Mould Exhibition (collectively, the “Group A SIMM Events”); and (b) the Shenzhen International Metal Cutting Machine Tool Exhibition (the “Group B SIMM Events”). We entered into an agreement in April 2013 (and a subsequent supplementary agreement in September 2013) to acquire a 70% interest in the Group A SIMM Events and a 56% effective interest in the Group B SIMM Events, for a total consideration of approximately \$16.3 million. We paid an initial deposit of \$2.2 million in 2013 and the second instalment of \$10.8 million in 2014. The balance cash consideration of \$3.3 million is payable in several installments over the years 2015 to 2017 upon certain conditions being fulfilled. In addition, there is a potential obligation to pay not more than approximately \$1.2 million for transaction cost.

## Technology and Systems

We use a combination of commercial software and internally developed systems to operate our websites and services.

We have invested a total of \$25.4 million for years 2014 and 2013 combined in information and technology costs.

As of December 31, 2014, we had 167 team members engaged in technology development, maintenance, software customization and data center operations.

As of December 31, 2014, our online marketplace services are run on the Oracle DBMS release 11g. The catalog application that supports Global Sources Online's core functions uses a Java platform.

Our servers are hosted by AT&T iDC in Hong Kong. We maintain system back-ups and have a Singapore facility that can be used for disaster recovery purposes.

For the year ended December 31, 2014 our external network had 100% uptime availability.

Where appropriate, our systems use secure socket layer (SSL) to encrypt sensitive communications between browsers and Web servers.

## Competition

For our online marketplaces, trade magazines and trade show services, the market is highly fragmented and potential competition and competitors vary by the range of services provided, geographic focus and the industry sector served. Some competitors only offer trade shows and other competitors only offer online services.

We may compete to some extent with a variety of organizations that have announced their intention to launch, or have already launched, products and services that compete to a certain degree with ours. These businesses include business media companies, trade show organizers, government trade promotion bodies, domestic retail marketplaces, international trade marketplaces, transaction software and services providers, and electronic sourcing application and/or service providers. We may be at a competitive disadvantage to companies that have greater financial resources, that have more advanced technology, that have greater experience or that offer lower cost solutions than ours.

## Intellectual Property

Our primary product and supplier content, in addition to our in-house produced editorial content, is held under common law copyright.

We have also developed several proprietary technology applications. We currently do not hold any patents for our proprietary technology applications. In the future, we may apply for patents for these technology applications, where appropriate, but we may not be successful in obtaining such patents, or even if we are issued a patent, it is possible that others may be able to challenge such a patent or that no competitive advantage will be gained from such patent.

Our intellectual property is very important to our business. We rely on a combination of contractual provisions, employee and third-party nondisclosure agreements, and copyright, trademark, service mark and trade secret laws, to establish and protect the proprietary rights of our brands, software, content and services.

We have registrations and/or pending applications for either or both of our “Global Sources” and “China Sourcing Fairs” trademarks in various countries or regions, including Australia, Brazil, the European Union, Hong Kong, India, Indonesia, Israel, Mexico, mainland China, the Philippines, Singapore, South Africa, South Korea, Switzerland, Taiwan, Thailand, Turkey, the United Arab Emirates and the United States.

We have in the past, and may in the future, co-develop some of our intellectual property with independent third parties. In these instances, we take all action that we believe is necessary or advisable to protect and to gain ownership of all co-developed intellectual property. However, if such third parties were to introduce similar or competing online services that achieve market acceptance, the success of our online services and our business, operating results, financial condition and prospects may be harmed.

#### Government Regulation

Our services are or may be subject to government regulations in various jurisdictions where we or our operations, business or activities are located or conducted, where our clients or users are located, or where our services are provided, supplied, transmitted, accessed, used or received. Some of these regulations are described below.

#### Internet Regulation

There are an increasing number of laws and regulations pertaining to the Internet. In addition, various legislative and regulatory proposals are frequently under consideration by federal, state and local and foreign governments and agencies. Laws or regulations have been or may be adopted with respect to the Internet relating to liability for information retrieved from or transmitted over the Internet, regulation of online content (or the provision of Internet content), the transmission of unsolicited commercial e-mails, user privacy, the use of “cookies”, online behavioral advertising practices, taxation and the quality of products and services. Moreover, it may take years to determine whether and how existing laws, such as those governing issues relating to intellectual property ownership and infringement, privacy, libel, copyright, trademark, trade secret, design rights, taxation, and the regulation of, or any unanticipated application or interpretation of, existing laws, may decrease the use of the Internet, which could in turn decrease the demand for our services, increase our cost of doing business or otherwise have a material adverse effect on our business, operating results, financial condition and prospects.

#### Regulation of Communications Facilities

To some extent, the rapid growth of the Internet has been due to the relative lack of government intervention in the marketplace in respect of, or due to the relative inadequate development or uncertainty of laws and regulations governing, Internet access. For example, several telecommunications carriers are seeking to have telecommunications over the Internet regulated in the same manner as are certain other telecommunications services. Additionally, local telephone carriers have petitioned or may petition the relevant authorities to regulate ISPs in a manner similar to long distance telephone carriers and to impose access fees on such providers. Some ISPs are seeking to have broadband Internet access over cable systems regulated in much the same manner as telephone services, which could slow the deployment of broadband Internet access services. Because of these proceedings or others, new laws or regulations could be enacted which could burden the companies that provide the infrastructure on which the Internet is based, thereby slowing the rapid expansion of the medium and its availability to new users.

#### Properties

During 2004, we entered into a contract for the purchase of approximately 9,000 square meters of office space in the Shenzhen International Chamber of Commerce Tower in Shenzhen, China, at a purchase price of approximately \$19.0 million. Full payment of the purchase price was made during 2004, the physical handover of the premises occurred on or around March 30, 2005 and we received the title certificates. In 2008, we purchased approximately 6,364.50 square meters (gross) of additional office space in this same building, at a price of approximately \$34.4 million. The building is situated on leasehold land. The lease period of the land is 50 years, commencing from year 2002. At the end of the

lease period, the building together with land will revert to the local government authority.

In 2007, we purchased approximately 1,939.38 square meters of office space in a commercial building known as “Excellence Times Square” in Shenzhen, China, at a purchase price of approximately \$7.0 million. The building is situated on leasehold land. The lease period of the land is 50 years, commencing from year 2002. At the end of the lease period, the building together with land will revert to the local government authority. Subsequently, in May 2013 we completed the sale of this property for a total cash consideration of approximately \$19.6 million.

In 2008, we purchased approximately 22,874 square feet (gross) of office space, together with 6 car parking spaces, in a commercial building known as Southmark in Hong Kong, China, for a total purchase price of approximately \$12.3 million. The lease period of the land is 55 years, commencing from the year 1991. Subsequently, in March 2013, we completed the sale of a portion of this office space, comprising a total area of 9,431 square feet, together with 3 out of the 6 car parking spaces, for a total cash consideration of approximately \$9.0 million.

In August 2011, we purchased approximately 6,668 square meters of office space in a commercial building known as “City Point” in Shanghai, China, for a total purchase price of approximately \$52.0 million, in order to support our continued business expansion in China. The lease period of the land is 50 years, commencing from year 2006.

In March 2013, we completed the purchase of commercial property on the 21st, 22nd and 23rd floors of the Vita Tower in Hong Kong, China, which we previously leased and are currently continuing to occupy for operational use. This comprises a total of 36,822 square feet of office space, for a total purchase consideration of approximately \$23.6 million. The building is situated on land with a lease period of 75 years expiring in 2023, which is renewable for a further 75 years.

In February 2014, we purchased office space on the 8th floor of No. 1 Sims Lane in Singapore, with a total gross floor area of approximately 22,496.50 square feet, together with 5 appurtenant rooftop accessory lots, for a total purchase consideration of approximately \$13.1 million. We previously leased this office space and are currently continuing to occupy it for our operational use.

In addition, we generally lease our office space under cancellable and non-cancellable arrangements with terms of two to five years, generally with an option to renew upon expiry of the lease term. We leased in aggregate approximately 94,953 square feet of executive and administrative offices in mainland China, Hong Kong, the Philippines, Singapore, India and Taiwan during the year ended December 31, 2014. Our aggregate base rental and building management fee expenses for the year ended December 31, 2014 were approximately \$1.2 million.

We lease part of our properties to third parties to generate rental income. During the year ended December 31, 2014, we recorded such rental income of \$6.8 million.

#### Legal Proceedings

We are a party to litigation from time to time in the ordinary course of our business. We do not expect the outcome of any pending litigation to have a material adverse effect on our business.

#### ITEM 4A.

#### UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion of our financial condition and results of operations should be read in conjunction with the “Selected Financial Data” and the accompanying financial statements and the notes to those statements appearing elsewhere in this Annual Report. The following discussion contains forward-looking statements that



reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to those discussed below and elsewhere in this Annual Report, particularly under the caption “Risk Factors.”

## Overview

We are a leading B2B media company and a primary facilitator of two-way trade with Greater China. Our core business is facilitating trade from Greater China to the world, using a wide range of English-language media. Our other key business segment facilitates trade from the world to Greater China using Chinese-language media. We provide sourcing information to volume buyers and integrated marketing services to suppliers. Our mission is to facilitate global trade between buyers and suppliers by providing the right information, at the right time, in the right format. Although our range of media has grown, for more than 40 years we have been in the same basic business of helping buyers worldwide find products and suppliers in Asia.

We believe we offer the most extensive range of media and export marketing services in the industries we serve through our three primary channels – online marketplaces, magazines and trade shows.

We were originally incorporated under the laws of Hong Kong in 1970. In 1971, we launched Asian Sources, a trade magazine to serve global buyers importing products in volume from Asia. Realizing the importance of the Internet, we became one of the first providers of business to business online services by launching Asian Sources Online in 1995. In 1999, we changed the name of Asian Sources Online to Global Sources Online.

In April 2000, we completed a share exchange with a publicly traded company based in Bermuda, and our shareholders became the majority shareholders of the Bermuda corporation. As a result of the share exchange, we became incorporated under the laws of Bermuda and changed our name to Global Sources Ltd.

## Revenue

We derive revenue from two principal sources, Online and other media services and Exhibitions-trade shows and seminars.

Online and other media services consists of the following two primary revenue streams:

**Online Services** — Our primary service is creating and hosting marketing websites that present suppliers’ product and company information in a consistent and easily searchable manner on Global Sources Online. We also offer banner advertising and publish digital magazines.

**Other Media Services** — We publish trade magazines, which consist primarily of product advertisements from suppliers and our independent editorial reports and product surveys. Suppliers pay for advertising in our trade magazines to promote their products and companies. We also derive revenue from buyers that subscribe to our trade publications.

We recognize revenue from our online and other media services ratably over the period in which the advertisement is displayed.

**Exhibitions – trade shows and seminars** - Our China Sourcing Fairs offer international buyers direct access to manufacturers in China and elsewhere in Asia. The first China Sourcing Fair was held in 2003. Subsequently, we

launched China Sourcing Fairs events in Hong Kong, Dubai, Mumbai (which were moved to New Delhi in 2013), India, Johannesburg, South Africa, Miami, USA and Sao Paulo, Brazil and have held many China Sourcing Fairs events since 2004. In August 2014, we launched China Sourcing Fairs events in Jakarta, Indonesia. We host domestic trade shows in China under our Global Sourcing Fairs brand. We also host our International IC China Conferences and Exhibitions in Shenzhen, China each year and host the China International Optoelectronic Expo as well as FashionSZshow (formerly known as China (Shenzhen) International Brand Clothing & Accessories Fair) in Shenzhen, China in the third quarter of each year. In March 2014, we held our new Shenzhen International Machinery Manufacturing Industry Exhibition and its related shows (“SIMM machinery shows”) in Shenzhen, China. We did not host China Sourcing Fairs events in Dubai or New Delhi, India in 2014.

We derive revenue primarily from rental of exhibit space and also from advertising and sponsorship fees in show guides and other locations in and around our event venues. We recognize exhibitor services revenue at the completion of the related events. Our major China Sourcing Fairs in Hong Kong are scheduled to be held in the second quarter and fourth quarter of each financial year. As a result, second and fourth quarter revenues are expected to be higher than the first and third quarter revenue.

#### Critical Accounting Policies

Our significant accounting policies are described in Note 2 to the consolidated financial statements included in Item 8 of this document. The following is a discussion of our critical accounting policies:

##### (a) Income Taxes

We have exposure to income taxes in numerous jurisdictions. Significant judgment is involved in determining the Group wide provision for income taxes and recognition of deferred tax assets. The Group has open tax assessments with tax authorities at the balance sheet date and there are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. We recognize liabilities for expected tax issues (Note 9 to the consolidated financial statements included in Item 8) based on reasonable estimates of whether additional taxes will be due and recognize deferred tax assets (Note 15 to the consolidated financial statements included in Item 8) on carried forward tax losses to the extent there are sufficient estimated future taxable profits and/or taxable temporary differences against which the tax loss can be utilized. Where the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact the income tax and deferred tax provisions recognized in the period in which such determination is made.

##### (b) Goodwill and Intangible assets

Upon acquisition, the purchase consideration is allocated between the net tangible and intangible assets other than goodwill on a fair value basis with any excess purchase consideration representing goodwill (refer to note 28 to our consolidated financial statements included under Item 8 of this document). The valuation of the acquired intangible assets represents the estimated economic value in use, using the discounted cash flow method. Acquired intangible assets are capitalized and amortized systematically over their estimated useful lives (refer to note 2.7 to our consolidated financial statements included under Item 8 of this document), subject to impairment review.

Amortization periods are selected based on assessment of the longevity of the brands, the strength and stability of customer relationships, the market positions of the acquired assets and the technological and competitive risks they face. The longevity of these assets is evidenced by their long established and well regarded brands, and their characteristically stable market condition.

The carrying amounts of goodwill in each business are reviewed for impairment at least annually or more frequently if events or changes in circumstances indicate a potential impairment in accordance to the accounting policy stated in note 2.8 to our consolidated financial statements included under Item 8 of this document. The carrying amounts of all other intangible assets are reviewed where there are indications of possible impairment.

At December 31, 2014 and 2013, we had goodwill balances of \$11.5 million and \$2.5 million, respectively. This goodwill relates the business acquisitions we did in 2009 and 2014.

Goodwill is allocated to cash-generating units (“CGUs”) for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

Goodwill is allocated to our CGUs identified according to operating segments. An operating segment-level summary of the goodwill allocation as of December 31, 2014 and 2013 was as follows:

	December 31, 2014	December 31, 2013
Exhibitions, Topranch Limited	\$9.0	\$-
Exhibitions, eMedia South China Limited	2.5	2.5
	\$11.5	\$2.5

The trademarks intangible assets relating to the acquired businesses as at December 31, 2014 and 2013 were as follows:

	December 31, 2014	December 31, 2013
Exhibitions, Topranch Limited	\$12.6	\$-
Exhibitions, Haoji Group Limited	8.9	13.6
Exhibitions, eMedia South China Limited	3.5	3.9
Online and other media services business, EDN	0.6	0.7
	\$25.6	\$18.2

The carrying amounts of goodwill in each business are reviewed for impairment at least annually or more frequently if events or changes in circumstances indicate a potential impairment. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

An impairment review involves a comparison of the carrying value of the asset with the value in use based on our cash flow projections or fair value less cost to sell based on market comparable transactions or income approach. Key areas of judgment in estimating the recoverable amount of a CGU are the growth in cash flows over a five-year forecast period, the long term growth rate assumed thereafter and the discount rate applied to the forecast cash flows.

We performed an impairment review of goodwill balances at December 31, 2014. The recoverable amounts of CGUs were determined based on value-in-use calculations. For these calculations we used cash flow projections covering five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates. The growth rate did not exceed the long-term average growth rate for the business in which the CGU operates.

Exhibitions, Topranch Limited:

For testing the goodwill for impairment at year end, we used the following key assumptions for value-in-use calculations:

- Revenue growth rate of average 5%
- Pre-tax discount rate of 21% applied to the pre-tax cash flow projections
- Growth rate beyond five years of 1.5%

We determined revenue growth rate based on past performance and its expectations of market developments. The discount rates used reflect specific risks relating to the relevant operating segment. Based on our testing, there was no impairment to goodwill for Topranch Limited as at December 31, 2014.

We have also performed a sensitivity analysis for the above exhibition business based on changes in key assumptions considered to be reasonably possible. There will be no impact to our results after tax if the pre-tax discount rate and the revenue growth applied to the discounted cash flows for this exhibition business at December 31, 2014 are raised by 1% and decreased by 1%, respectively, with all other variables including tax rate being held constant. In addition, there were no indicators of impairment for the trademark assets relating to Topranch Limited as at December 31, 2014. We have also assessed the useful lives of the trademarks and determined that no change in the useful lives was required.

Exhibitions, eMedia South China Limited:

For testing the goodwill for impairment at year end, we used the following key assumptions for value-in-use calculations:

- Revenue growth rate of average 1%
- Pre-tax discount rate of 22% applied to the pre-tax cash flow projections
- Growth rate beyond five years of 1.5%

We determined revenue growth rate based on past performance and its expectations of market developments. The discount rates used reflect specific risks relating to the relevant operating segment. Based on our testing, there was no impairment to goodwill for eMedia South China Limited as at December 31, 2014.

We have also performed a sensitivity analysis for the above exhibition business based on changes in key assumptions considered to be reasonably possible. There will be no impact to our results after tax if the pre-tax discount rate and the revenue growth applied to the discounted cash flows for this exhibition business at December 31, 2014 are raised by 1% and decreased by 1%, respectively, with all other variables including tax rate being held constant. In addition, there were no indicators of impairment for the trademark assets relating to eMedia South China Limited as at December 31, 2014. We have also assessed the useful life of the trademark and determined that no change in the useful life was required.

Exhibitions, Haoji Group Limited:

Due to a continuing decline in the economic climate in China, especially in the high fashion industry sector and other factors, we noted a decline in booth sales for the 2014 event. Accordingly, we performed an impairment review as at June 30, 2014. This review revealed a slow sales trend and a shortfall in the future cash flows to support the recoverability of the carrying value of the Haoji Group exhibition business. Based on our review we recorded an impairment of \$2.2 million to trademarks in the consolidated income statement for the year ended December 31, 2014. For testing the trademarks for impairment as at December 31, 2014, we used the following key assumptions for value-in-use calculations:

- Revenue growth rate of average 12%
- Pre-tax discount rate of 21% applied to the pre-tax cash flow projections
- Growth rate beyond five years of 1.5%

We determined revenue growth rate based on past performance and its expectations of market developments. The discount rates used reflect specific risks relating to the relevant operating segment. The cash flow projections we used were based on the detailed financial and operating plans of the business. Based on our testing, there was no impairment to the trademark for Haoji Group Limited as at December 31, 2014. The goodwill relating to Haoji Group Limited as at December 31, 2014 was nil as it was fully impaired as at December 31, 2013.



There will be no impact to our results after tax if the pre-tax discount rate and the revenue growth applied to the discounted cash flows for this exhibition business at December 31, 2014 are raised by 1% and decreased by 1%, respectively, with all other variables including tax rate being held constant. We have also assessed the useful lives of the trademarks and determined that no change in the useful lives was required.

Online and other media services business, EDN:

During the years ended December 31, 2012 and 2011, the Group recorded impairment of \$1.4 million and \$0.7 million to goodwill due to more than anticipated softening of the print advertising business. The balance of goodwill relating to EDN business was \$nil as at December 31, 2012. There were no impairment indicators for our EDN business as at December 31, 2014.

For both our exhibitions businesses as well as online and other media services business the estimated future cash flows are based on our internal business plans, adjusted as appropriate for our views of the overall demand for our business-to-business media services. Our internal business plans for exhibitions businesses reflect management's assumptions related to customer participation in our events, booth yields and visitor traffic. The business plans assume the occurrence of certain events in the future, such as the future booth yields, continued participation by our existing customers and renewal of certain contracts, continued services from key personnel, availability of suitable venues and future visitor traffic volumes. We also make assumptions regarding the sales costs and event organizing costs based on the expected outcome of the aforementioned events. Should the actual outcome of some or all of these assumptions differ significantly from the current assumptions, revisions to current cash flow assumptions could cause the fair value of our reporting units to be significantly different in future periods.

Another significant factor is our dependence on revenue from the mainland China market. Adverse political, legal or economic changes in mainland China or increased competition in the China market may harm our business and cause our revenues to decline or the overall level of global demand for mainland China's and Asia's exports may not be sustainable in the future which may also cause the fair value of our reporting units to be significantly different in future periods.

We perform annual impairment tests at each year-end. In between annual tests, we monitor our estimates and assumptions regarding estimated future cash flows and will update our impairment analyses if a triggering event occurs. While we believe our assumptions are reasonable, actual results may differ from our projections. To the extent projected results or cash flows are revised downward, the CGU may be required to impair all or a portion of its goodwill or trademark, which would adversely impact our earnings.

## Results of Operations

The following table sets forth our results of operations as a percentage of total revenue:

	Year ended December 31,					
	2014		2013		2012	
Revenue						
Online and other media services	47	%	53	%	59	%
Exhibitions	49		43		38	
Miscellaneous	4		4		3	
	100		100		100	
Operating Expenses:						

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Sales	31		31		35	
Event production	13		12		11	
Community and content	14		14		14	
General and administrative	26		26		19	
Information and technology	6		7		6	
Total Operating Expenses	90	%	90	%	85	%
Profit on sale of property	-		8		-	
Profit from Operations	10	%	18	%	15	%
Net profit attributable to the Company's shareholders	9	%	17	%	14	%
Diluted net profit per share attributable to the Company's shareholders	\$0.55		\$0.91		\$0.90	
Shares used in diluted net profit per share calculations	33,482,371		36,068,326		35,385,218	

The following table represents our revenue by geographical areas as a percentage of total revenue:

	Year ended December 31,					
	2014		2013		2012	
China	84	%	82	%	79	%
Rest of Asia	14		15		18	
USA	2		3		3	
Europe	0		0		0	
Other	0		0		0	
	100	%	100	%	100	%

#### Fiscal Year 2014 Compared to Fiscal Year 2013

##### Revenue

Total revenue grew marginally to \$198.2 million during the year ended December 31, 2014 from \$197.5 million during the year ended December 31, 2013 resulting mainly from a 13% growth in our Exhibitions revenue from our launch of the Mobile Electronics event in the fourth quarter of 2014 and our new SIMM machinery shows that we held in March 2014, off-set by an 11% decline in our Online and Other Media Services revenue. Our Online and Other Media Services revenue declined by 11% to \$93.2 million for the year ended December 31, 2014, as compared with \$104.6 million for the year ended December 31, 2013, primarily due to an 11% decline in our China market. The decline in our Online and Other Media Services revenue resulted from a 10% decline in our revenue from hosting online websites for our customers and a 14% decline in our print advertising services revenue. A continued weak growth in the China export market resulting from the global economic downturn coupled with various types of products and services launched by our competitors contributed to a reduced revenue yield from our customers, which impacted our online services revenue negatively and in addition, magazine advertising continues to be under pressure from the global shift by advertisers to alternative forms of advertising. China represented 79% of Online and Other Media Services revenue for the year ended December 31, 2014 and for the year ended December 31, 2013. Our Exhibitions revenue grew by 13% from \$85.6 million for the year ended December 31, 2013 to \$97.0 million for the year ended December 31, 2014, mainly due to a growth in our China Sourcing Fairs events in Hong Kong in the fourth quarter of 2014 as we launched our Mobile Electronics event in the fourth quarter of 2014, our new SIMM machinery shows that we held in March 2014 and growth in revenue from our China Sourcing Fairs events in Hong Kong in the second quarter of 2014 and the new China Sourcing Fairs events in Jakarta, Indonesia that we launched in the third quarter of 2014, off-set partially by the cancellation of our China Sourcing Fairs events in Dubai in 2014, which we last held in the second quarter of 2013, cancellation of our China Sourcing Fairs events in New Delhi, India in 2014, which we last held in the fourth quarter of 2013 and a decline in booth sales in our China Sourcing Fairs events in Sao Paulo, Brazil. We reached an agreement with China tax authorities for VAT exemption for our exhibition events held outside of China and received a VAT refund of \$1.3 million in the third quarter of 2014.

##### Operating expenses

##### Sales

We utilize independent sales representatives employed by independent sales representative organizations in various countries and territories to promote our products and services. Under these arrangements, the sales representative organizations are entitled to commissions as well as marketing fees. These representative organizations



sell online services, advertisements in our trade magazines and exhibitor services and earn a commission as a percentage of revenue generated. The commission expenses are expensed as incurred. For online and other media services, the commission expense is incurred when the associated revenue is recognized or when the associated accounts receivable are paid, whichever is earlier. For exhibitions, the commission expense is incurred when the associated revenue is recognized upon conclusion of the event. Sales costs consist of operating costs for our sales departments and the commissions, marketing fees and incentives provided to our independent sales representative organizations, as well as sales support fees for processing sales contracts.

Sales costs declined by 2% from \$62.0 million during the year ended December 31, 2013 to \$60.8 million during the year ended December 31, 2014. The decline in sales costs was mainly due to the decline in sales commissions relating to our online and other media services business due to a 11% decline in revenue off-set partially by an increase in marketing fees in the earlier quarters of 2014 for the sales promotion activities carried out. As our new SIMM machinery shows held in the first quarter of 2014 are China domestic tradeshows, their sales costs are lower compared to the sales costs relating to our online and other media services business and our exhibitions held outside China.

#### Event Production

Event production costs consist of the costs incurred for hosting the exhibition or trade show and seminar events. The event production costs include venue rental charges, booth construction costs, travel costs incurred for the event hosting and other event organizing costs. The event production costs are deferred and recognized as an expense when the related event occurs.

Event production costs increased from \$24.4 million for the year ended December 31, 2013 to \$25.1 million for the year ended December 31, 2014. The increase was mainly due to an increase in event production costs for our new SIMM machinery shows that we held in March 2014 and for our new China Sourcing Fairs events in Jakarta, Indonesia that we held in the third quarter of 2014 and the new China Sourcing Fairs Mobile Electronics event in Hong Kong that we launched in the fourth quarter of 2014. The increase in event production costs was off-set partially by a decline in such costs due to the cancellation of our China Sourcing Fairs events in Dubai and New Delhi, India in 2014, which we held in the second and fourth quarters, respectively, of 2013 and a decline in event organizing costs for our China Sourcing Fairs events in Sao Paulo, Brazil due to a decline in the number of booths sold.

#### Community and Content

Community and content costs consist of the costs incurred for servicing our buyer community, for marketing our products and services to the global buyer community and our content management services costs for our print publications business and online services business. Community and content costs also include costs relating to our trade magazine publishing business and marketing inserts business, specifically printing, paper, bulk circulation and magazine subscription promotions, promotions for our on-line services, customer services costs and the event specific promotions costs incurred for promoting the China Sourcing Fairs events and the technical conferences, exhibitions and seminars to the buyer community. The event specific promotion costs incurred for events are expensed as incurred.

Community and content costs decreased by 2% from \$27.5 million during the year ended December 31, 2013 to \$26.8 million during the year ended December 31, 2014 due mainly to a 19% decline in bulk circulation costs, printing charges, paper consumption and a 14% reduction in our content management services costs off-set partially by an increase in buyer promotions costs for our exhibition events.

General and Administrative

General and administrative costs consist mainly of corporate staff compensation, marketing costs, office rental, depreciation, communications and travel costs, foreign exchange gains/losses arising from the revaluation of monetary assets and monetary liabilities, amortization of software and intangible assets as well as the impairment charge of intangible assets that may arise.

We have issued share awards under equity compensation plans (“ECP”), the Global Sources Retention Share Grant Plan and the Global Sources Retention Share Grant Plan II (amended effective as of May 1, 2012) to former employees, consultants and employees of third party service providers when they resign or retire from their respective employment or consultancy service. Under these plans, the share grants vest over a five-year period on a graded vesting basis, with 20% of shares vesting each year. The grantee is subject to the non-competition terms stipulated in the plan. There is no vesting condition other than the non-competition terms. Under the above plans, if the grantee fails to comply with the non-competition terms, his or her unvested shares may be forfeited. We recognize the intangible asset relating to the non-competition provisions of these awards at the fair value of the respective award. The intangible assets are amortized over the non-competition period on a straight line basis. The amortization expense relating to these intangible assets is included in the general and administrative costs.

In December 2009, our subsidiary, eMedia Asia Limited, acquired a 70% interest in the China International Optoelectronic Expo exhibition business. We recorded the acquired intangible assets at fair value of \$5.8 million and goodwill of \$2.5 million in connection with this acquisition. The amortization expense relating to these acquired intangible assets is included in the general and administrative costs.

On April 2, 2011, our subsidiary, eMedia Asia Limited acquired a 100% interest in the EDN China and EDN Asia publications business and recorded the acquired intangible assets at fair value of \$1.6 million and goodwill of \$2.0 million in connection with this acquisition. The amortization expense relating to these acquired intangible assets is included in the general and administrative costs.

On March 9, 2012, we acquired an 80% interest in FashionSZshow (formerly known as China (Shenzhen) International Brand Clothing & Accessories Fair) in mainland China. We recorded the acquired intangible assets at a fair value of \$20.4 million, goodwill of \$5.0 million and related deferred tax liabilities of \$5.1 million in connection with this acquisition. The amortization expense relating to these acquired intangible assets is included in the general and administrative costs.

On October 1, 2013, in view of the downward trend in the fashion industry sector in China, management reviewed the useful lives of the trademark intangible assets of the FashionSZshow business and revised the useful lives of the trademark intangible assets to seven years from the original seventeen years. The effect of this change in the accounting estimate was recognized prospectively from October 1, 2013.

Due to continuing decline in the economic climate in China especially in the high fashion industry sector and other factors, management noted a decline in booth sales for the 2014 event compared to the earlier projections. Accordingly, management performed an impairment review of the FashionSZshow business in the second quarter of 2014 which revealed a shortfall in the future cash flows to support the recoverability of the carrying value of the FashionSZshow business. These calculations use cash flow projections by management covering a five-year period. Cash flows beyond the five-year period are computed using estimated growth rates. Based on the review, management determined that there was an impairment to the intangible assets and recorded a further impairment charge of \$2.2 million on trademark intangible assets in the general and administrative costs in the second quarter of 2014. The net book values of the intangible assets and goodwill relating to the FashionSZshow business as at December 31, 2014 were \$8.9 million and \$nil respectively.

We entered into an agreement in April 2013 to acquire a majority interest in the SIMM machinery shows business and the transaction was completed on January 1, 2014. The results of the SIMM machinery shows business have been

consolidated into our financial statements with effect from January 1, 2014. The amortization expense relating to the acquired intangible assets is included in the general and administrative costs. This transaction is discussed in detail under liquidity and capital resources section of this Item 5.

General and administrative costs increased by 5% from \$50.3 million during the year ended December 31, 2013 to \$52.6 million during the year ended December 31, 2014, due mainly to an increase in amortization of intangible assets relating to our acquired FashionSZshow business and SIMM machinery shows business, and foreign exchange losses recorded by us on the revaluation of the foreign currency denominated monetary assets and liabilities into our reporting currency, the U.S. Dollar, due to the devaluation of the Renminbi in 2014 and administrative costs relating to the SIMM machinery shows business, off-set partially by a reduction in impairment charge on goodwill and intangible assets relating to our FashionSZshow.



### Information and Technology

Information and technology costs consist mainly of payroll, office rental and depreciation costs and fees paid to third parties relating to our information and technology support services and the updating and maintenance of Global Sources Online.

Information and technology costs remained at \$12.7 million for the year ended December 31, 2014, the same as for the year ended 31 December 2013, due mainly to an increase in payroll costs off-set by reductions in depreciation costs.

### Non-Cash Compensation Expense

We have issued share awards under several equity compensation plans (“ECP”) to both employees and non-employees. The Company’s share awards to non-employees are share grants to consultants and to employees of third party service providers. We also recognize non-cash compensation expenses relating to the share awards granted to our directors under The Global Sources Directors Share Grant Award Plan.

The share grants to employees and non-employees vest over a six-year period on a graded vesting basis, with a percentage of shares vesting each year. The share grants have a service condition that the awardees who received the share grants must continue to provide the services during the vesting period. The awardees will receive the shares on the respective vesting dates if they continue to render services to the Company. If an awardee ceases to provide services, any shares that have not vested are forfeited.

Persons eligible to receive grants under the Global Sources Directors Share Grant Award Plan are the directors of the Company. Share grants to directors will be vested at the end of four years or in accordance with such other vesting schedule as may be determined by the Plan Committee.

The Company accelerates the vesting of share grants in the event of death of an awardee or if the Company is in liquidation or in certain cases, if there is a takeover or a change of control of the Company.

The total non-cash compensation expenses resulting from the ECPs and The Global Sources Directors Share Grant Award Plan recorded by us and included under the respective categories of expenses during the year ended December 31, 2014 and the year ended December 31, 2013 were \$1.9 million and \$2.2 million, respectively.

The corresponding amounts for the non-cash compensation expenses were credited to shareholders’ equity.

### Profit from Operations

The total profit from operations during the year ended December 31, 2014 was \$20.2 million as compared to \$36.1 million during the year ended December 31, 2013. The decline in total profit from operations resulted mainly as there was no profit on sale of property during the year ended December 31, 2014 and due to increases in event production costs and general and administrative costs, off-set partially by declines in sales costs and community and content costs.

Profit from operations for online and other media services declined from \$20.2 million during the year ended December 31, 2013 to \$16.1 million during the year ended December 31, 2014, a decline of 21%. The decline resulted mainly from a decline in online and other media services revenue partly off-set by reductions in sales costs,

community and content costs, general and administrative costs and information and technology costs. Profit from operations for exhibition services grew to a profit of \$0.5 million during the year ended December 31, 2014 from a loss of \$2.4 million during the year ended December 31, 2013, mainly due to growth in our

exhibitions revenue and a reduction in the impairment loss in goodwill and intangible assets relating to one of our acquired exhibition businesses off-set partially by increases in sales costs, event production costs, community and content costs and general and administrative costs. Profit from operations for all other segments improved from \$2.9 million during the year ended December 30, 2013 to \$3.6 million during the year ended December 31, 2014 as a result of an increase in revenue in those segments.

#### Interest Income and gain on sale of available-for sale securities

We recorded interest income of \$1.3 million arising mainly from U.S. Treasury securities and term deposits placed with banks during the year ended December 31, 2014 compared to an interest income of \$1.5 million during the year ended December 31, 2013. The decline in interest income was mainly due to the reduction in our term deposits placed with banks in 2014 as we paid \$50.0 million for our tender offer and \$10.8 million for the second installment of the purchase consideration for the SIMM machinery shows business acquisition during the second quarter of 2014, off-set partially by the higher yield on the term deposits with the banks for the year ended December 31, 2014. We also recorded a \$0.01 million gain on sale of available-for-sale securities for the year ended December 31, 2014 compared to \$0.06 million during the year ended December 31, 2013.

#### Interest expenses

Interest expense represents the unwinding of the discount on the contingent consideration payable for the acquisition of the SIMM machinery shows business.

#### Income Taxes

Certain subsidiaries of the group operate in the Cayman Islands and other jurisdictions where there are no taxes imposed on companies. Some of our subsidiaries operate in Hong Kong SAR, Singapore, China and certain other jurisdictions and are subject to income taxes in their respective jurisdictions.

We reported a tax provision of \$2.5 million for the year ended December 31, 2014 and of \$4.8 million for the year ended December 31, 2013. The decline is mainly due to the \$2.3 million tax expenses relating to the sale of property in Shenzhen, China recorded in the first half of 2013 and recognition of deferred tax assets and realization of deferred tax liabilities relating to our subsidiaries, off-set partially by tax provision on the profits for the SIMM machinery shows business recorded during the first half of 2014.

#### Net Profit Attributable to the Company

Net profit attributable to the Company declined from \$32.7 million during the year ended December 31, 2013 to \$18.3 million during the year ended December 31, 2014. The decline in net profit attributable to the Company resulted mainly from a reduction in profit on sale of property and increases in event production costs and general and administrative costs off-set partially by declines in sales costs, community and content costs and income tax expense.

#### Diluted Net Profit per Share

The diluted net profit per share attributable to the Company's shareholders declined from \$0.91 for the year ended December 31, 2013 to \$0.55 for the year ended December 31, 2014. The number of shares used for the computation of net profit per share declined from 36.1 million to 33.5 million resulting from the share repurchase discussed in the liquidity and capital section of this Item 5.



## Fiscal Year 2013 Compared to Fiscal Year 2012

### Revenue

Total revenue declined by 15% to \$197.5 million during the year ended December 31, 2013 from \$231.7 million during the year ended December 31, 2012. A weakened China export market coupled with increased competition contributed to a reduced revenue yield from our customers, affecting our revenue growth negatively. In addition, the decline in the revenue of our FashionSZshow and as we absorbed more value added tax (“VAT”) in 2013 compared to 2012 due to the implementation of VAT in China in a phased manner starting with one region in early 2012 and gradually implementing throughout the country, reduced our revenue for the year ended December 31, 2013. Our Online and Other Media Services revenue declined by \$31.5 million or 23% to \$104.6 million for the year ended December 31, 2013, as compared with \$136.1 million for the year ended December 31, 2012, primarily due to a 23% decline in our China market and declines in some of our Asian and US markets. The decline in our Online and Other Media Services revenue resulted from a 23% decline in both our revenue from hosting online websites and digital magazines for our customers and our print advertising services revenue. China represented 79% of Online and Other Media Services revenue for the year ended December 31, 2013 as well as for the year ended December 31, 2012. Our Exhibitions revenue declined by 4% from \$88.8 million for the year ended December 31, 2012 to \$85.6 million for the year ended December 31, 2013, mainly due to a decline in booth sales in our China Sourcing Fairs events in Dubai, Mumbai, India, FashionSZshow and the cancellation of our June 2013 and December 2013 Global Sourcing Fairs events in Shanghai, China. The above decline was partially offset by growth in booth sales in our China Sourcing Fairs events in Sao Paolo, Brazil and our Electronics show in our China Sourcing Fairs events in Hong Kong.

### Operating expenses

#### Sales

We utilize independent sales representatives employed by independent sales representative organizations in various countries and territories to promote our products and services. Under these arrangements, the sales representative organizations are entitled to commissions as well as marketing fees. These representative organizations sell online services, advertisements in our trade magazines and exhibitor services and earn commission as a percentage of revenue generated. The commission expenses are expensed as incurred. For online and other media services, the commission expense is incurred when the associated revenue is recognized or when the associated accounts receivable are paid, whichever is earlier. For exhibitions, the commission expense is incurred when the associated revenue is recognized upon conclusion of the event. Sales costs consist of operating costs for our sales departments and the commissions, marketing fees and incentives provided to our independent sales representative organizations, as well as sales support fees for processing sales contracts.

Sales costs declined by 23% from \$80.4 million during the year ended December 31, 2012 to \$62.0 million during the year ended December 31, 2013. The decline in sales costs was mainly due to a decline in sales commissions due to a 15% decline in our total revenue, a decline in marketing fees and by a reduction in business tax expense due to the implementation of VAT in China in a phased manner since January 2012.

#### Event Production

Event production costs consist of the costs incurred for hosting the exhibition or trade show and seminar events. Event production costs include venue rental charges, booth construction costs, travel costs incurred for the event hosting and other event organizing costs. The event production costs are deferred and recognized as an expense when the related

event occurs.

Event production costs declined from \$26.3 million during the year ended December 31, 2012 to \$24.4 million during the year ended December 31, 2013, a decline of 7%. The decline was mainly due to smaller scale China Sourcing Fairs events in Dubai and FashionSZshow and the cancellation of our June 2013 and December 2013 Global Sourcing Fairs events in Shanghai, China off-set partially by the increase in event organizing costs resulting from a higher number of booths sold in our China Sourcing Fairs events in Sao Paulo, Brazil.

## Community and Content

Community and content costs consist of the costs incurred for servicing our buyer community, for marketing our products and services to the global buyer community and our content management services costs for our print publications business and online services business. Community and content costs also include costs relating to our trade magazine publishing business and marketing inserts business, specifically printing, paper, bulk circulation and magazine subscription promotions, promotions for our on-line services, customer services costs and the event specific promotions costs incurred for promoting the China Sourcing Fairs events and the technical conferences, exhibitions and seminars to the buyer community. The event specific promotion costs incurred for events are expensed as incurred.

Community and content costs decreased by 16% from \$32.7 million during the year ended December 31, 2012 to \$27.5 million during the year ended December 31, 2013 due mainly to a 38% decline in bulk circulation costs, printing charges, paper consumption and declines in promotions for our publications business, promotion costs for our trade show business and our participation in third party trade shows. We also reduced our content management services costs by 11%.

## General and Administrative

General and administrative costs consist mainly of corporate staff compensation, marketing costs, office rental, depreciation, communications and travel costs, foreign exchange gains/losses arising from the revaluation of monetary assets and monetary liabilities, amortization of software and intangible assets as well as the goodwill impairment charge discussed below.

We have issued share awards under an equity compensation plan (ECP), the Global Sources Retention Share Grant Plan and the Global Sources Retention Share Grant Plan II (amended effective as of May 1, 2012), to former employees, consultants and employees of third party service providers when they resign or retire from their respective employment or consultancy service. Under these two plans, the share grants vest over a five-year period on a graded vesting basis, with 20% of shares vesting each year. The grantee is subject to the non-competition terms stipulated in the plan. There is no vesting condition other than the non-competition terms. Under the above plans, if the grantee fails to comply with the non-competition terms, his or her unvested shares may be forfeited. We recognize the intangible assets relating to the non-competition provisions of these awards at the fair value of the respective award. The intangible assets are amortized over the non-competition period on a straight line basis. The amortization expense relating to these intangible assets is included in the general and administrative costs.

In December 2009, our subsidiary, eMedia Asia Limited, acquired a 70% interest in China International Optoelectronic Expo exhibition business. We recorded the acquired intangible assets at fair value of \$5.8 million and goodwill of \$2.5 million in connection with this acquisition. The amortization expense relating to these acquired intangible assets is included in the general and administrative costs.

On April 2, 2011, our subsidiary, eMedia Asia Limited acquired a 100% interest in the EDN China and EDN Asia publications business and recorded the acquired intangible assets at fair value of \$1.6 million and goodwill of \$2.0 million in connection with this acquisition. The amortization expense relating to these acquired intangible assets is included in the general and administrative costs. The goodwill related to this acquisition has been fully impaired and charged to the consolidated income statement by the end of 2012 and the net book value of goodwill as of December 31, 2013, was nil.

On March 9, 2012, we acquired an 80% interest in FashionSZshow (formerly known as China (Shenzhen) International Brand Clothing & Accessories Fair) in mainland China. We recorded the acquired intangible assets at a fair value of \$20.4 million, goodwill of \$5.0 million and related deferred tax liabilities of \$5.1 million in connection with this acquisition. The amortization expense relating to these acquired intangible assets is included in the general and administrative costs.



On October 1, 2013, in view of the downward trend in the fashion industry sector in China, the management reviewed the useful lives of the trademark intangible assets of the FashionSZshow business and revised the useful lives of the trademark intangible assets to seven years from the original seventeen years. The effect of this change in the accounting estimate was recognized prospectively from October 1, 2013. We recorded additional amortization expense of \$0.5 million during the fourth quarter of 2013 resulting from the change in accounting estimate. Annual amortization expense is expected to be higher by \$1.5 million during future financial years due to this change in accounting estimate.

Due to slow down in the current economic climate in China, management noted a significant decline in booth sales for the 2013 FashionSZshow event. Accordingly, management performed an impairment review in the second quarter of 2013 which revealed a shortfall in the future cash flows to support the recoverability of the carrying value of the FashionSZshow business. These calculations use cash flow projections by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rates. Based on the review, management determined that the goodwill balance relating to the FashionSZshow business was partially impaired and recorded a \$2.5 million goodwill impairment charge in the general and administrative costs in the second quarter of 2013. Management performed an annual impairment review as at December 31, 2013 which revealed a slower sales trend and a further shortfall in the future cash flows to support the recoverability of the carrying value of the FashionSZshow business. These calculations use cash flow projections by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rates. Based on the review, management determined that there was impairment to the goodwill and intangible assets and recorded a \$2.5 million goodwill impairment charge and a \$3.5 million trademark intangible assets impairment charge in the general and administrative costs in the fourth quarter of 2013. The net book values of the intangible assets and goodwill relating to the FashionSZshow business as at December 31, 2013 were \$13.6 million and \$ nil, respectively.

General and administrative costs increased by 14% from \$44.3 million during the year ended December 31, 2012 to \$50.3 million during the year ended December 31, 2013, due mainly to a goodwill impairment charge, an impairment charge of intangible assets, and an increase in amortization of intangible assets relating to our acquired FashionSZshow business, off-set partially by reductions in marketing costs, goodwill impairment charge relating to acquired EDN business in 2012 and foreign exchange gains arising from the revaluation of monetary assets and monetary liabilities.

#### Information and Technology

Information and technology costs consist mainly of payroll, office rental and depreciation costs and fees paid to third parties relating to our information and technology support services and the updating and maintenance of Global Sources Online.

Information and technology costs declined by 4% from \$13.2 million during the year ended December 31, 2012 to \$12.7 million during the year ended December 31, 2013 due mainly to reductions in depreciation costs and internet communications costs.

#### Non-Cash Compensation Expense

We have issued share awards under several ECPs to both employees and non-employees. The Company's share awards to non-employees are share grants to consultants and to employees of third party service providers. We also recognize non-cash compensation expenses relating to the share awards granted to our directors under The Global Sources Directors Share Grant Award Plan.

The share grants to employees and non-employees generally vest over a six-year period on a graded vesting basis, with a percentage of shares vesting each year. The share grants have a service condition that the awardees who received the share grants must continue to provide the services during the vesting period. The awardees will receive the shares on the respective vesting dates if they continue to render services to the Company. If an awardee ceases to provide services, any shares that have not vested are forfeited.

Persons eligible to receive grants under the Global Sources Directors Share Grant Award Plan are the directors of the Company. Share grants to directors vest after four years or in accordance with such other vesting schedule as may be determined by the Plan Committee.

The vesting of share grants may be accelerated in the event of death of an awardee or if the Company is in liquidation or in certain other cases, such as if there is a takeover or a change of control of the Company.

The total non-cash compensation expenses, resulting from the ECPs, including The Global Sources Directors Share Grant Award Plan, recorded by us and included under the respective categories of expenses during the year ended December 31, 2013 and the year ended December 31, 2012 were \$2.2 million and \$2.4 million, respectively.

The corresponding amounts for the non-cash compensation expenses were credited to shareholders' equity.

#### Profit from Sale of Property

In the second quarter of 2013, we sold 1,939.38 square meters of office space on the 46th floor of a building in Shenzhen, China known as Excellence Times Square, for a total cash consideration of approximately \$19.6 million and recorded a profit on sale of property of approximately \$11.0 million and related taxes of \$2.3 million resulting from this transaction.

In the first quarter of 2013 we sold 9,431 square feet of office space on the 26th floor of Southmark building in Hong Kong, China, and three car parking spaces, for a total cash consideration of approximately \$9.0 million and recorded a profit on sale of property of \$4.5 million resulting from this transaction.

The total profit on sale of property, relating to the above two transactions, recorded by us during the year ended December 31, 2013 was \$15.4 million. The above transactions are discussed in detail under the Liquidity and Capital Resources section of this Item 5.

#### Profit from Operations

The total profit from operations during the year ended December 31, 2013 was \$36.1 million as compared to \$35.0 million during the year ended December 31, 2012. The increase in total profit from operations resulted mainly from profit on sale of property and declines in sales costs, event production costs, information and technology costs and community and content costs, off-set partially by a decline in revenue and an increase in general and administrative costs.

Profit from operations for online and other media services declined from \$24.9 million during the year ended December 31, 2012 to \$20.2 million during the year ended December 31, 2013, a decline of 19%. The decline resulted mainly from a decline in online and other media services revenue partly off-set by reductions in sales costs, community and content costs, general and administration costs and information and technology costs. Profit from operations for exhibition services declined from \$7.3 million during the year ended December 31, 2012 to a loss of \$2.4 million during the year ended December 31, 2013, mainly due to the impairment loss in goodwill and intangible assets relating to one of our acquired exhibition businesses that we recorded in 2013 and increases in general and administration costs, off-set partially by an increase in exhibitions revenue and declines in event production costs and community and content costs. Profit from operations for all other segments marginally improved from \$2.8 million during the year ended December 30, 2012 to \$2.9 million during the year ended December 31, 2013 as a result of an increase in revenue in those segments.



#### Interest Income and gain on sale of available-for sale securities

We recorded interest income of \$1.5 million arising mainly from U.S. Treasury securities and term deposits placed with banks during the year ended December 31, 2013 compared to an interest income of \$1.0 million during the year ended December 31, 2012. The increase in interest income was mainly due to the higher yield on the term deposits with the banks for the year ended December 31, 2013. We also recorded \$0.06 million gain on sales of available-for-sale securities for the year ended December 31, 2013.

#### Income Taxes

Certain subsidiaries of the group operate in the Cayman Islands and other jurisdictions where there are no taxes imposed on companies. Some of our subsidiaries operate in Hong Kong SAR, Singapore, China and certain other jurisdictions and are subject to income taxes in their respective jurisdictions.

We reported a tax expense of \$4.8 million for the year ended December 31, 2013 and of \$2.7 million for the year ended December 31, 2012. The increase was mainly due to the \$2.3 million tax expenses relating to the sale of property in Shenzhen, China.

#### Net Profit Attributable to the Company

Net profit attributable to the Company increased from \$32.2 million during the year ended December 31, 2012 to \$32.7 million during the year ended December 31, 2013. The increase in net profit attributable to the Company resulted mainly from profit on sale of property, declines in sales costs, event production costs, community and content costs, information and technology costs, an increase in interest income and reduction in impairment loss on investment in associate, off-set partially by a decline in revenue and increases in general and administrative costs and income tax expense.

#### Diluted Net Profit per Share

The diluted net profit per share attributable to the Company's shareholders increased from \$0.90 for the year ended December 31, 2012 to \$0.91 for the year ended December 31, 2013. The number of shares used for the computation of net profit per share increased from 35.7 million to 36.1 million.

#### Liquidity and Capital Resources

We financed our activities for the year ended December 31, 2014 using cash generated from our operations and we had no bank debt as at December 31, 2014.

Net cash generated from operating activities was \$32.3 million for the year ended December 31, 2014, compared to \$31.1 million for the year ended December 31, 2013. The primary source of cash from operating activities was collections from our customers received through our independent sales representative organizations. The majority of our customers in mainland China pay us in advance for our Online and Other Media Services business. The majority of our Exhibitions business collections are advance payments. The advance payments from customers in mainland China for our Online and Other Media Services business were impacted by the continued weak growth in China export market resulting from the global economic downturn coupled with market competition. The 11% decline in our Online and Other Media Services revenue in 2014 compared to 2013 was a reflection of the reduction in advance payments from customers for our Online and Other Media Services business. However our Exhibitions business grew

by 13% in 2014 compared to 2013 which stabilized the decline in our advance payments resulting in \$88.8 million advance payments from our customers as at December 31, 2014 compared to \$90.4 million as at December 31, 2013.

Receivables from sales representative organizations declined from \$10.6 million as of December 31, 2013 to \$7.9 million as of December 31, 2014 resulting from expeditious transfer of collections by the sales representatives to our bank accounts. The receivables from sales representative organizations represent cash receipts from

our customers, net of commissions and fees payable, and which are collected by the independent sales representatives on our behalf. These cash receipts are banked into designated bank accounts owned by the independent sales representatives in China. For credit risk management purposes, our employees are the only authorized signatories for the withdrawal of cash from these bank accounts. We have long standing relationships with a majority of these independent sales representatives, for whom there is no recent history of default in transferring the funds to us. In the long term, if our China business and our Exhibition business grow as the economic climate improves, the receivables from sales representative organizations may increase.

We continuously monitor collections from our customers and maintain an adequate provision for impairment of receivables. While credit losses have historically been within our expectations and the allowances established, if bad debts significantly exceed our provisions, additional provisions may be required in future.

We did not recognize deferred income tax assets of \$9.6 million in respect of losses as at December 31, 2014 that can be carried forward against future taxable income as the losses arose from dormant and/or loss-making subsidiaries whereby the realization of the related tax benefit through future taxable profits is not probable.

Net cash used in investing activities was \$28.0 million during the year ended December 31, 2014, resulting mainly from a \$9.0 million payment for the acquisition of a controlling interest in a subsidiary, a \$13.8 payment for the purchase of property, \$4.4 million for the purchase of computers, software, a motor vehicle, office equipment and leasehold improvements, \$6.0 million term deposits placed with banks, a \$2.6 million purchase of available-for-sale financial assets and \$0.5 million for acquisition of intangible assets off-set partially by \$1.9 million proceeds from matured term deposits with banks, \$5.2 million of proceeds from the sale of available-for-sale financial assets and \$1.2 million interest received. Net cash generated from investing activities was \$3.3 million during the year ended December 31, 2013, resulting mainly from \$27.9 million proceeds from the sale of property and equipment and investment property, \$5.8 million proceeds from matured term deposits with banks, \$1.3 million of proceeds from the sale of available-for-sale financial assets and \$1.5 million interest received, off-set partially by \$24.6 million purchase of property and \$2.4 million for the purchase of computers, software, office equipment and leasehold improvements, a \$4.4 million balance payment for the acquisition of a controlling interest in a subsidiary and \$1.8 million term deposits placed with banks..

Capital expenditures during the three months period ended March 31, 2015 amounted to \$0.4 million and were incurred mainly for the purchase of computers, purchased software and software development. Our capital expenditures were financed using cash generated from our operations.

In 2004, 2007 and 2008 we purchased office space of 9,000 square meters, 1,939.38 square meters and 6,364.50 square meters, respectively, in commercial buildings in Shenzhen China. In 2008 we also purchased office space of 22,874 square feet together with six car parking spaces in a commercial building in Hong Kong SAR. In the third quarter of 2011, we purchased office space of approximately 6,668 square meters in a commercial building in Shanghai, China to support our continued business expansion in China. In order to reduce our exposure to potential rental cost increases, in March 2013 we purchased office space of 36,822 square feet in a commercial building in Hong Kong SAR, which we were leasing for operational use. The payments for these acquisitions were funded from our internal cash resources. These buildings are situated on leasehold lands with lease periods ranging between 50 and 75 years. We record the depreciation on these assets on a straight-line basis over the remaining lease term or 50 years, whichever is shorter.

On March 28, 2013, we sold office space on the 26th floor of Southmark building in Hong Kong SAR, which was recorded under property and equipment, comprising a total area of 9,431 square feet, and three car parking spaces, for

a total cash consideration of approximately \$9.0 million.

In May 2013, we completed the sale of 1,939.38 square meters of office space on the 46th floor of a building in Shenzhen, China known as Excellence Times Square, for a total cash consideration of approximately \$19.6 million.



In order to reduce our exposure to potential rental cost increases, and to secure office space for our continued and uninterrupted operational use, on February 10, 2014 we completed the purchase of commercial property on the eighth floor of No. 1 Sims Lane, Singapore, situated on freehold land, with a total gross floor area of approximately 22,496.50 square feet, together with appurtenant roof top accessory lots above the eighth floor which we were leasing for operational use and paid a total consideration of approximately \$13.1 million. The total cost of the purchase including the transaction costs of \$13.8 million was recorded under property and equipment. We record the depreciation on the building portion of this asset on a straight-line basis over 50 years.

Based on the Company's intention, the portion of our properties that is designated to generate rental income in the short to medium term has been classified as Investment Properties. The net book value of the portion of these properties classified as Investment Properties as at December 31, 2014 and as at December 31, 2013 was \$85.5 million and \$89.6 million, respectively. The total net book value of these office properties including the portion classified as Investment Properties and the portion classified under Property and Equipment as at December 31, 2014 and as at December 31, 2013 was \$142.2 million and \$134.5 million, respectively. The total market value of the office properties held as at December 31, 2014 and as at December 31, 2013 was \$242.5 million and \$229.4 million, respectively, based on independent valuation reports prepared by Savills Valuation and Professional Services Limited, Hong Kong for properties situated in Hong Kong SAR and China and by Savills Valuation and Professional Services (S) Pte Ltd, Singapore for the property situated in Singapore. We did not record the market valuation gains as we record our Property and Equipment and Investment Properties at cost less the accumulated depreciation.

We invest our excess cash in term deposits with commercial banks, U.S. Treasury securities and available-for-sale securities to generate income from interest received as well as capital gains, while the funds are held to support our business.

Generally, we hold securities with specified maturity dates such as Treasury Bills until their maturity. We invest excess cash on hand in U.S. Treasury Bills, in term deposits with major banks and available-for-sale securities to generate interest income. The market values of our U.S. Treasury Bills, term deposits with banks and other available-for-sale securities as at December 31, 2014 were nil, \$61.3 million and \$4.0 million, respectively compared to the market values of our U.S. Treasury Bills, term deposits with banks and other available-for-sale securities as at December 31, 2013 of \$13.2 million, \$98.1 million and \$6.4 million, respectively. We do not engage in buying and selling of securities with the objective of generating profits on short-term differences in price or for other speculative purposes. Our objective is to invest to support our capital preservation strategy.

We hold a Documentary Credit facility with the Hongkong and Shanghai Banking Corporation Limited, for providing documentary credits to our suppliers. This facility has a maximum limit of approximately \$0.6 million. As at December 31, 2014, the unutilized amount under this facility was approximately \$0.5 million. Hongkong and Shanghai Banking Corporation Limited has also provided a guarantee on our behalf to our suppliers. As at December 31, 2014, such guarantee amounted to \$0.003 million.

In 2012 and again in 2014 we entered into venue license agreements for future exhibition events from 2015 to 2018 for a total amount of \$46.2 million. The above agreements are cancelable under force majeure or other specified conditions, or upon notice and payment of cancellation charges to the other party. The amounts paid will be expensed when the related events are held. As at December 31, 2014, we have paid approximately \$5.4 million in the aggregate under these agreements. The lease term of the venue license agreements entered into in 2007 and 2010 with gross value of \$64,386 as at December 31, 2013 has ended in 2014.

Net cash used in financing activities was \$51.3 million during the year ended December 31, 2014, resulting from a \$50.0 million payment for the repurchase of our shares through a self tender offer and a \$1.5 million payment of dividends to non-controlling shareholders by subsidiaries off-set partially by a \$0.2 million additional investment in a subsidiary by non-controlling shareholder. Net cash used in financing activities was \$2.0 million during the year ended December 31, 2013, resulting from a \$2.0 million payment of dividends to non-controlling shareholders by subsidiaries.

On February 4, 2008, our Board of Directors authorized a program to buy back up to \$50.0 million of common shares. We may, from time to time, as business conditions warrant, purchase shares in the open market or through private transactions. The buyback program does not obligate us to buy back any specific number of shares and may be suspended or terminated at any time at management's discretion. The timing and amount of any buyback of shares will be determined by management based on its evaluation of market conditions and other factors. As of December 31, 2014, we have not bought back any of our shares under this program.

In March 2012, we acquired an 80% interest in Haoji Group Limited which, through a subsidiary incorporated in Hong Kong, owns 100% of Huanyu Shishang Exhibition (Shenzhen) Co., Ltd, a company incorporated in China, that organizes and hosts the FashionSZshow (formerly known as China (Shenzhen) International Brand Clothing & Accessories Fair), one of the largest fashion shows in Asia, for a total consideration of up to approximately \$17.0 million. During the second quarter of 2013, management performed an impairment review and recorded a \$2.5 million goodwill impairment charge in the general and administrative costs in the second quarter of 2013. Management performed an annual impairment review as at December 31, 2013 which revealed a slower sales trend and further shortfall in the future cash flows to support the recoverability of the carrying value of the FashionSZshow business. Based on the review, we recorded a \$2.5 million goodwill impairment charge and a \$3.5 million trademark intangible assets impairment charge in the general and administrative costs in the fourth quarter of 2013. In addition, on October 1, 2013, management reviewed the useful lives of the trademark intangible assets of the FashionSZshow business taking into account the downward trend in the fashion industry sector in China and revised the useful lives of the trademark intangible assets to seven years from the original seventeen years. The effect of this change in the accounting estimate was recognized prospectively from October 1, 2013. Due to continuing decline in the economic climate in China especially in the high fashion industry sector and other factors, management noted a decline in booth sales for the 2014 FashionSZshow event compared to the earlier projections. Accordingly, management performed an impairment review in the second quarter of 2014 which revealed a shortfall in the future cash flows to support the recoverability of the carrying value of the FashionSZshow business. Based on the review, management determined that there was impairment to the intangible assets and recorded a further impairment charge of \$2.2 million on trademark intangible assets in the general and administrative costs in the second quarter of 2014. The net book values of the intangible assets and goodwill relating to the FashionSZshow business as at December 31, 2014 were \$8.9 million and \$nil, respectively.

In April 2013, we entered into an agreement to acquire a 100% interest in Topranch Limited (a company incorporated in the British Virgin Islands), subject to closing conditions. The completion date of the transaction was January 1, 2014. Topranch Limited through its subsidiaries hosts the Shenzhen International Machinery Manufacturing Industry Exhibition and its related shows ("SIMM machinery shows") which currently consist of two groups of co-located trade shows: (a) the Shenzhen International Machining Automation Exhibition and the Shenzhen International Metal Forming Machine Tool & Mould Exhibition (collectively, the "Group A SIMM Events"); and (b) the Shenzhen International Metal Cutting Machine Tool Exhibition (the "Group B SIMM Events"). Topranch Limited through its subsidiaries owns a 70% interest in the Group A SIMM Events and a 56% interest in the Group B SIMM Events. These events are held annually in Shenzhen, China. Our ownership interest in these events will further assist us to establish a strong presence in a fast-growing market in mainland China and will enable us to take advantage of market opportunities.

The total consideration for this acquisition was approximately \$16.3 million. We paid an initial deposit of \$2.2 million in the third quarter of 2013 and paid the second instalment of \$10.8 million in April 2014. The balance of cash consideration of \$3.3 million is payable in several instalments over next three years upon certain conditions being fulfilled. We expensed \$0.2 million in legal and other costs relating to this acquisition in 2013. In addition, there is a potential obligation to pay not more than approximately \$1.2 million for transaction cost, which will be expensed

upon payment. As the completion date of the transaction was January 1, 2014, the results of the acquired entities have been consolidated into our financial statements in the first quarter 2014. The contingent consideration is measured at fair value on the date of acquisition and held as a financial liability on the balance sheet. We recorded this acquisition as a business combination. The purchase price allocation was completed in the fourth quarter of 2014 and we recorded the acquired intangible assets of \$16.5 million and the related deferred tax liabilities of \$4.1 million and goodwill of \$9.0 million in connection with this acquisition. A majority of the intangible assets have useful lives of 10 years. The amortization expense relating to these acquired intangible assets of \$ 0.3 million and \$3.9 million was included in the general and administrative costs

in the consolidated income statement for the three months and the year ended December 31, 2014. Correspondingly, we recorded \$0.1 million and \$1.0 million credit to income tax expense in relation to the deferred tax liabilities arising from these intangible assets in the consolidated income statement for the three months and the year ended December 31, 2014. We recorded a non-controlling interest of \$4.7 million for this acquisition based on the proportionate share of the identifiable net assets of the acquiree.

On March 11, 2014, our Board of Directors authorized the repurchase of up to 5,000,000 of our issued and outstanding common shares, representing approximately 14.4% of the total number of our common shares issued and outstanding as at February 28, 2014, by tender offer at a purchase price of \$10.00 per share. The total purchase consideration for this tender offer was \$50.0 million. The offer commenced on April 30, 2014. As per the final count, the number of shares properly tendered and not properly withdrawn was greater than the number of shares that the Company offered to purchase. Therefore, it was necessary to apply the odd lot priority and prorating provisions described in our offer to purchase. As per terms of the tender offer the shares were purchased, first, from all holders of “odd lots” of fewer than 100 shares who properly tendered all of their shares and did not properly withdraw them before the expiration date; and second, from all other shareholders who properly tendered shares, on a pro-rata basis. The Company accepted approximately 15.17% of the shares properly tendered and not properly withdrawn by each shareholder, in addition to the tendered shares with odd lot priority. The Company issued payment of \$10.00 per share for all the shares purchased. The repurchase was completed by June 6, 2014 and we paid \$50.0 million in purchase consideration to the tendering shareholders. We funded this share repurchase from our cash balance on hand. We are holding the repurchased shares as treasury shares.

The following table summarizes our contractual obligations as of December 31, 2014:

	Payments due by period (in U.S. Dollars Thousands)				
	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Contractual Obligations					
Operating leases	\$648	\$348	\$300	-	-
Purchase obligations (including venue license/rental obligations)	\$43,644	\$13,181	\$23,562	6,901	-
Deferred income and customer prepayments - long term	\$3,971	-	\$3,971	-	-
Total	\$48,263	\$13,529	\$27,833	\$6,901	\$-

Provision for taxes have not been included in the above table because the periods of cash settlement with the respective tax authority cannot be reasonably estimated.

Deferred income and customer prepayments – long term have been included as the Company can be obliged to refund certain customer prepayments under certain circumstances.

We anticipate that our cash and securities on hand and expected positive cash-flows from our operations will be adequate to satisfy our working capital needs, capital expenditure requirements and cash commitments for the next 12 months. However, looking to the long term, we may raise additional share capital, sell debt securities, or obtain credit facilities as and when required to further enhance our liquidity position, and an issue of additional shares could result in dilution to our then existing shareholders.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have a material effect or are reasonably likely to have a material future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

## Recent Accounting Pronouncements

New standards, amendments and interpretations issued that are effective for the financial year beginning on or after January 1, 2015:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income ("OCI") and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. We are currently assessing the impact of the adoption of IFRS 9 on our financial statements.

IFRS 15, "Revenue from contracts with customers" deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 "Revenue" and IAS 11 "Construction contracts" and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2017 and earlier application is permitted. We are currently assessing the impact of the adoption of IFRS 15 on our financial statements.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on our group.

## Non-IFRS Measures

In our press releases on our quarterly financials, we provide non-IFRS financial measures and IFRS to non-IFRS reconciliation tables to supplement our financial information presented in accordance with IFRS.

The non-IFRS financial measures that we use in our press releases on our quarterly financial information are the following:

"Non-IFRS Net Profit" is defined as IFRS net profit excluding non-cash stock based compensation expense or credit, amortization of intangible assets relating to certain non-compete agreements, gains or losses on acquisitions and investments, and/or impairment charges.

"Non-IFRS diluted net profit per share" is defined as Non-IFRS Net Profit divided by the weighted average of diluted common shares outstanding.

We believe that non-IFRS metrics are useful measures of operations because these help investors to understand and compare business trends among different reporting periods on a consistent basis, independently of share-based compensation and items non- indicative of recurring operating activities. Thus non-IFRS financial metrics enable investors to assess our operating results in a manner that is focused on the performance of our ongoing operations.



Readers should not place undue reliance on non-IFRS financial measures or regard them as a substitute for the nearest IFRS measures. Further, these non-IFRS financial measures may not be comparable to similarly titled measures used by other companies.

## ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

The following table sets forth information regarding the persons who are our executive officers and directors as of the date of this Annual Report.

Name	Age	Position
Merle Allan Hinrich	73	Director and Executive Chairman
Spenser Au	60	Chief Executive Officer
Connie Lai	41	Chief Financial Officer
Brent Barnes	42	Chief Operating Officer
Peter Zapf	46	Chief Information Officer
Sarah Benecke	58	Director
Eddie Heng Teng Hua	64	Director
Roderick E. Chalmers	67	Director
David F. Jones	50	Director
James A. Watkins	69	Director
Yam Kam Hon Peter	68	Director

Mr. Hinrich has been a director since April 2000 and is currently our Executive Chairman. He was our Chief Executive Officer from April 2000 to August 2011. A co-founder of the business, he was the principal executive officer of our predecessor company, Trade Media Holdings Limited, a Cayman Islands corporation wholly owned by us (“Trade Media”), from 1971 through 1993 and resumed that position in September 1999. From 1994 to August 1999, Mr. Hinrich was chairman of the ASM Group, which included Trade Media. Mr. Hinrich is a director of Trade Media and has also been the Chairman of the Board of Trade Media. Mr. Hinrich graduated from the University of Nebraska and the Thunderbird School of Global Management (“Thunderbird”). Mr. Hinrich is a member of Tsinghua University International Advisory Board for China’s first-ever English-language Global Business Journalism program and an advisor to the Hong Kong Baptist University. After 22 years of service, he retired from the board of trustees of Thunderbird. He is a board member of the Economic Strategy Institute in Washington, D.C., co-founder and former chairman of The Society of Hong Kong Publishers, and the chairman of the council of members of the Hinrich Foundation. He is also an investment Promotion Ambassador with Invest Hong Kong. His term as director expires in 2015.

Mr. Au was appointed as our Chief Executive Officer in August, 2011. Mr. Au first became a team member in 1978 as an account executive for Asian Sources Electronics magazine. The positions through which he advanced to senior management included regional sales manager in 1988, associate publisher in 1991, publisher in 1992 and president of Asian Sales in 1999. Mr. Au has a deep knowledge of Greater China and other markets where the company operates. Mr. Au received a Diploma in Business Management in 1977 from the Hong Kong Baptist University.

Ms. Lai was appointed as our Chief Financial Officer effective August 2010. Ms. Lai joined Global Sources in June 2007 as financial controller, Hong Kong & China. Prior to joining Global Sources, she was chief financial officer and an executive director of HC International, Inc., a Hong Kong listed company. Earlier in her career, she spent over four

years with PricewaterhouseCoopers (“PwC”) Hong Kong. Ms. Lai graduated from the Chinese University of Hong Kong with a bachelor's degree in professional accountancy. She is also a Member of the Hong Kong Institute of Certified Public Accountants and a Fellow Member of the Association of Chartered Certified Accountants in the United Kingdom.

Mr. Barnes was appointed as our chief operating officer in January 2012. Mr. Barnes is responsible for the Company's worldwide operations, including community development, content development, trade show operations, human resources and administration. Mr. Barnes began his career handling operations for a group of lobbyists in Austin, Texas. Later, he moved to Mexico City, where he designed and delivered executive training programs for various multinational companies. Upon completion of his MBA, Mr. Barnes spent a year working as a Market Analyst for Global Sources in Phoenix, Arizona before moving to Hong Kong to become Executive Assistant to the Chairman & CEO in June of 2000. Since 2003 he has spent time managing each of the core operational departments and assumed the role of General Manager of Content & Community Development in January 2010. Mr. Barnes holds a Bachelor of Arts degree from the University of Texas at Austin and an MBA from the Thunderbird School of Global Management.

Mr. Zapf was appointed as our chief information officer in January 2012. Mr. Zapf began his career in software project management with the United States Air Force. He then joined Global Sources in Phoenix, Arizona, working on the development, sales and marketing of the company's early software and e-commerce products. Later, he worked as a research analyst at Bear Stearns in New York, focusing on the business-to-business market, after which he joined Hong Kong-based AsiaCommerce, a startup incubator, as Chief Executive Officer. He rejoined Global Sources in 2001, and was chief operating officer from January 2011 to December 2011. Mr. Zapf holds a BS in Electrical Engineering and Engineering and Public Policy from Carnegie Mellon University, an MS in Computer Science from Troy State University, and an MBA from Thunderbird, the American Graduate School of International Management.

Ms. Benecke has been a director since April 2000 and, since 1993, has been a director of Trade Media. Ms. Benecke was our principal executive officer from January 1994 through August 1999. She joined us in May 1980 and served in numerous positions, including publisher from 1988 to December 1992 and chief operating officer in 1993. From September 1999 to July 2010, Ms. Benecke served as a consultant to Publishers Representatives Ltd. (Hong Kong), a subsidiary of our company. Her consulting work focused largely on the launch, development and expansion of the "China Sourcing Fairs" in Shanghai, Hong Kong, Mumbai, Dubai, Singapore and Johannesburg. Ms. Benecke is also on the boards of Australian media company, McPherson Media, and Hong Kong art show organiser, Asia Contemporary Art Ltd. She graduated with a B.A. from the University of New South Wales, Australia. Her term as director expires in 2016.

Mr. Heng has been a director since April 2000. He joined us in August 1993 as deputy to the vice president of finance and was the Chief Financial Officer (previously titled vice president of finance) from 1994 until June 30, 2009. Mr. Heng returned to serve as Interim Chief Financial Officer from June 30, 2010 until August 1, 2010. He received an MBA from Schiller International University in London in 1993, is a Singapore Chartered Accountant, a member of the Institute of Singapore Chartered Accountants, and a Fellow Member of The Association of Chartered Certified Accountants in the United Kingdom. Mr. Heng is currently an audit committee member of Prison Fellowship Singapore, a Christian non-profit organization that provides counseling and skills training to prisoners and financial support to their families. Prior to joining us, he was the regional financial controller of Hitachi Data Systems, a joint venture between Hitachi and General Motors. His term as director expires in 2016.

Mr. Chalmers has been a director since October 2000. He was chairman, Asia-Pacific, of PricewaterhouseCoopers LLP and a member of PwC's Global Management Board from 1998 until his retirement in July 2000. He is a 30-year veteran with PwC's merger partner Coopers & Lybrand with specialist experience in the financial services industry. He has at various times been a non-executive director of the Hong Kong SAR Securities and Futures Commission, a member of the Takeovers and Mergers Panel, and chairman of the Working Group on Financial Disclosure. He is currently a director of Gasan Group Limited (Malta), and Simonds Farsons Cisk Limited (Malta). He was the Chairman of the Board of Directors of the Bank of Valletta plc from 2004 until his retirement from that position in 2012. His term as director expires in 2015.



Mr. Jones has been a director since April 2000. He is the CEO of Kudos Energy, a solar energy financing business. From August 2011 to February 2013, Mr. Jones was with Better Place Inc., a global electric vehicle services provider, where he was Vice President Global Corporate Development and Strategy. He spent the previous 17 years in the private equity industry, and before that he was in management consulting, investment banking and general management. Mr. Jones was Managing Director of CHAMP Private Equity, a leading Australian buyout firm from 2002 to 2011. In 1999, he founded and, until 2002, led the development of UBS Capital's Australian and New Zealand business. Prior to that, he spent four years with Macquarie Direct Investment, a venture capital firm in Sydney, Australia, and one year at BancBoston Capital in Boston, Massachusetts. Mr. Jones began his career as a consultant with McKinsey & Company in Australia and New Zealand. He left McKinsey to take the role of general manager of Butterfields Cheese Factors, of the King Island Dairies group. He is Chairman of VGI Partners, Derwent Executive, and a director of EC English Pty Ltd, EMR Capital Pty Ltd and The National Museum of Australia. He was previously Chairman of the Australian Venture Capital Association Limited and a director of various listed and unlisted companies in Australia. Mr. Jones holds a Bachelor of Engineering (First Class Hons.) from the University of Melbourne and a Master of Business Administration from Harvard Business School. His term as director expires in 2017.

Mr. Watkins was appointed as a casual director, (see "Election or Removal of Directors" under Item 10 for a description of a "casual director") on February 28, 2005 and was elected as a director at our annual general meeting on May 9, 2005. Mr. Watkins was a director and group general counsel of the Jardine Matheson Group in Hong Kong from 1997 until 2003. He was group legal director of Schroders plc in 1996 to 1997 and of Trafalgar House plc from 1994 to 1996. He was previously a partner and solicitor in the London and Hong Kong offices of Linklaters from 1975 to 1994. He currently is a non-executive director of Mandarin Oriental International Ltd., Jardine Cycle & Carriage Ltd., Advanced Semiconductor Manufacturing Corporation Ltd., IL&FS India Realty Fund II LLC, Asia Satellite Telecommunications Holdings Ltd. and Hongkong Land Holdings Ltd., and is a member of the audit committees of Jardine Cycle & Carriage Ltd. and Asia Satellite Telecommunications Holdings Ltd. and the chairman of the audit committee of Advanced Semiconductor Manufacturing Corporation Ltd. Mr. Watkins has a law degree from the University of Leeds (First Class Hons.). His term as director expires in 2017.

Mr. Yam was first appointed as a director at our annual general meeting of shareholders on June 22, 2011. Mr. Yam joined Emerson (NYSE: EMR) in 1986 and is currently an advisor to Emerson Electric Asia-Pacific after he retired as president of Emerson Greater China and chairman of Emerson Electric (China) Holdings Co., Ltd in April 2008. For more than two decades, Mr. Yam played a key role in leading Emerson's investments in China. Mr. Yam holds a bachelor's degree in electrical engineering from the University of Hong Kong and an Executive MBA from the University of Chicago. He is also currently an adjunct professor of The Chinese University of Hong Kong's Faculty of Business Administration Department of Management, a member of the College Council and the Board of Governors of the Centennial College, Hong Kong, and a council member of the Asian Corporate Governance Association. Mr. Yam was previously a member of the Suzhou Industrial Park International Advisory Committee from 2001 to 2008, a director of the Executive Committee of Foreign Investment Companies in Beijing from 2003 to 2008, a non-executive director of Sun Life Hong Kong Limited and affiliates from 2003 to 2010 and a member of the Board of Directors of the Hong Kong Science & Technology Parks Corporation from 2001 to 2006, and he also previously served as a vice-president of the American Chamber of Commerce in Hong Kong, a visiting professor of Nanjing University's School of Business and a visiting professor of Jiangmen Polytechnic in China. His term as director expires in 2017.

#### Compensation

For the year ended December 31, 2014, we and our subsidiaries provided our eleven directors and executive officers as a group aggregate remuneration, pension contributions, allowances and other benefits of approximately \$3,629,037

(2013: \$3,558,660; 2012: \$2,912,170) including the non-cash compensation of \$1,267,491 (2013: \$998,371; 2012: \$717,544) associated with the ECPs.

In 2014, we and our subsidiaries incurred \$90,566 (2013: \$363,506; 2012: \$43,404) in costs to provide pension, retirement or similar benefits to our respective officers and directors pursuant to our retirement plan and pension plan.

#### Employment Agreements

We have employment agreements with Mr. Merle A. Hinrich under which he serves as our executive chairman. The agreements contain covenants restricting Mr. Hinrich's ability to compete with us during his term of employment and preventing him from disclosing any confidential information during the term of his employment agreement and for a further period of three years after the termination of his employment agreement. In addition, we retain the rights to all trademarks and copyrights acquired and any inventions or discoveries made or discovered by Mr. Hinrich in the course of his employment. Upon a change of control, if Mr. Hinrich is placed in a position of lesser stature than that of a senior executive officer, a significant change in the nature or scope of his duties is effected, Mr. Hinrich ceases to be a member of the board, or if there is a breach of those sections of his employment agreements relating to compensation, reimbursement, title and duties or termination, we are liable to pay Mr. Hinrich a lump sum cash payment equal to five times the sum of his base salary prior to the change of control and the bonus paid to him in the year preceding the change of control. The agreements may be terminated by either party by giving six months' notice.

We have employment agreements with each of our other executive officers. Each employment agreement contains a non-competition provision preventing the employee from undertaking or becoming involved in any business activity or venture during the term of employment without notice to us and our approval. The employee must keep all of our proprietary and private information confidential during the term of employment and for a period of three years after the termination of the agreement. We can assign the employee to work for another company if the employee's duties remain similar. In addition, we retain the rights to all trademarks and copyrights acquired and any inventions or discoveries made or discovered by the employee during the employee's term of employment. Each employment agreement contains a three or six-months' notice provision for termination, and does not have a set term of employment. Bonus provisions are determined on an individual basis.

#### Board Practices

Our Board of Directors consists of seven members, the terms of which expire on the basis of one-third of the board retiring by rotation at each annual general meeting of shareholders. Each director holds office until his or her term expires as aforesaid, and he or she is then subject to re-election as a director at the respective annual general meeting for a further term which will subsequently expire on the same basis. Executive officers serve at the discretion of the Board of Directors. Our executive officers have, on average, 23 years of service with us. Six non-executive directors receive a cash fee of \$15,000 per year, plus an additional \$4,000 for each board meeting attended. Non-executive directors who are members of the audit committee also receive a cash fee of \$5,000 per year.

#### Committees of the Board of Directors

We have established an audit committee and an executive committee of our Board of Directors. The audit committee recommends the appointment of auditors, oversees accounting and audit functions and other key financial matters of our company. The audit committee meets at least four times a year. David Jones, Roderick Chalmers, James Watkins and Eddie Heng Teng Hua are the members of the audit committee and the Board of Directors determined that Mr. Chalmers is an audit committee financial expert as defined under appropriate SEC guidelines. The executive committee acts for the entire Board of Directors between board meetings in respect of certain matters. Merle A. Hinrich, Eddie Heng Teng Hua and Sarah Benecke are the members of the executive committee.

We have a separately - designated standing compensation committee, consisting of independent directors. The members of the compensation committee are Roderick Chalmers, David Jones, James Watkins, Peter Yam, Eddie Heng Teng Hua and Sarah Benecke. The primary function of the compensation committee is to approve compensation packages for each of the Company's executive officers. The compensation committee held at least two meetings in the fiscal year ended December 31, 2014.



We have an executive sessions committee, consisting of the independent directors. The members of the executive sessions committee are Roderick Chalmers, David Jones, James Watkins, Peter Yam, Eddie Heng Teng Hua and Sarah Benecke. The executive sessions committee meets to discuss matters under the purview of the independent directors. The executive sessions committee held at least three meetings in the fiscal year ended December 31, 2014.

Our compensation committee and audit committee charters are available on our website at [www.corporate.globalsources.com](http://www.corporate.globalsources.com).

#### Code of Ethics

We have adopted a Code of Ethics (“Code of Ethics”) that applies to our directors, officers (including our chief executive officer, chief financial officer, chief accounting officer or controller and persons performing similar functions) and employees. Any amendments or waivers to our Code of Ethics that apply to the chief executive officer or senior financial officers will be promptly disclosed on our website as required by law or by the SEC or by NASDAQ.

#### Employees

As of December 31, 2014, we had 505 employees worldwide, the majority of whom work in management, technical or administrative positions. We consider our employee relationships to be satisfactory. Our employees are not represented by labor unions and we are not aware of any attempts to organize our employees.

The following summarizes the approximate number of employees and independent contractors by function:

Function	Employees	Independent Contractors	Total
Content Development	3	165	168
Corporate Human Resources & Administration	47	52	99
Corporate Marketing	8	15	23
Community Development	73	19	92
Sales	149	1,902	2,051
Information System Department (includes CIO office)	82	85	167
Corporate Accounts	68	61	129
Office of the CEO, COO	12	0	12
Legal and Group Secretarial	6	1	7
Conference & Trade Show Services + China Edu	57	70	127
<b>Total</b>	<b>505</b>	<b>2,370</b>	<b>2,875</b>

#### Share Ownership

Information on the ownership of our Common Shares is given under Item 7, Major Shareholders and Related Party Transactions.

#### Equity Compensation Plans

On December 30, 1999, we established The Global Sources Employee Equity Compensation Trust (the “Trust”) for the purpose of administering monies and other assets contributed to the Trust for the establishment of equity compensation and other benefit plans, including The Global Sources Employee Equity Compensation Plan

(“ECP”) Numbers IV through VII described below. The Trust is administered by Appleby Services (Bermuda) Ltd. (previously known as “Harrington Trust Limited” and then as “Appleby Trust (Bermuda) Ltd.”), as trustee (the “Trustee”). The number of shares that may be sold pursuant to these plans is limited to the number of our shares held by the Trust. Following our takeover of Trade Media on April 14, 2000, the Trade Media shares were exchanged for our common shares. These Trade Media shares currently represent our common shares. As of February 28, 2015, the Trustee holds 571,333 of our common shares, consisting of common shares held in the Trust, as well as already vested common shares under the plans which are held in trust by the Trustee for various grantees who have elected to utilize the trust services of the Trustee for such purpose. The Trustee has informed us that it does not intend to acquire any additional shares. In exercising its powers, including the voting of securities held in the Trust, the Trustee may be directed by the plan committee (“ECP Plan Committee”), whose members are selected by the board of directors of one of our wholly-owned subsidiaries.

Pursuant to a Declaration of Trust dated November 28, 2006 by the Trustee, “The Global Sources Equity Compensation Trust 2007” (“2007 Trust”) was established. The 2007 Trust is administered by Appleby Services (Bermuda) Ltd. (the “2007 Trustee”) as trustee. The purpose of the 2007 Trust is to administer shares contributed by us to the 2007 Trust from time to time in connection with providing equity compensation benefits under The Global Sources Equity Compensation (2007) Master Plan described below (“ECP 2007 Master Plan”). As of February 28, 2015, the 2007 Trustee does not hold any unvested common shares contributed by us in the 2007 Trust, but the 2007 Trustee holds 36,056 already vested common shares under the ECP 2007 Master Plan which are held in trust by the 2007 Trustee for various grantees who have elected to utilize the trust services of the 2007 Trustee for such purpose. In exercising its powers under the 2007 Trust, the 2007 Trustee may be directed by the plan committee to be constituted and appointed by our Board of Directors. The plan committee (“ECP 2007 Plan Committee”) was constituted and appointed by the Board of Directors on February 15, 2007.

#### Global Sources Equity Compensation Plans Numbers IV and V

Eligible employees, directors, consultants, advisors and independent contractors under ECP IV are awarded a defined amount of compensation payable in Global Sources Ltd. common shares, the number of which are determined by the ECP Plan Committee periodically.

Entitlement of the employees, directors, consultants, advisors and independent contractors to these common shares is subject to employment and vesting terms.

Eligible employees, directors, consultants, advisors and independent contractors under ECP V were awarded a one-time grant of shares, the number of which was determined by the ECP Plan Committee.

Entitlement of the employees, directors, consultants, advisors and independent contractors to these common shares is subject to employment or continued services and vesting terms.

The ECP Plan Committee first approved the awards of common shares under ECP IV in January 2001 and approved additional awards of common shares under ECP IV on various dates during the year 2001. The ECP Plan Committee first approved the awards of common shares under ECP V in January 2001 and approved additional awards of common shares under ECP V on various subsequent dates.

#### Global Sources Equity Compensation Plan VI

Eligible employees, directors, consultants, advisors and independent contractors under ECP VI are awarded, after their resignation or retirement from their respective services, a one-time grant of our common shares, the number of which are determined by the ECP Plan Committee.

Entitlement of the employees, directors, consultants, advisors and independent contractors to these common shares, is subject to non-competition and vesting terms. There is no forfeiture provision other than pursuant to the non-competition terms.

The ECP Plan Committee approved ECP VI on March 13, 2001 and first approved the awards of common shares under ECP VI in May 2001. The ECP Plan Committee approved additional awards of common shares under ECP VI on various subsequent dates.

#### Global Sources Equity Compensation Plan VII

Eligible employees, directors, consultants, advisors and independent contractors under ECP VII are awarded a grant of a defined number of our common shares, the number of which is determined by the ECP Plan Committee periodically.

Entitlement of the employees, directors, consultants, advisors and independent contractors to these common shares is subject to employment and vesting terms.

The ECP Plan Committee first approved the awards of common shares under ECP VII in January 2002 and approved additional awards of common shares under ECP VII on various subsequent dates.

#### The Global Sources Equity Compensation (2007) Master Plan

The ECP 2007 Master Plan was approved by our shareholders on May 8, 2006. The ECP 2007 Master Plan became effective on January 1, 2007 and, unless terminated earlier by our Board of Directors, was due to expire on December 31, 2012 (but its expiration date has since been extended to December 31, 2017 (as described below)). Our employees, directors and consultants and the employees, directors and consultants of our subsidiaries and of our and our subsidiaries' independent contractors ("Team Members"), are eligible to be awarded grants of our common shares under the ECP 2007 Master Plan. The grantees and the number of shares to be awarded, and the vesting rules and other terms and conditions, are determined by the ECP 2007 Plan Committee, which is authorized under the ECP 2007 Master Plan to issue supplementary or subsidiary documents to set out and evidence such vesting rules and other terms and conditions. The total number of shares to be awarded under the ECP 2007 Master Plan is subject to a limit of 3,000,000 common shares.

On November 7, 2006, we filed a Form S-8 Registration Statement under the Securities Act of 1933, with the U.S. SEC, for up to 3,000,000 common shares to be issued under the ECP 2007 Master Plan.

An amended version of the ECP 2007 Master Plan, known as "The Global Sources Equity Compensation (2007) Master Plan (amended effective as of January 1, 2012)" ("ECP 2007 Master Plan (Amended)"), was approved by our Board of Directors with effect from January 1, 2012, in order to expressly clarify that, as an alternative to our common shares being first issued to the 2007 Trustee upon an award being made under the ECP 2007 Master Plan (for the 2007 Trustee to hold in trust pending vesting) and then subsequently transferred by the 2007 Trustee to the respective grantee upon vesting, our common shares may instead be issued directly to the respective grantee at the time of vesting.

On June 20, 2012, our shareholders approved the extension of the expiration date of the ECP 2007 Master Plan (Amended) from December 31, 2012 to December 31, 2017.

On March 25, 2014, we awarded 298,546 shares under the ECP 2007 Master Plan (Amended), which increased the total number of shares granted thereunder to 3,147,131. Thereafter, in 2014 and during the first two months of 2015, we awarded an additional 53,388 shares under the ECP 2007 Master Plan (Amended), and 49,788 shares previously awarded thereunder were forfeited. As a result of these awards, as of February 28, 2015, we had awarded 3,150,731 shares pursuant to the ECP 2007 Master Plan (Amended).

On December 15, 2014, our directors approved an amendment to the ECP 2007 Master Plan (Amended) (as extended to December 31, 2017) to increase the maximum total number of shares that may be awarded under it from 3,000,000 to 6,000,000 common shares. By further written resolutions of our board dated February 27, 2015, our directors approved, confirmed and ratified such amendment as being effective as of January 1, 2014. The amended version of the plan is known as “The Global Sources Equity Compensation (2007) Master Plan (Amended and Restated effective as of January 1, 2014)” (“ECP 2007 Master Plan (Amended and Restated)”).

On March 5, 2015, we filed a Form S-8 Registration Statement under the Securities Act with the SEC for up to 2,849,269 additional common shares to be issued under the ECP 2007 Master Plan (Amended and Restated).

On March 6, 2007, the ECP 2007 Plan Committee approved and issued “The Global Sources Share Grant Award Plan” as a supplementary or subsidiary document to the ECP 2007 Master Plan. Under the plan, the ECP 2007 Plan Committee determines which eligible Team Members will be granted awards of shares and the number of shares to be awarded to them, and the vesting schedule for such awards. The plan became effective on March 6, 2007, and will terminate upon the expiration or termination of the ECP 2007 Master Plan, or upon the liquidation of the Company, or upon termination by the ECP 2007 Plan Committee, whichever is the earliest to occur. The ECP 2007 Plan Committee approved awards of common shares under the plan on various dates.

On March 6, 2007, the ECP 2007 Plan Committee approved and issued “The Global Sources Retention Share Grant Plan” as a supplementary or subsidiary document to the ECP 2007 Master Plan. Persons eligible to receive grants under the plan are persons who have been Team Members for at least five years, who retire “in good standing” (as determined by the ECP 2007 Plan Committee), and who would otherwise have their unvested shares (under any applicable equity compensation plans) forfeited upon retirement. The ECP 2007 Plan Committee determines which eligible persons will be granted awards of common shares. The number of common shares to be awarded to such grantees are calculated according to a formula defined in the plan, and vest in equal installments over a period of five years after retirement, subject to certain non-competition terms and a condition that the grantees remain “in good standing”. There is no forfeiture provision other than pursuant to the non-competition terms and being “in good standing”, not doing anything prejudicial to the Company or other reasons as determined by the ECP 2007 Plan Committee. The plan commenced with effect on March 6, 2007, and will terminate upon the expiration or termination of the ECP 2007 Master Plan, or upon the liquidation of the Company, or upon termination by the ECP 2007 Plan Committee, whichever is the earliest to occur. The ECP 2007 Plan Committee approved awards of common shares under the plan on various dates.

On April 24, 2009, the ECP 2007 Plan Committee approved and issued “The Global Sources Directors Share Grant Award Plan” as a supplementary or subsidiary document to the ECP 2007 Master Plan. Persons eligible to receive grants under the plan are directors of the Company. Under the plan, the ECP 2007 Plan Committee determines which directors of the Company will be granted awards of shares and the number of shares to be awarded to them. Any shares awarded do not vest immediately, but only after four years after the effective date, as specified by the ECP 2007 Plan Committee (or in accordance with such other vesting schedule as may be determined by the ECP 2007 Plan Committee). The plan became effective on April 24, 2009, and will terminate upon the expiration or termination of the ECP 2007 Master Plan, or upon the liquidation of the Company, or upon termination by the ECP 2007 Plan Committee, whichever is the earliest to occur. The ECP 2007 Plan Committee first approved an award under the plan in June 2009, and approved additional awards under the plan on various subsequent dates.

The ECP 2007 Plan Committee approved and issued “The Global Sources Retention Share Grant Plan II”, effective as of January 1, 2012, as a supplementary or subsidiary document to the ECP 2007 Master Plan (Amended). The plan’s provisions are similar to those of The Global Sources Retention Share Grant Plan, except that it expressly clarifies that, as an alternative to our common shares being first issued to the 2007 Trustee upon an award being made under the plan (for the 2007 Trustee to hold in trust pending vesting) and then subsequently transferred by the 2007 Trustee to the respective grantee upon vesting, our common shares may instead be issued directly to the respective grantee at the time of vesting. An amended version of the plan, known as “The Global Sources Retention Share Grant Plan II (amended effective as of May 1, 2012)”, was approved by the ECP 2007 Plan Committee, with effect from May 1, 2012, in order to clarify that each person eligible to receive an award under the plan must be so eligible as of the effective time of his/her retirement, and all awards to a grantee under the plan shall be or shall be deemed to be effective immediately prior to the effective time of the grantee’s retirement. The ECP 2007 Plan Committee first

approved awards of common shares under the plan in April 2012, and approved additional awards under the plan on various subsequent dates.



## ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

## Major Shareholders

The following table sets forth information about those persons who hold more than 5% of our total outstanding common shares and the share ownership of our directors and officers as of February 28, 2015. The information is based upon our knowledge of the share ownership of such persons on February 28, 2015.

Name of Beneficial Owner	Common Shares Beneficially Owned	
	Shares	Percentage **
Merle Allan Hinrich	13,862,638 ***	45.87 %***
Spenser Au	*	*
Connie Lai	*	*
Brent Barnes	*	*
Peter Zapf	*	*
Sarah Benecke	*	*
Eddie Heng Teng Hua	*	*
David F Jones	*	*
Roderick E Chalmers	*	*
James A Watkins	*	*
Yam Kam Hon Peter	*	*
All officers and directors as a group (11 persons)	14,445,169	47.80 %
GAMCO Investors, Inc. et al. One Corporate Center Rye New York 10580-1435	2,114,538 ****	7.00 %****

\* Indicates beneficial ownership of less than 1%.

\*\*Based upon 30,218,703 common shares issued and outstanding as of February 28, 2015. The percentage figures are calculated based on our total issued and outstanding common shares (and do not take into account that portion of our total issued common shares which are held as treasury shares).

\*\*\*As of February 28, 2015, Mr. Merle Allan Hinrich has the sole power to vote and dispose of 12,570,896 common shares beneficially owned by him (representing approximately 41.60% of our total issued and outstanding common shares), may be deemed to have shared power with his wife Miriam Hinrich to vote or direct to vote and dispose of 288,254 common shares owned by her (representing approximately 0.95% of our total issued and outstanding common shares) and may be deemed to have shared power with Hinrich Investments Limited to vote or direct to vote and dispose of 1,003,488 common shares owned by Hinrich Investments Limited (representing approximately 3.32% of our total issued and outstanding common shares). Hinrich Investments Limited is owned by a nominee company in trust for the Hinrich Foundation, of which Mr. Hinrich serves as the chairman of the council of members (the decision-making body), and of which he was the founder and the initial settlor.

Mr. Hinrich, who is our Executive Chairman, may therefore be deemed to beneficially own up to approximately 45.87% of our total issued and outstanding common shares as of February 28, 2015 (as described above), and he is

deemed our controlling shareholder.

\*\*\*\*Based on Amendment No. 1 to Schedule 13D filed on October 1, 2014 by a group including GAMCO Investors, Inc., which includes Mario J. Gabelli and various entities which he directly or indirectly controls or for which he acts as chief investment officer.

As of February 28, 2015, we believe that approximately 15,785,829 of our shares, or approximately 52.24% of our total issued and outstanding common shares, were beneficially owned by U.S. holders and there were 587 shareholders of record in the U.S. (excluding any U.S. holders who may be holding our shares through brokerage firms).

Neither our major shareholders nor our directors or officers have different voting rights. We do not know of any arrangement which may at a subsequent date result in a change in control of our company.

#### Related Party Transactions

There were no material related party transactions from January 1, 2014 to February 28, 2015.

## ITEM 8. FINANCIAL INFORMATION

### GLOBAL SOURCES LTD. AND SUBSIDIARIES

#### CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2014

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders

In our opinion, the accompanying consolidated balance sheets and the related consolidated income statements, statements of comprehensive income, changes in equity and cash flows present fairly, in all material respects, the financial position of Global Sources Ltd. (the 'Company') and its subsidiaries at December 31, 2014, and December 31, 2013 and the results of their operations and their cash flows for each of the three years ended December 31, 2014 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control - Integrated Framework 1992 issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control over Financial Reporting.

Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/PricewaterhouseCoopers LLP  
Singapore  
April 7, 2015

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GLOBAL SOURCES LTD. AND SUBSIDIARIES  
CONSOLIDATED INCOME STATEMENTS

(In U.S. Dollars Thousands, Except Number of Shares and Per Share Data)

	Year ended December 31,		
	2014	2013	2012
<b>Revenue:</b>			
Online and other media services	\$ 93,252	\$ 104,629	\$ 136,101
Exhibitions	97,017	85,636	88,782
Miscellaneous	7,943	7,257	6,857
	198,212	197,522	231,740
<b>Operating Expenses:</b>			
Sales	60,805	61,958	80,354
Event production	25,080	24,403	26,250
Community and content	26,843	27,481	32,696
General and administrative	52,631	50,272	44,281
Information and technology	12,683	12,729	13,188
Total Operating Expenses	178,042	176,843	196,769
Profit on sale of property	-	15,410	-
Profit from Operations	20,170	36,089	34,971
Interest income	1,314	1,472	1,044
Interest expenses	(186 )	-	-
Gain on sale of available-for-sale securities	11	64	-
Share of loss of associate	-	-	(24 )
Impairment loss on investment in associate	-	-	(302 )
Profit before income taxes	21,309	37,625	35,689
Income tax expense	(2,468 )	(4,753 )	(2,744 )
Net profit	18,841	32,872	32,945
Net profit attributable to non-controlling interests	(511 )	(137 )	(739 )
Net profit attributable to the Company's shareholders	\$ 18,330	\$ 32,735	\$ 32,206
Basic net profit per share attributable to the Company's shareholders	\$ 0.57	\$ 0.95	\$ 0.95
Shares used in basic net profit per share calculations	31,953,136	34,426,468	34,017,730
Diluted net profit per share attributable to the Company's shareholders	\$ 0.55	\$ 0.91	\$ 0.90
Shares used in diluted net profit per share calculation	33,482,371	36,068,326	35,742,495

The notes on pages 78 to 123 are an integral part of these consolidated financial statements.

GLOBAL SOURCES LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In U.S. Dollars Thousands, Except Number of Shares and Per Share Data)

	Year ended December 31,		
	2014	2013	2012
Net profit	\$ 18,841	\$32,872	\$32,945
Other comprehensive income that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation	(2,832 )	3,170	1,623
Financial assets, available-for-sale:			
Fair value gains	141	61	52
Reclassification to income statements on disposal	(11 )	(64 )	-
Other comprehensive income/(loss) for the year, net of tax of \$nil	(2,702 )	3,167	1,675
Total comprehensive income for the year	16,139	36,039	34,620
Total comprehensive income attributable to the Company's shareholders	15,657	35,806	33,812
Total comprehensive income attributable to non-controlling interests	482	233	808
Total comprehensive income for the year	\$ 16,139	\$36,039	\$34,620

The notes on pages 78 to 123 are an integral part of these consolidated financial statements.

GLOBAL SOURCES LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

(In U.S. Dollars Thousands, Except Number of Shares and Per Share Data)

	As at December 31,	
	2014	2013
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 90,223	\$ 137,359
Term deposits with banks	4,285	106
Financial assets, available-for-sale	3,952	6,367
Accounts receivables, net	2,269	3,122
Receivables from sales representatives	7,900	10,630
Inventories	154	266
Prepaid expenses and other current assets	17,027	18,544
	125,810	176,394
Non-current assets		
Property and equipment	63,519	49,701
Investment properties	85,546	89,615
Intangible assets	37,732	21,423
Long term investment	100	100
Deferred income tax assets	196	98
Other non-current assets	1,108	1,766
	188,201	162,703
Total assets	\$ 314,011	\$ 339,097
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable	\$ 9,418	\$ 8,779
Deferred income and customer prepayments	84,869	84,704
Accrued liabilities	19,100	19,166
Income tax liabilities	3,848	2,635
	117,235	115,284
Non-current liabilities		
Accounts payable	889	-
Deferred income and customer prepayments	3,971	5,660
Deferred income tax liabilities	6,842	4,591
	11,702	10,251
Total liabilities	128,937	125,535
Commitments and contingencies (note 25 and 26)		



Equity attributable to Company's shareholders		
Common shares	529	525
Treasury shares	(200,089 )	(150,089 )
Other reserves	161,242	161,950
Retained earnings	209,924	191,594
Total Company shareholders' equity	171,606	203,980
Non-controlling interests	13,468	9,582
Total equity	\$ 185,074	\$ 213,562
Total liabilities and equity	\$ 314,011	\$ 339,097

The notes on pages 78 to 123 are an integral part of these consolidated financial statements.

GLOBAL SOURCES LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In U.S. Dollars Thousands, Except Number of Shares and Per Share Data)

	Attributable to the Company's shareholders					Non-controlling interests	Total equity
	Common shares	Treasury shares	Other reserves	Retained earnings	Total		
Balance at January 1, 2012	\$518	\$(150,089 )	\$152,591	\$126,653	\$129,673	\$8,881	\$138,554
Total comprehensive income for the year	-	-	1,606	32,206	33,812	808	34,620
Transaction with owners:							
Fair value of non-controlling Interest in business acquisition	-	-	-	-	-	3,006	3,006
Dividend issued by a subsidiary to non-controlling interest	-	-	-	-	-	(1,303 )	(1,303 )
Fair value of non-cash compensation expense	-	-	2,409	-	2,409	-	2,409
Capitalization of intangible assets relating to share grants for non-compete agreements	-	-	26	-	26	-	26
Issue of new shares	3	-	(3 )	-	-	-	-
Balance at December 31, 2012	\$521	\$(150,089 )	\$156,629	\$158,859	\$165,920	\$11,392	\$177,312

Total comprehensive income for the year	-	-	3,071	32,735	35,806	233	36,039
Transaction with owners:							
Dividend issued by subsidiaries to non-controlling interests	-	-	-	-	-	(2,043 )	(2,043 )
Fair value of non-cash compensation expense	-	-	2,170	-	2,170	-	2,170
Capitalization of intangible assets relating to share grants for non-compete agreements	-	-	84	-	84	-	84
Issue of new shares	4	-	(4 )	-	-	-	-
Balance at December 31, 2013	\$525	\$(150,089 )	\$161,950	\$191,594	\$203,980	\$9,582	\$213,562
Total comprehensive income for the year	-	-	(2,673 )	18,330	15,657	482	16,139
Transaction with owners:							
Fair value of non-controlling interest in business acquisition	-	-	-	-	-	4,894	4,894
Dividend issued by a subsidiary to non-controlling interest	-	-	-	-	-	(1,490 )	(1,490 )
Fair value of non-cash compensation expense	-	-	1,857	-	1,857	-	1,857
Capitalization of intangible	-	-	112	-	112	-	112

assets relating to share grants for non-compete agreements							
Purchase of treasury shares	-	(50,000 )	-	-	(50,000 )	-	(50,000 )
Issue of new shares	4	-	(4 )	-	-	-	-
Balance at December 31, 2014	\$529	\$(200,089 )	\$161,242	\$209,924	\$171,606	\$13,468	\$185,074

The notes on pages 78 to 123 are an integral part of these consolidated financial statements.

GLOBAL SOURCES LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In U.S. Dollars Thousands, Except Number of Shares and Per Share Data)

	Year ended December 31,		
	2014	2013	2012
<b>Cash flows from operating activities</b>			
Net profit	\$18,841	\$32,872	\$32,945
Adjustments for:			
Income tax expense	2,468	4,753	2,744
Depreciation and amortization	13,061	9,029	9,112
(Profit) on sale of property and equipment and investment property	(41 )	(15,410 )	(6 )
Gain on sale of available-for-sale securities	(11 )	(64 )	-
Interest income	(1,314 )	(1,472 )	(1,044 )
Provision for impairment of receivables	166	30	229
Interest expense	186	-	-
Non-cash compensation expense	1,857	2,170	2,409
Equipment written off	40	65	48
Share of loss of associate	-	-	24
Impairment loss on investment in associate	-	-	302
Impairment of intangible assets	2,242	8,525	1,389
Net foreign exchange differences	76	(15 )	(12 )
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):			
Accounts receivable	687	1,106	264
Receivables from sales representatives	2,732	(2,880 )	(1,251 )
Inventories	112	144	(180 )
Prepaid expenses and other current assets	1,549	(171 )	2,528
Other non-current assets	657	990	(204 )
Accounts payable	(1,921 )	594	464
Accrued liabilities	(19 )	(1,202 )	2,337
Deferred income and customer prepayments	(5,977 )	(3,299 )	(18,142 )
Cash generated from operations	35,391	35,765	33,956
Income tax paid	(3,120 )	(4,710 )	(2,679 )
Net cash generated from operating activities	32,271	31,055	31,277
<b>Cash flows from investing activities:</b>			
Acquisition of subsidiary, net of cash acquired	(9,019 )	(4,387 )	(11,359 )
Additional investment in associate	-	-	(326 )
Acquisition of intangible assets	(515 )	-	-
Purchase of property and equipment and investment property	(18,154 )	(27,047 )	(1,371 )
Proceeds from sale of property and equipment and investment property, net of transaction costs	57	27,907	6
Placement of term deposits with banks	(6,098 )	(1,762 )	(5,012 )

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Proceeds from matured term deposits with banks	1,932	5,840	3,632
Purchase of available-for-sale financial assets	(2,640 )	(63 )	(12,611 )
Proceeds from sale of available-for-sale securities	5,183	1,294	18,441
Interest received	1,247	1,472	1,004
Net cash (used in)/generated from investing activities	(28,007 )	3,254	(7,596 )
<b>Cash flows from financing activities:</b>			
Additional investment in subsidiary by non-controlling shareholder	149	-	-
Dividend paid to non-controlling interests	(1,490 )	(2,043 )	(1,303 )
Purchase of treasury shares	(50,000 )	-	-
Net cash used in financing activities	(51,341 )	(2,043 )	(1,303 )
Net (decrease)/increase in cash and cash equivalents	(47,077 )	32,266	22,378
Cash and cash equivalents, beginning of the year	137,359	104,631	81,903
Effect of exchange rate changes on cash and cash equivalents	(59 )	462	350
Cash and cash equivalents, end of the year	\$90,223	\$137,359	\$104,631

The notes on pages 78 to 123 are an integral part of these consolidated financial statements.

GLOBAL SOURCES LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In U.S. Dollars Thousands, Except Number of Shares and Per Share Data)

1. General information

Global Sources Ltd. (the 'Company') and its subsidiaries' (together 'Group') principal business is to provide services that allow global buyers to identify suppliers and products, and enable suppliers to market their products to a large number of buyers. The Group's primary online service is creating and hosting marketing websites that present suppliers' product and company information in a consistent, easily searchable manner on Global Sources Online. Complementing this service are various trade magazines. The Group launched China Sourcing Fairs exhibitions in 2003. These exhibitions offer international buyers direct access to China and other Asian manufacturers. The Group's businesses are conducted primarily through Trade Media Limited, its wholly owned subsidiary, which was incorporated in October 1984 under the laws of Cayman Islands. Through certain other wholly owned subsidiaries, the Group also organizes China Sourcing Fairs exhibitions, conferences and exhibitions on technology related issues, licenses Asian Sources/Global Sources Online and offers catalog services.

The Company was incorporated in Bermuda. The Company's registered office address is Canon's Court, 22 Victoria Street, Hamilton, HM 12, Bermuda.

These financial statements were authorized for issue by the executive committee of the Board of Directors on April 7, 2015.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of Global Sources Ltd. have been prepared in accordance with International Financial Reporting Standards ('IFRS') and International Financial Reporting Interpretations Committee ('IFRIC') interpretations as issued by the International Accounting Standards Board ('IASB').

The consolidated financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group'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 4. Actual results could differ from those estimates and such differences could affect the results of operations reported in future periods.

New and amended standards adopted by the Group:

The following standards have been adopted by the Group for the first time from the financial year beginning on January 1, 2014:

- Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The adoption of this standard did not have a significant impact on the Group's financial statements.



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(In U.S. Dollars Thousands, Except Number of Shares and Per Share Data)

- Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. The adoption of this standard did not have a significant impact on the Group's financial statements.

## 2.2 Consolidation

The consolidated financial statements comprise the financial statements of the Company and its majority owned or otherwise controlled subsidiaries.

### (a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the consolidated income statement.

Investments in subsidiaries are accounted for at cost less impairment by the Company. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

### (b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to

non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognized in the consolidated income statement.

(c) Associate

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. The Group's share of post-acquisition profit or loss is recognized in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment.

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

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to 'share of loss of associate', on the face of the consolidated income statement.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to chief operating decision-maker, which is the Company's Board of Directors. The chief operating decision maker assesses the Group's performance and makes decisions about resources to be allocated to each segment.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's functional currency is United States dollar ('\$' or 'USD'). The consolidated financial statements are presented in USD, which is the Group's presentation currency.

(b) Transactions and balances

Transactions in currencies other than the functional currency are measured and recorded in the functional currency using the exchange rate in effect on the date of the transaction. As at the balance sheet date, monetary assets and liabilities that are denominated in currencies other than the functional currency are translated using the exchange rate at the balance sheet date. All gains and losses arising from foreign currency transactions and translation of foreign currency denominated accounts are recognized in the consolidated income statement.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Group companies

The financial statements of the subsidiaries reported in their respective local currencies are translated into USD for consolidation as follows:

- (i) assets and liabilities at the closing exchange rate as at the balance sheet date,
- (ii) shareholders' equity at the historical rates of exchange,
- (iii) income and expense amounts at the average monthly exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions),

- (iv) all resulting translation differences are recorded in other comprehensive income and accumulated in 'currency translation reserve' within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after January 1, 2009 (the Group's date of transition to IFRS) are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

GLOBAL SOURCES LTD. AND SUBSIDIARIES  
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## 2.5 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (note 2.8). Cost represents the purchase price of the asset and other costs incurred to bring the asset into its existing use. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated income statement during the year in which they are incurred.

Depreciation on property and equipment is calculated on a straight-line basis over their estimated useful lives as follows:

Buildings	Over the remaining lease period or 50 years, whichever is shorter
Leasehold improvements	5 years
Computer equipment and software	3 years
Fixtures, fittings and office equipment	5 years
Reusable trade show booths	2 years
Motor vehicles	5 years

No depreciation is recognized for freehold land and for capital work-in-progress.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the consolidated income statement.

## 2.6 Investment properties

Investment properties include those portions of buildings that are held either to earn rental income or capital appreciation or both in the short to medium term. The portions of building and its associated land use rights are, together, classified as investment property if the components are not separable. Investment properties are initially recognized at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Depreciation is calculated using a straight line method to allocate the depreciable amounts over the estimated lives of 50 years or over the remaining lease period whichever is shorter. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the consolidated income statement.

Transfers to, or from, investment properties are made when there is a change in the Company's intention with respect to the use of the property.

## 2.7 Intangible assets

(a) Goodwill

Goodwill on acquisition of subsidiaries on or after January 1, 2009 (the Group's date of transition to IFRS) represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired. Goodwill on acquisition of subsidiaries is included in 'intangible assets'. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

Goodwill is allocated to cash-generating units (CGU) for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

(b) Trademarks

Trademarks acquired in a business combination are recognized at fair value at the acquisition date. Trademarks have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over their estimated useful lives of 6 to 14 years. The useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

(c) Contractual backlog and others

Contractual backlog and others acquired in a business combination mainly relates to customer relationships which are recognized at fair value at the acquisition date. The contractual customer relationships have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected life of the customer relationship of 3 to 12 months.

(d)

Databases

The databases acquired are measured on initial recognition at cost being the fair value as at the date of acquisition. Following initial recognition, databases are carried at cost less any accumulated amortization and any accumulated impairment losses. Databases are amortized over a period of one year beginning on the date of acquisition. The amortization expense on databases is recognized in the consolidated income statement.

(e) Non-compete agreements

Intangible assets relating to non-compete agreements with the Group's former employees and consultants and to the former employees of third party service providers are recorded at fair values at the date the respective agreements are entered into and are carried at cost less accumulated amortization. Amortization is calculated using a straight-line basis over the non-compete period of 5 years. The fair values are estimated based on the cash flow valuation model whereby valuation inputs include an estimate of future cash flows expected to be generated by the asset (note 2.15(b)).

(f) Computer software

Development costs that are directly attributable to the design and testing of identifiable and unique software products are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
  - Management intends to complete the software product and use or sell it;
  - There is an ability to use or sell the software product;

- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
  - The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include fees paid to consultants for software development, the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Computer software development costs are amortized over their estimated useful lives, of 3 years. Costs associated with maintaining computer software are recognized as an expense as incurred.



GLOBAL SOURCES LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In U.S. Dollars Thousands, Except Number of Shares and Per Share Data)

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill, are not subject to amortization and are tested at least annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial assets

2.9.1 Classification

The Group classifies its financial assets in the following categories: loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Group's loans and receivables comprise 'accounts receivables', 'receivables from sales representatives', 'term deposits with banks', 'cash and cash equivalents' and assets other than 'prepaid expenses', 'deferred expenses' and 'club memberships' included in the 'prepaid expenses and other current assets' and 'other non-current assets' in the balance sheet.

(b) Financial assets, available-for-sale

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2.9.2 Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial

assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables (note 2.9.3).

Changes in the fair value of available-for-sale securities are recognized in other comprehensive income and accumulated in 'fair value reserve' within equity.

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

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the consolidated income statement.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the consolidated income statement.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are measured at cost less provision for impairment in value.

### 2.9.3 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
  - it becomes probable that the borrower will enter bankruptcy or other financial reorganization;
  - the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio.

For loans and receivables, the Group estimates the collectability of the trade receivables based on the analysis of trade receivables, historical bad debts, customer credit-worthiness and current economic trends and maintains adequate impairment allowance. The amount of allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the receivables is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated income statement. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited to the consolidated income statement.

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and

the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from equity and recognized in the consolidated income statement. Impairment losses recognized in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated income statement, the impairment loss is reversed through the consolidated income statement.

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2.9.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.10 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis. Cost includes the purchase cost and the delivery costs incurred in bringing the inventory to the warehouse. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.11 Cash and cash equivalents

In the consolidated statements of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less with insignificant risk of change in value.

2.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.13 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the asset and liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

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Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.14 Employee benefits

(a) Retirement contribution plans

Group companies operate a number of retirement contribution plans. The Group pays contributions to privately administered retirement contribution plans or government authorities on a mandatory, contractual or voluntary basis based on a percentage of each eligible employee's salary. Employees working in a jurisdiction where there is no statutory provision for retirement contributions are covered by the Company's plans. Once the contributions have been paid, the Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefit expense when they are due.

2.15 Non-cash compensation expenses

(a) Share grants to employees and team members

The Group operates a number of equity-settled compensation plans, under which the Group receives services from employees, and consultants and employees of third party service providers (collectively known as 'team members') as consideration for equity instruments of the Group. The Group's employee and team member equity compensation plans are share grants without any exercise price or exercise period. Therefore, the fair value of the share grants at the date of grant approximates the intrinsic value. The fair value of the employee or team member services received in exchange for the grant of the shares is recognized as an expense in the income statement with a corresponding increase in 'capital reserve' within equity.

Non-market vesting conditions are included in assumptions about the number of share grants that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of shares that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

The Group made share awards to its directors under The Global Sources Directors Share Grant Award Plan. These awards are share grants without any exercise price or exercise period. Therefore, the fair value of the share grants at

the date of grant approximates the intrinsic value. The Group recognizes the compensation costs associated with share awards with cliff vesting to directors on a straight-line basis over the vesting period.

(b) Share grants for non-compete agreements

The Group issues share grants to former employees, and former consultants and the former employees of third party service providers when they resign or retire from their respective employment or consultancy service. Under these plans, the share grants vest over a five-year period with a percentage of shares vesting each year. The grantee is subject to the non-compete terms stipulated in the plan. There is no other vesting condition other than the non-compete terms.



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Where the Group has the ability to enforce the non-compete agreement and the grantees are entitled to the shares, an intangible asset is recognized in relation to the non-compete provisions of these awards at the fair value of the respective award. The intangible asset is amortized over the non-compete period on a straight-line basis (note 2.7 (e)).

2.16 Revenue recognition

The Group derives its revenue from advertising fees in its published trade magazines and websites, sales of trade magazines and reports, fees from licensing its trade and service marks, and organizing exhibitions and business seminars.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown excluding value added taxes, net of discounts and after eliminating sales within the Group. The Group presents the sales taxes imposed on revenue generating transactions on a gross basis in 'sales costs'.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

Revenue from advertising in trade magazines and websites, net of discounts, are recognized ratably over the period in which the advertisement is displayed. Revenue from sales of trade magazines and reports is recognized upon delivery of the magazine/report. Magazine subscriptions received in advance are deferred and recognized as revenue upon delivery of the magazine. Revenue from organizing exhibitions and business seminars is recognized at the conclusion of the event and the related direct event production costs are deferred and recognized as expenses upon conclusion of the event. When multiple deliverables are contracted under a single arrangement, the Group allocates the total consideration to each unit of accounting based on its relative percentage of the total fair value of all units of accounting included in the arrangement. Where the Group is unable to determine the fair value of each of the unit in an arrangement, total consideration is allocated by estimating the stand-alone selling price for one performance obligation if a directly observable price exists.

Barter transactions are recorded at the fair value of the merchandise or services received. Where the fair value of the merchandise or services received cannot be measured reliably, the revenue is measured at the fair value of the services rendered.

Rental income arising from operating leases on investment properties is recognized on a straight-line basis over the lease term. The aggregate costs of incentives provided to lessees are recognized as a reduction of rental income over the lease term on a straight-line basis.

Interest income is recognized using the effective interest method.

2.17 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The Group leases certain office facilities and exhibition venues under cancellable and non-cancellable operating leases, generally with an option to renew upon expiry of the lease term. Rentals under operating leases (net of any incentives received from the lessor) are expensed on a straight-line basis over the life of the leases.

2.18 Advertising expenses

Advertising and promotion expenses are expensed as incurred.

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2.19 Transactions with sales representatives

The Group utilizes sales representatives in various territories to promote the Group's products and services. Under these arrangements, these sales representatives are entitled to commissions as well as marketing fees. Commission expenses are expensed as incurred. For online and other media services, the commission expense is incurred when the associated revenue is recognized or when the associated accounts receivable are paid, whichever is earlier. For exhibitions, the commission expense is incurred when the associated revenue is recognized, upon conclusion of the event.

These third party sales representatives, which are mainly corporate entities, handle collections from clients on behalf of the Group. Included in receivables from these sales representatives are amounts collected on behalf of the Group.

2.20 Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Accounts payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

3. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by a group of senior management personnel. This particular group identifies, evaluates and takes appropriate measures to alleviate financial risks in close co-operation with the Group's operating units. The Board of Directors provide direction for overall risk management, covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign currency risk arising from various currency exposures, primarily with respect to the Chinese Renminbi ('RMB'). Foreign currency risk arises from commercial transactions, recognized assets and liabilities and net investments in foreign operations. A majority of the Group's contracts with customers that are denominated in foreign currencies are in RMB. The conversion of these contract proceeds to USD could result in losses and reflects the foreign exchange risk assumed by the Group between contract signing and the conversion of cash into USD. The Group also maintains a portion of its bank balances in RMB. The conversion of these bank balances to USD could result in foreign exchange losses.

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The Group has not engaged in foreign currency hedging activities. Historically a majority (ranging between 98% to 99%) of the revenue is denominated in USD or is received in Hong Kong Dollar ('HKD'), RMB or New Taiwan Dollar ('TWD'). HKD is currently pegged to the USD. While RMB has been relatively stable historically and has strengthened during the past few years against the USD, RMB has weakened slightly against USD in 2014. TWD is also relatively stable against USD.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through identification of the specific risks and taking appropriate measures to alleviate the risk.

At December 31, 2014, if the RMB had weakened/strengthened by 2% (2013: 3%) against the USD with all other variables held constant, profit before tax for the year would have been \$754 (2013: \$2,909) lower/higher as a result of foreign currency losses/gains on translation of RMB denominated monetary assets and liabilities.

(ii) Cash flow and fair value interest rate risk

The Group has no interest-bearing borrowings as at December 31, 2014 and 2013. The Group's exposure to changes in market interest rates is mainly attributable to its interest-bearing assets including term deposits with banks, available-for-sale financial assets and cash and cash equivalents. As at December 31, 2014 and December 31, 2013, the term deposits with banks are all fixed interest rate instruments and the available-for-sale securities are highly liquid and are short term in nature. Therefore interest rate risk is considered to be insignificant.

(iii) Credit risk

Credit risk arises from investments in checking and savings accounts, debt securities issued by U.S. Treasury, term deposits with banks, available-for-sale securities, accounts receivable and receivables from sales representatives.

The Company maintains checking, money market accounts, term deposits with banks, debt securities issued by U.S. Treasury held in custody with banks and available-for-sale securities with high quality institutions. The Company has a large number of customers, operates in different geographic areas and generally does not require collateral on accounts receivable or receivables from sales representatives. The Company generally collects in advance from customers in markets with higher credit risk. In addition, the Company is continuously monitoring the credit transactions and maintains impairment allowance where necessary.

The Group's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Available-for-sale financial assets are highly liquid instruments maintained with reputable institutions. Accounts receivable and receivables from sales representatives that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(iv) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

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The Group invests its excess cash in term deposits with commercial banks, U.S. Treasury securities and available-for-sale securities to generate income from interest received as well as capital gains, while the funds are held to support its business.

Generally, the Group holds securities with specified maturity dates such as U.S. Treasury Bills to maturity. The Group does not engage in buying and selling of securities with the objective of generating profits on short-term differences in price or for other speculative purposes. Its objective is to invest to support the Group's capital preservation strategy.

The Group's financial liabilities which consist of accounts payable and accrued liabilities are due within 12 months, except \$889 which are payable over next three years. The contractual undiscounted cash flows of current financial liabilities approximate their carrying amounts as the impact of discounting is not significant. The undiscounted cash flow of the non-current financial liabilities is \$967 as at December 31, 2014.

(v) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may return capital to shareholders and issue new shares. Currently the Group has no external borrowings and is not subject to any externally imposed capital requirements. The Group defines the total equity as the capital of the Group.

(vi) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (that is unobservable inputs).

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The following table presents the Group's assets and liabilities that are measured at fair value.

	Level 1	Level 2	Level 3	Total
<b>31 December 2014</b>				
<b>Asset</b>				
Available-for-sale securities	\$3,952	\$-	\$-	\$3,952
<b>Total asset</b>	<b>\$3,952</b>	<b>\$-</b>	<b>\$-</b>	<b>\$3,952</b>
<b>31 December 2013</b>				
<b>Asset</b>				
Available-for-sale securities	\$6,367	\$-	\$-	\$6,367
<b>Total asset</b>	<b>\$6,367</b>	<b>\$-</b>	<b>\$-</b>	<b>\$6,367</b>
<b>31 December 2014</b>				
<b>Liability</b>				
Contingent consideration payable in a business combination	-	\$-	\$3,414	\$3,414
<b>Total liability</b>	<b>\$-</b>	<b>\$-</b>	<b>\$3,414</b>	<b>\$3,414</b>
<b>31 December 2013</b>				
<b>Liability</b>				
Contingent consideration payable in a business combination	-	-	\$-	\$-
<b>Total liability</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>

The following table presents the changes in level 3 instruments for the year ended 31 December 2014:

Opening balance	
Acquisition of Topranch Limited	\$3,309
Losses recognized in consolidated income statement	105
<b>Closing balance</b>	<b>\$3,414</b>

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily of available-for-sale financial assets.

The fair values of investment properties are disclosed under note 12 and the measurement of the contingent consideration is disclosed under note 28.



4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

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(a) Income Taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgment is involved in determining the Group-wide provision for income taxes and recognition of deferred tax assets. The Group has open tax assessments with tax authorities at the balance sheet date and there are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for expected tax issues (note 9) based on reasonable estimates of whether additional taxes will be due and recognizes deferred income tax assets (note 15) on carried forward tax losses to the extent there are sufficient estimated future taxable profits and/or taxable temporary differences against which the tax loss can be utilized. Where the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact the income tax and deferred tax recognized in the period in which such determination is made.

(b) Goodwill and Intangible assets

Upon acquisition, the purchase consideration is allocated between the net tangible and intangible assets other than goodwill on a fair value basis with any excess purchase consideration representing goodwill (note 28). Acquired intangible assets are capitalized and amortized systematically over their estimated useful lives (refer to note 2.7), subject to impairment review.

Amortization periods are selected based on assessment of the longevity of the brands, the strength and stability of customer relationships, the market positions of the acquired assets and the technological and competitive risks they face. The longevity of these assets is evidenced by their long established and well regarded brands, and their characteristically stable market condition. The Group has reviewed the useful life of intangible assets and determined that no changes to useful lives were required.

The carrying amounts of goodwill in each business are reviewed for impairment at least annually or more frequently if events or changes in circumstances indicate a potential impairment in accordance to the accounting policy stated in note 2.8. The carrying amounts of all other intangible assets are reviewed where there are indications of possible impairment.

An impairment review involves a comparison of the carrying value of the asset with the value in use based on management cash flow projections or fair value less cost to sell based on market comparable transactions or income approach. Key areas of judgment in estimating the recoverable amount of a CGU are the growth in cash flows over a five-year forecast period, the long term growth rate assumed thereafter and the discount rate applied to the forecast cash flows.

During the year ended December 31, 2014, the Group recorded a trademark impairment charge of \$2,238 (2013: \$3,542; 2012: nil) relating to the Haoji Group's exhibition business. A detailed discussion on the events leading to the impairment charges is included in note 13. Goodwill relating to this business has been fully impaired in 2013. A sensitivity analysis has been performed for each Exhibition business based on changes in key assumptions considered to be reasonably possible by management. For all the Exhibition businesses, there will be no impact to the Group's

results after tax if the pre-tax discount rate and the revenue growth applied to the discounted cash flows for the acquired Exhibition business at December 31, 2014 is raised by 1% (2013: 1%) and decreased by 1% (2013: 1%), respectively, with all other variables including tax rate being held constant.

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5. Segment information

Management has determined the operating segments based on the business activities whose operating results are reviewed by the Group's chief operating decision maker ('CODM'), which is the Company's Board of Directors to assess the Group's performance and to make decisions about resources to be allocated to each segment.

The Group considers the business from a services perspective. The reportable operating segments derive their revenue primarily from the online and other media services and from the exhibitions.

Miscellaneous revenue consists mainly of technical services fee income and rental income. The results of these operations are included in the 'all other segments' column.

The CODM assesses the performance of the operating segments based on a measure of profit/loss from operations. This measurement basis excludes interest income. Other gains or losses comprising gain on sale of available-for-sale financial assets and impairment loss on available-for-sale financial assets are not allocated to segments, as this type of activity is driven by the treasury of the Group, which manages the cash position of the Group.

The segment information provided to the CODM for the reportable segments for the year ended December 31, 2014 is as follows:

	Online and other media services	Exhibitions	All other segments	Total
Revenue from external customers	\$93,252	\$97,017	\$7,943	\$198,212
Reportable segment profit from operations	\$16,030	\$516	\$3,624	\$20,170
Depreciation and amortization	\$1,797	\$7,986	\$3,278	\$13,061
Impairment of intangible assets	\$-	\$2,242	\$-	\$2,242
Other material non-cash items:				
Non-cash compensation expenses	\$944	\$913	\$-	\$1,857
Additions to property and equipment and intangible assets	\$9,118	\$34,933	\$176	\$44,227
Reportable segment assets	\$88,449	\$132,772	\$92,790	\$314,011

The segment information for the year ended December 31, 2013 is as follows:

	Online and other media services	Exhibitions	All other segments	Total
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Revenue from external customers	\$ 104,629	\$ 85,636	\$ 7,257	\$ 197,522
Reportable segment profit/(loss) from operations	\$ 20,244	\$ (2,455 )	\$ 2,890	\$ 20,679
Depreciation and amortization	\$ 2,541	\$ 3,227	\$ 3,261	\$ 9,029
Impairment of intangible assets	\$ -	\$ 8,525	\$ -	\$ 8,525
Other material non-cash items:				
Non-cash compensation expenses	\$ 1,106	\$ 1,064	\$ -	\$ 2,170
Additions to property and equipment and intangible assets	\$ 14,869	\$ 12,170	\$ 92	\$ 27,131
Reportable segment assets	\$ 115,310	\$ 126,455	\$ 97,332	\$ 339,097

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The segment information for the year ended December 31, 2012 is as follows:

	Online and other media services	Exhibitions	All other segments	Total
Revenue from external customers	\$136,101	\$88,782	\$6,857	\$231,740
Reportable segment profit from operations	\$24,856	\$7,331	\$2,784	\$34,971
Depreciation and amortization	\$3,069	\$3,037	\$3,006	\$9,112
Impairment of intangible assets	\$1,389	\$-	\$-	\$1,389
Other material non-cash items:				
Non-cash compensation expenses	\$1,412	\$997	\$-	\$2,409
Additions to property and equipment and intangible assets	\$1,120	\$25,910	\$42	\$27,072
Reportable segment assets	\$98,896	\$110,169	\$102,104	\$311,169

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated income statement.

Revenue from barter transactions was \$3,104, \$4,725 and \$3,252 for the years ended December 31, 2014, 2013 and 2012, respectively. Similarly, the expenses from barter transactions were \$3,940, \$5,078 and \$5,984 for the years ended December 31, 2014, 2013 and 2012, respectively.

The amounts provided to the CODM with respect to total assets are measured in a manner consistent with that of the consolidated financial statements. These assets are allocated based on the operations of the segment. For the purposes of monitoring segment performance and allocating resources between segments, the CODM monitors the total assets attributable to each segment.

A reconciliation of the reportable segment profit from operations to profit before income taxes is provided as follows:

	2014	2013	2012
Total profit from operations for reportable segments	\$20,170	\$20,679	\$34,971
Unallocated amounts:			
Profit on sale of property	-	15,410	-
Interest income	1,314	1,472	1,044
Interest expenses	(186 )	-	-
Share of loss of associate	-	-	(24 )

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Gain on sale of available-for-sale securities	11	64	-
Impairment loss on investment in associate	-	-	(302 )
Profit before income taxes	\$21,309	\$37,625	\$35,689

Revenue from external customers is derived mainly from online and other media services and from the exhibitions. The online and other media services comprise online services and print services.

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Breakdown of the revenue from all services is as follows:

	2014	2013	2012
<b>Revenues</b>			
Online services	\$81,873	\$91,422	\$119,011
Print services	11,379	13,207	17,090
Exhibitions	97,017	85,636	88,782
Miscellaneous	7,943	7,257	6,857
	\$198,212	\$197,522	\$231,740

Miscellaneous income includes rental income for the year ended December 31, 2014, 2013 and 2012 of \$6,780, \$6,083 and \$5,795, respectively.

Geographic information

Revenue by geographic locations is based on the location of the customer. Segment assets are based on the location of the assets. Non-current assets exclude investments and deferred income tax assets. There are no revenue and assets generated from or located in Bermuda.

	2014	2013	2012
<b>Revenues</b>			
China	\$166,356	\$163,107	\$189,648
Rest of Asia	27,068	29,891	35,603
United States	4,334	4,031	5,706
Europe	385	365	531
Others	69	128	252
	\$198,212	\$197,522	\$231,740

	December 31, 2014	December 31, 2013
<b>Non-current assets</b>		
China and rest of Asia	\$187,905	\$162,505
	\$187,905	\$162,505

There is no revenue derived from transactions with a single external customer that amounted to 10% or more of the Group's revenue (2013: nil and 2012: nil).



## 6. Interest income

	2014	2013	2012
Interest income			
Treasury bills and balances with banks	\$92	\$58	\$59
Term deposits with banks	1,222	1,414	979
Available-for-sale financial assets	-	-	6
	\$1,314	\$1,472	\$1,044

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7. Expenses by nature

	2014	2013	2012
Depreciation of property and equipment (Note 11)	\$3,368	\$3,507	\$4,186
Depreciation of investment property (Note 12)	2,197	2,287	1,804
Amortization of intangible assets (Note 13)	7,496	3,235	3,122
Total depreciation and amortization	\$ 13,061	\$9,029	\$9,112
Employee benefit expenses (Note 8)	30,623	29,764	29,742
Rental expense on operating leases	13,861	13,786	14,844
Content, community, marketing and administrative service fees	33,494	33,427	42,389
Advertising costs	9,903	10,458	12,352
Sales commissions	42,058	43,217	45,360
Business tax	1,411	2,263	9,719
Legal and professional fees	1,223	1,335	1,716
Magazine, printing and mailing	1,672	2,132	3,377
Materials and supplies	11,879	11,494	12,607
Impairment of intangible assets (Note 13)	2,242	8,525	1,389
Exchange loss/(gain)	2,586	(1,448 )	(61 )
Other expenses	14,029	12,861	14,223
Total operating expenses	\$ 178,042	\$ 176,843	\$ 196,769

The general and administrative expenses in the consolidated income statement consist of:

	2014	2013	2012
Amortization of intangible assets	\$7,496	\$3,235	\$3,122
Impairment of intangible assets	2,242	8,525	1,389
Exchange loss/(gain)	2,586	(1,448 )	(61 )
Other general and administrative expenses	40,307	39,960	39,831
	\$52,631	\$50,272	\$44,281

8. Employee benefit expenses

	2014	2013	2012
Wages and salaries	\$26,527	\$24,548	\$25,371

Retirement contribution plans	1,737	2,235	1,649
Non-cash compensation expenses	1,431	1,910	1,732
Other employee's benefits	928	1,071	990
	\$30,623	\$29,764	\$29,742

9. Income tax expense

The Company and some of its subsidiaries operate in the Cayman Islands and other jurisdictions where there are no taxes imposed on companies (collectively referred to as 'Cayman Islands'). Some of the Company's subsidiaries operate in Hong Kong Special Administrative Region, Singapore, the People's Republic of China and certain other jurisdictions and are subject to income taxes in their respective jurisdictions. The Group is also subject to withholding taxes for revenues earned in certain other countries.

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The Company received an exemption from Bermuda taxation under the Exempted Undertakings Tax Protection Act, 1996 (as amended) of Bermuda until March 31, 2035. The Company's subsidiary in Dubai, United Arab Emirates has been granted a fifty year tax holiday in Dubai since it is located in a Free Trade Zone, which may be subject to further renewal upon expiry of the initial fifty-year period in 2057. The Group did not utilize these tax holidays as at December 31, 2014 and December 31, 2013, as there were no taxable profits.

Income tax expense for the year consists of:

	2014	2013	2012
<b>Current tax:</b>			
Current foreign tax on profits for the year	\$4,430	\$6,106	\$3,181
Total current tax	4,430	6,106	3,181
Deferred foreign tax benefit (Note 15)	(1,962 )	(1,353 )	(437 )
Income tax expense	\$2,468	\$4,753	\$2,744

The tax on the Group's profit before income taxes differs from the theoretical amount that would arise using the statutory income tax rate of 0% as follows:

	2014	2013	2012
Profit/(loss) before income taxes	\$21,309	\$37,625	\$35,689
Tax calculated at statutory income tax rate of 0% (2013: 0%; 2012: 0%)	-	-	-
<b>Tax effect of:</b>			
Foreign income and revenues taxed at higher rates	2,468	4,753	2,744
Income tax expense	\$2,468	\$4,753	\$2,744

The Company's subsidiaries are subject to taxation in Hong Kong, the People's Republic of China, Singapore and other jurisdictions. There are certain open tax assessments as at December 31, 2014. The tax returns of the Company's subsidiaries remain open to assessment in the following major tax jurisdictions: Hong Kong SAR - for the financial years from 2013 to 2014, Singapore - for the financial years from 2013 to 2014 and the People's Republic of China - for the financial years from 2010 to 2014. The Group's estimates of income tax expenses and liabilities of each year end include management judgment about the eventual outcome of the reviews of open years based on the latest information available about the positions taken by each tax authority.

10. Earnings per share

## (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares.

	2014	2013	2012
Profit attributable to equity holders of the Company	\$18,330	\$32,735	\$32,206
Weighted average number of ordinary shares in issue	31,953,136	34,426,468	34,017,730
Basic earnings per share (\$ per share)	\$0.57	\$0.95	\$0.95

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(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume the effects of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company consist of share grants.

For share grants, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the outstanding share grants. The number of shares so calculated is compared against the number of shares that would have been issued assuming the exercise of the shares granted. The difference is added to the denominator as an issue of ordinary share for no consideration. No adjustment is made to earnings (the numerator).

	2014	2013	2012
Profit attributable to equity holders of the Company	\$18,330	\$32,735	\$32,206
Weighted average number of ordinary shares in issue	31,953,136	34,426,468	34,017,730
Adjustments for share grants	1,529,235	1,641,858	1,724,765
Weighted average number of ordinary shares for diluted earnings per share	33,482,371	36,068,326	35,742,495
Diluted earnings per share (\$ per share)	\$0.55	\$0.91	\$0.90

11. Property and equipment

Year ended	Freehold Land	Buildings	Leasehold improvements	Computer equipment, software, fixtures, fittings and office equipment and reusable trade show booths	Motor vehicles	Capital work-in- progress	Total

December 31, 2014							
Cost							
Opening balance	\$-	\$47,785	\$ 12,015	\$35,011	\$376	\$64	\$95,251
Exchange differences	(539 )	(418 )	(279 )	(964 )	(3 )	(5 )	(2,208 )
Additions	10,546	3,218	2,071	2,053	208	58	18,154
Business acquisition	-	-	74	94	27	-	195
Disposals and write off	-	-	(125 )	(2,491 )	(212 )	-	(2,828 )
Total cost	\$10,007	\$50,585	\$ 13,756	\$33,703	\$396	\$117	\$108,564

Year ended December 31, 2014							
Accumulated depreciation							
Opening balance	\$-	\$2,894	\$ 8,809	\$33,558	\$289	\$-	\$45,550
Exchange differences	-	(19 )	(152 )	(928 )	(2 )	-	(1,101 )
Additions	-	1,082	1,146	1,063	77	-	3,368
Disposals and write off	-	-	(125 )	(2,452 )	(195 )	-	(2,772 )
Total accumulated depreciation	\$-	\$3,957	\$ 9,678	\$31,241	\$169	\$-	\$45,045
Net book amount	\$10,007	\$46,628	\$ 4,078	\$2,462	\$227	\$117	\$63,519

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	Buildings	Leasehold improvements	Computer equipment, software, fixtures, fittings and office equipment and reusable trade show booths	Motor vehicles	Capital work-in-progress	Total
<b>Year ended December 31, 2013</b>						
<b>Cost</b>						
Opening balance	\$27,972	\$ 15,179	\$36,439	\$373	\$2	\$79,965
Exchange differences	316	(30 )	(631 )	3	-	(342 )
Additions	24,619	1,628	738	-	62	27,047
Disposals and write off	(5,122 )	(4,762 )	(1,535 )	-	-	(11,419 )
<b>Total cost</b>	<b>\$47,785</b>	<b>\$ 12,015</b>	<b>\$35,011</b>	<b>\$376</b>	<b>\$64</b>	<b>\$95,251</b>
<b>Year ended December 31, 2013</b>						
<b>Accumulated depreciation</b>						
Opening balance	\$2,521	\$ 12,612	\$34,167	\$223	\$-	\$49,523
Exchange differences	13	(56 )	(625 )	1	-	(667 )
Additions	974	923	1,545	65	-	3,507
Disposals and write off	(614 )	(4,670 )	(1,529 )	-	-	(6,813 )
<b>Total accumulated depreciation</b>	<b>\$2,894</b>	<b>\$ 8,809</b>	<b>\$33,558</b>	<b>\$289</b>	<b>\$-</b>	<b>\$45,550</b>
<b>Net book amount</b>	<b>\$44,891</b>	<b>\$ 3,206</b>	<b>\$1,453</b>	<b>\$87</b>	<b>\$64</b>	<b>\$49,701</b>

**Shenzhen International Chamber of Commerce Tower**

In 2004, the Group entered into an agreement to purchase approximately 9,000 square meters of office space in a commercial building in Shenzhen, China. The building is situated on leasehold land. The lease period of the land is 50 years, commencing from year 2002. At the end of the lease period, the building together with land will revert to the local government authority. The construction was completed and the property was put in use during the year 2005. Depreciation of the property commenced during the year 2005. This building is depreciated on a straight-line basis over the remaining lease term.

In 2008, the Group purchased approximately 6,365 square meters of office space in the abovementioned commercial building in Shenzhen, China. Depreciation of the property commenced during the year 2008. This building is



depreciated on a straight-line basis over the remaining lease term.

#### Southmark

In 2008, the Group purchased approximately 22,874 square feet of office space, together with six car parking spaces, in a commercial building in Hong Kong S.A.R.. The lease period of the land is 55 years, commencing from year 1991. Depreciation of the property commenced during the year 2008, and the building is being depreciated on a straight-line basis over the remaining lease term.

In 2013, the Group sold 9,431 square feet of the property and three car parking spaces and recorded a profit on sale of property of \$4,457 resulting from this transaction.

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#### City Point

In 2011, the Group purchased approximately 6,668 square meters of office space in Shanghai. The lease period of the land is 50 years, commencing from year 2006. Depreciation of the property commenced during the year 2011, and the building is being depreciated on a straight-line basis over the remaining lease term.

#### Vita Tower

In 2013, the Group purchased approximately 36,822 square feet of office space in a commercial building situated in Hong Kong S.A.R. The building is situated on land with a lease period of 75 years expiring in 2023, which is renewable for a further 75 years. Depreciation of the property commenced during the year 2013 and the building is being depreciated on a straight-line basis over 50 years.

#### One Sims Lane

In 2014, the Group purchased approximately 22,496 square feet of office space together with appurtenant roof top accessory lots in a commercial building situated in Singapore. The building is situated on freehold land. There is no depreciation on the land portion of the property. The depreciation on the building portion of the property commenced during the year 2014 and the building portion is being depreciated on a straight-line basis over 50 years.

The carrying amounts of the land and buildings classified as property and equipment, as at December 31, 2014 and December 31, 2013 were as follows:

Property	Carrying amount as at December 31, 2014	Carrying amount as at December 31, 2013
Shenzhen International Chamber of Commerce Tower	\$ 3,834	\$ 3,938
Southmark	\$ 6,019	\$ 6,204
City Point	\$ 10,046	\$ 10,541
Vita Tower	\$ 23,717	\$ 24,208

One Sims Lane			
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	\$ 13,019	\$ -
	\$ 56,635	\$ 44,891

In 2013, the Group sold their property in Excellence Times Square, Shenzhen, China and recorded a profit on sale of property of \$10,953 and related taxes of \$2,286 resulting from this transaction.

The fair values of properties are determined with the assistance of independent licensed appraisers who have appropriate recognized qualifications and experience to carry out such an exercise. The fair value is based on market values, being the estimated amount for which a property can be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

The total carrying amount of the investment properties (note 12) and freehold land and buildings under property and equipment as at December 31, 2014 and December 31, 2013 were \$142,181 and \$134,506 respectively. The total fair value of these properties as at December 31, 2014 and December 31, 2013 were \$242,517 and \$229,437 respectively. The fair values of the properties in Hong Kong S.A.R. and China, as at December 31, 2014 and December 31, 2013 were determined by Savills Valuation and Professional Services Limited, Hong Kong and the fair value of the property in Singapore as at December 31, 2014 was determined by Savills Valuation and Professional Services (S) Pte Ltd., using internationally accepted valuation methods.

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12. Investment properties

	2014	2013
<b>Cost</b>		
Opening balance	\$99,626	\$106,148
Exchange differences	(2,059 )	2,684
Disposals and write off	-	(9,206 )
<b>Total cost</b>	<b>\$97,567</b>	<b>\$99,626</b>
<b>Accumulated Depreciation</b>		
Opening balance	10,011	8,771
Exchange differences	(187 )	203
Additions	2,197	2,287
Disposals and write off	-	(1,250 )
<b>Total accumulated depreciation</b>	<b>\$12,021</b>	<b>\$10,011</b>
<b>Net book amount</b>	<b>\$85,546</b>	<b>\$89,615</b>

The information of the properties is detailed in Note 11.

In the case when investment property forms part of a larger property unit, it is distinguished by management on the basis of the area which it occupies in the total area of the property unit. The fair value attributable to investment properties determined based on the properties' highest and best use as at December 31, 2014 was \$159,176 (2013: \$161,206).

The table below analyses the fair values of investment properties, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (that is unobservable inputs).

The following table presents the Group's investment properties at fair value.

At 31 December 2014				
	Level 1	Level 2	Level 3	Total

Asset				
Investment properties	\$-	\$-	\$159,176	\$159,176
Total asset	\$-	\$-	\$159,176	\$159,176

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	At 31 December 2013			
	Level 1	Level 2	Level 3	Total
<b>Asset</b>				
Investment properties	\$-	\$-	\$ 161,206	\$ 161,206
<b>Total asset</b>	<b>\$-</b>	<b>\$-</b>	<b>\$ 161,206</b>	<b>\$ 161,206</b>

Level 3 fair values of investment properties have been derived using the income capitalization approach whereby the rental incomes from rental contract for remaining rental periods are capitalized, taking into account the changes in market rents after the expiry of the contracts. The most significant input into this valuation approach is rental yield per square foot.

The rental income from investment properties for the year ended December 31, 2014, 2013 and 2012 was \$6,565, \$5,972 and \$5,663, respectively.

Direct operating expenses for investment properties, which generated rental income for the year ended December 31, 2014, 2013 and 2012 were as follows:

	2014	2013	2012
<b>Insurance</b>	<b>\$61</b>	<b>\$70</b>	<b>\$60</b>
Property tax/services fee	712	785	751
Building maintenance	36	37	49
Business tax	232	214	208
Depreciation	2,197	2,287	1,804
<b>Total expenses</b>	<b>\$3,238</b>	<b>\$3,393</b>	<b>\$2,872</b>

As at December 31, 2014, the contractual obligations relating to the investment property for maintenance was \$26.

As at December 31, 2013, the contractual obligations relating to the investment property for renovation and maintenance were \$77 and \$38 respectively.

As at December 31, 2012, there were no material contractual obligations relating to the investment property for renovation, repairs, maintenance.



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## 13. Intangible assets

	Trademarks	Contractual backlog and others	Non-compete agreements	Goodwill	Computer software	Databases	Total
Year ended December 31, 2014							
Cost							
Opening balance	\$26,638	\$-	\$ 3,148	\$9,488	\$-	\$263	\$39,537
E x c h a n g e differences							
Additions	13,988	2,474	112	8,984	515	-	26,073
Write-off	-	(2,474 )	(1,502 )	-	-	(263 )	(4,239 )
Total cost	\$40,626	\$-	\$ 1,758	\$18,472	\$488	\$-	\$61,344
Year ended December 31, 2014							
Accumulated amortization and impairment							
Opening balance	\$8,414	\$-	\$ 2,446	\$6,991	\$-	\$263	\$18,114
E x c h a n g e differences							
Additions	4,408	2,474	594	-	20	-	7,496
I m p a i r m e n t charge							
Write-off	-	(2,474 )	(1,502 )	-	-	(263 )	(4,239 )
Total accumulated amortization and impairment	\$15,060	\$-	\$ 1,542	\$6,991	\$19	\$-	\$23,612
Net book amount	\$25,566	\$-	\$ 216	\$11,481	\$469	\$-	\$37,732
Year ended December 31, 2013							



Cost							
Opening balance	\$26,638	\$-	\$3,523	\$9,488	\$-	\$300	\$39,949
Additions	-	-	84	-	-	-	84
Write-off	-	-	(459 )	-	-	(37 )	(496 )
Total cost	\$26,638	\$-	\$3,148	\$9,488	\$-	\$263	\$39,537
Year ended							
December 31,							
2013							
Accumulated							
amortization and							
impairment							
Opening balance	\$2,548	\$-	\$2,154	\$2,011	\$-	\$100	\$6,813
Additions	2,324	-	748	-	-	163	3,235
Impairment							
charge	3,542	-	3	4,980	-	-	8,525
Write-off	-	-	(459 )	-	-	-	(459 )
Total accumulated							
amortization and							
impairment	\$8,414	\$-	\$2,446	\$6,991	\$-	\$263	\$18,114
Net book amount	\$18,224	\$-	\$702	\$2,497	\$-	\$-	\$21,423

The Group has recognized intangible assets relating to non-compete agreements with its former employees and former team members at fair values as discussed in note 2.15 (b) and note 21. The Group amortizes these intangible assets on straight-line basis over the non-compete term which is specified in the award. Included in additions to trademarks and contractual backlog and others are assets acquired in business combination discussed note 28.

The amortization expense was included under general and administration expenses in the consolidated income statements.

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Impairment test for goodwill/trademarks:

Goodwill is allocated to the Group's cash-generating units ('CGUs') identified according to operating segments. An operating segment-level summary of the goodwill allocation is:

	December 31, 2014	December 31, 2013
Exhibitions, eMedia South China Limited	\$ 2,497	\$ 2,497
Exhibitions, Topranch Limited	8,984	-
Net book amount	\$ 11,481	\$ 2,497

The recoverable amount of CGU has been determined based on value-in-use calculations. These calculations use cash flow projections by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates. The growth rate did not exceed the long-term average growth rate for the business in which the CGU operates.

Exhibitions, Shenzhen PRC:

Key assumptions used for value-in-use calculations in 2014 and 2013 are as follows:

eMedia South China Limited

- Revenue growth rate of average 1% (2013: 2%)
- Pre-tax discount rate of 22% (2013: 22%) applied to the pre-tax cash flow projections
- Growth rate beyond five years of 1.5% (2013: 1.5%)

These above assumptions have been used for the analysis of the CGU within the operating segment.

Management determined revenue growth rate based on past performance and its expectations of market developments. The discount rates used reflect specific risks relating to the relevant operating segment.

There was no impairment to goodwill for eMedia South China Limited at December 31, 2014 and December 31, 2013. In addition, there were no indicators of impairment for the trademark relating to eMedia South China Limited at December 31, 2014. The Group also re-assessed the useful lives of the trademarks and determined that no change in the useful lives was required in 2014.

Topranch Limited:

- Revenue growth of average 5%
- Pre-tax discount rate of 21% applied to the pre-tax cash flow projections
  - Growth rate beyond five years of 1.5%

These above assumptions have been used for the analysis of the CGU within the operating segment.

Management determined revenue growth rate based on past performance and its expectations of market developments. The discount rates used reflect specific risks relating to the relevant operating segment.

There was no impairment to goodwill for Topranch Limited at December 31, 2014. In addition, there were no indicators of impairment for the trademark relating to Topranch Limited at December 31, 2014. The Group also re-assessed the useful lives of the trademarks and determined that no change in the useful lives was required in 2014.

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Haoji Group:

Due to continuing decline in economic climate in China especially in high fashion industry section and other factors, the Group noted a decline in booth sales for the 2014 event. Accordingly, management performed an impairment review of the Haoji Group CGU as at June 30, 2014. This review revealed a slow sales trend and a shortfall in the future cash flows to support the recoverability of the carrying value of the Haoji Group exhibition business. The cash flow projections used by management cover a five year period. Cashflows beyond the five year period are computed using estimated growth rates. Based on the review, the Group recorded a total impairment of \$2,238 (2013: \$3,542; 2012: nil) to trademark in the consolidated income statement for year ended December 31, 2014. The goodwill of \$4,980 relating to Haoji Group business was fully impaired as at December 31, 2013. The Group also re-assessed the useful lives of the trademark and determined that no change in the useful life was required in 2014.

Key assumptions used for value-in-use calculation in 2014 and 2013 are as follows:

- Revenue growth of average 12% (2013: 16%).
- Pre-tax discount rate of 21% (2013: 22%) applied to the pre-tax cash flow projections
- Growth rate beyond five years of 1.5% (2013: 1.5%)

Management determined revenue growth rates based on past performance and its expectations of market developments. The discount rates used reflect specific risks relating to the relevant operating segment.

Online and other media business, EDN:

During the year ended December 31, 2012, the Group recorded impairment of \$1,355 to goodwill due to more than anticipated softening of the print advertising business. The goodwill relating to EDN business was \$nil as at December 31, 2012.

14. Financial assets, available-for-sale and long term investments

(a) Financial assets, available-for-sale

	2014	2013
At January 1	\$6,367	\$7,472
Purchases during the year	2,640	63
Disposals	(5,183 )	(1,294 )
Exchange differences	(13 )	65
Fair value gains recognized in other comprehensive income	141	61

At December 31

\$3,952

\$6,367

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Financial assets, available-for-sale include the followings:

	December 31, 2014	December 31, 2013
Listed securities:		
Quoted money market debt instruments	\$3,952	\$6,367
	\$3,952	\$6,367

The maximum exposure to credit risk at the reporting date is the carrying value of the debt securities classified as available for sale.

None of these financial assets are either past due or impaired (2013: nil).

(b) Long term investment

As at December 31, 2014 and December 31, 2013, the Company holds equity instruments carried at \$100 in a privately held unaffiliated electronic commerce company for business and strategic purposes. The investment is accounted for under the cost method since the ownership is less than 20%, the Company does not have the ability to exercise significant influence over the investee and the fair value cannot be reliably measured. The Company's policy is to regularly review the carrying values of the non-quoted investments and to identify and provide for when circumstances indicate impairment other than a temporary decline in the carrying values of such assets has occurred.

(c) Associate

In 2012, the Group subscribed to an approximate 10% of equity interest in Shooii Limited, an Australian start-up company, which operated an online retail platform for footwear for approximately \$326. The Group has the ability to exercise significant influence over Shooii Limited by virtue of their representation on the Board of Directors. During 2012, management carried out an impairment assessment and determined that this investment has been fully impaired as Shooii Limited suffered severe cash flow problems and all their attempts to find new sources of financing failed, resulting in Shooii Limited going under official administration and facing a prospect of being liquidated. The Group recorded an impairment loss relating to this investment of \$302 under 'Impairment loss on investment in associate' in the consolidated income statement for 2012.

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15. Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheets as follows:

	December 31, 2014	December 31, 2013
<b>Deferred tax assets:</b>		
Deferred tax asset to be recovered after more than 12 months	\$ 8	\$ 4
Deferred tax assets to be recovered within 12 months	188	94
	\$ 196	\$ 98
<b>Deferred tax liabilities:</b>		
Deferred tax liabilities to be settled after more than 12 months	\$ 5,340	\$ 3,787
Deferred tax liabilities to be settled within 12 months	1,502	804
	\$ 6,842	\$ 4,591

The gross movement on the deferred income tax account is as follows:

	December 31, 2014	December 31, 2013
At January 1	\$ (4,493 )	\$ (5,846 )
Credited to consolidated income statement	1,962	1,353
Acquisition of business	(4,115 )	-
At December 31	\$ (6,646 )	\$ (4,493 )

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Provisions and expenses	Tax losses	Other	Total
At January 1, 2012	\$370	\$13	\$39	\$422

(Charged)/credited to the consolidated income statement	(183 )	(13 )	18	(178 )
At December 31, 2012	\$187	\$-	\$57	\$244
Charged to the consolidated income statement	(89 )	-	(57 )	(146 )
At December 31, 2013	\$98	\$-	\$-	\$98
(Charged)/credited to the consolidated income statement	(90 )	428	-	338
At December 31, 2014	\$8	\$428	\$-	\$436



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Deferred tax liabilities	Accelerated tax depreciation	Withholding tax on unremitted profits	Fair value adjustments on acquisition of business	Total
At January 1, 2012	\$ 158	\$ -	\$ 1,449	\$ 1,607
Acquisition of business	-	-	5,098	5,098
Credited to the consolidated income statement	(58 )	-	(557 )	(615 )
At December 31, 2012	\$ 100	\$ -	\$ 5,990	\$ 6,090
Credited to the consolidated income statement	(40 )	-	(1,459 )	(1,499 )
At December 31, 2013	\$ 60	\$ -	\$ 4,531	\$ 4,591
Acquisition of business	-	-	4,115	4,115
Charged/(credited) to the consolidated income statement	203	445	(2,272 )	(1,624 )
At December 31, 2014	\$ 263	\$ 445	\$ 6,374	\$ 7,082

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The Group did not recognize deferred income tax assets of \$9,552 (December 31 2013: \$9,117) in respect of losses amounting to \$33,958 (December 31, 2013: \$32,058) that can be carried forward against future taxable income. Losses amounting to \$29,940 (December 31, 2013: \$28,171) expire by 2023, and the remaining losses have no expiry date. In 2014, \$nil (2013: \$7,721) of previously unrecognized losses were utilized in relation to the taxable profits arising from the sale of investment properties in note 12.

16. Prepaid expenses and other current assets

	December 31, 2014	December 31, 2013
Non-current portion:		
Club memberships	\$216	\$216
Deferred expenses - exhibition (ii)	717	1,218
Rental, utility and other deposits	175	332
	\$1,108	\$1,766
Current portion:		
Unsecured employee loans (i)	\$30	\$19
Prepaid expenses	1,434	1,542
Deferred expenses (ii)	14,478	14,016

Other current assets	1,085	2,967
	\$17,027	\$18,544

(i) The loans for the lease of residence are unsecured, interest free and are repayable in equal monthly installments over the period of the lease, typically less than or equal to twelve months.

There were no loans due from the Company's directors and executive officers as at December 31, 2014 and December 31, 2013.

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(ii) Deferred expenses relate to deferred commission expenses and direct event production costs for exhibition events to be held in future periods.

The fair value of club membership, employee loans and other receivables at the reporting date approximates its carrying value of each asset mentioned above.

17. Inventories

	December 31, 2014	December 31, 2013
Stock of paper, at cost	\$ 154	\$ 266
	\$ 154	\$ 266

The cost of inventories recognized as expense and included in community and content amounted to \$305 and \$468 for the years ended December 31, 2014 and 2013, respectively.

18. Accounts receivable and receivables from sales representatives

	December 31, 2014	December 31, 2013
Accounts receivable	\$2,560	\$3,598
Less: provision for impairment of accounts receivable	(291 )	(476 )
Accounts receivable – net	2,269	3,122
Receivables from sales representatives	7,900	10,630
	\$10,169	\$13,752

The fair values of accounts receivable and receivables from sales representatives are as follows:

	December 31, 2014	December 31, 2013
Accounts receivable	\$2,269	\$3,122
Receivables from sales representatives	7,900	10,630
	\$10,169	\$13,752

As at December 31, 2014 and December 31, 2013, receivables from sales representatives of \$7,900 and \$10,630, respectively, were neither past due nor impaired. The receivables from sale representatives represent cash receipts from the Group's customers, net of commissions and fees payable, and which are collected by the independent sales representatives on behalf of the Group. These cash receipts are banked into designated bank accounts owned by the independent sales representatives in China. For credit risk management purposes, the Group's employees are the only authorized signatories for the withdrawal of cash from these bank accounts. The majority of these independent sales representatives have long standing relationships with the Group, and for whom there is no recent history of default.

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As at December 31, 2014 and December 31, 2013 accounts receivable of \$2,269 and \$3,122, respectively were past due but not impaired. The aging analysis of these accounts receivable is as follows:

	December 31, 2014	December 31, 2013
Up to 3 months	\$1,772	\$2,420
3 to 6 months	434	468
Over 6 months	63	234
	\$2,269	\$3,122

As at December 31, 2014 and December 31, 2013, the gross trade receivable of \$291 and \$476, respectively, were impaired and provided for. The individually impaired receivable mainly relate to certain customers for online and other media services, which are in unexpectedly difficult economic situations.

The aging of these accounts receivable is as follows:

	December 31, 2014	December 31, 2013
Up to 3 months	\$81	\$116
3 to 6 months	99	109
Over 6 months	111	251
	\$291	\$476

Movements on the Group's provision for impairment of accounts receivable are as follows:

	December 31, 2014	December 31, 2013
At January 1	\$476	\$532
Provision for receivable impairment	166	30
Receivables written off during the year as uncollectible	(351 )	(86 )
At December 31	\$291	\$476

The creation and release of provision for impaired receivables have been included in sales costs in the consolidated income statements. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

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19. Cash, bank balances, term deposits with banks and financial assets, available-for-sale

	December 31, 2014	December 31, 2013
Cash at bank and on hand	\$33,231	\$26,070
U.S. Treasury securities with original maturities of less than three months	-	13,246
Term deposits with original maturities of three months or less...	56,992	98,043
Cash and cash equivalents	90,223	137,359
Quoted money market debt instruments	3,952	6,367
Financial assets available-for-sale	3,952	6,367
Term deposits with original maturities of over three months	4,285	106
<b>Total</b>	<b>\$98,460</b>	<b>\$143,832</b>

20. Share capital and treasury shares

	Number of common shares		Amount		
	Issued share capital	Treasury shares	Issued share capital	Treasury shares	Share premium
At January 1, 2012	51,789,948	(17,996,000)	\$ 518	\$ (150,089 )	\$ 39,985
Issuance of common shares under					
Equity Compensation Plans	275,415	-	3	-	-
At December 31, 2012	52,065,363	(17,996,000)	\$ 521	\$ (150,089 )	\$ 39,985
Issuance of common shares under					
Equity Compensation Plans	416,408	-	4	-	-
At December 31, 2013	52,481,771	(17,996,000)	\$ 525	\$ (150,089 )	\$ 39,985
Issuance of common shares under					
Equity Compensation Plans	420,456	-	4	-	-
Common shares	-	(5,000,000 )	-	(50,000 )	-
At December 31, 2014	52,902,227	(22,996,000)	\$ 529	\$ (200,089 )	\$ 39,985

The authorized share capital of the Company as at December 31, 2014 and December 31, 2013 is 75,000,000 common shares of \$0.01 par value. As at December 31, 2014 and December 31, 2013, the Company has 29,906,227 and 34,485,771 common shares outstanding, respectively. The share premium of \$39,985 as at December 31, 2014 and December 31, 2013 is recognized under capital reserves in Note 22.

On February 4, 2008, the Board of Directors of the Company authorized a program to buy back up to \$50,000 worth of common shares. The Company may, from time to time, as business conditions warrant, purchase shares in the open market or through private transactions. The buyback program does not obligate the Company to buyback any specific number of shares and may be suspended or terminated at any time at management's discretion. The timing and amount of any buyback of shares will be determined by management based on its evaluation of market conditions and other factors. As at December 31, 2014 and December 31, 2013, the Company has not bought back any of its shares under this program.



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Under a separate program approved by the Board of Directors of the Company at their meeting held on 10 and 11 November 2008, the Company repurchased 6,875,000 issued and outstanding common shares at a total purchase price of \$50,000 or \$8.00 per share pursuant to a tender offer available for all shareholders to participate in 2008. The Company is holding the repurchased shares as treasury shares.

On 24 June 2010, the Board of Directors of the Company authorized a program to repurchase 11,121,000 of its common shares by tender offer at purchase price of \$9.00 per share. Accordingly, in August 2010, the Company completed the repurchase and paid a total purchase consideration of \$100,089. The Company is holding the repurchased shares as treasury shares.

On March 11, 2014, the Board of Directors of the Company authorized the repurchase of 5,000,000 of its common shares by tender offer at purchase price of \$10.00 per share. The Company completed the repurchase in June 2014 and paid a total purchase consideration of \$50,000. The Company is holding the repurchased shares as treasury shares.

21. Non-cash compensation

On December 30, 1999, the Company established The Global Sources Employee Equity Compensation Trust (the 'Trust') for the purpose of administering monies and other assets to be contributed by the Company to the Trust for the establishment of equity compensation and other benefit plans, including the Equity Compensation Plans Numbers I to VII described below. The Trust is administered by Appleby Services (Bermuda) Ltd (previously known as 'Harrington Trust Limited' and then as 'Appleby Trust (Bermuda) Ltd.') (the 'Trustee'). The Trustee in the exercise of its power under the Declaration of Trust may be directed by the Equity Compensation Plan committee, including the voting of securities held in the Trust. The Board of Directors of the Company will select the members of the Equity Compensation Plan committee.

On February 4, 2000, in conjunction with the establishment of the Trust and the Share Exchange, the former parent company of Global Sources Ltd. assigned 4,034,552 common shares of the Company at a historical cost of less than \$1, representing a 10% equity interest in the Company, for the establishment of share option plans and/or share award plans, known as ECP I, ECP II and ECP III. Subsequently, share option plans and/or share award plans, known as ECP IV, ECP V, ECP VI and ECP VII were established.

Pursuant to a Declaration of Trust dated November 28, 2006 by the Trustee, 'The Global Sources Equity Compensation Trust 2007' ('2007 Trust') was established. The 2007 Trust is administered by the Trustee as trustee. The purpose of the 2007 Trust is to administer shares contributed by the Company to the 2007 Trust from time to time in connection with providing equity compensation benefits under The Global Sources Equity Compensation (2007) Master Plan described below ('ECP 2007 Master Plan'). In exercising its powers under the Trust, the Trustee may be directed by a plan committee to be constituted and appointed by the Company. The Plan Committee ('ECP 2007 Plan Committee') was constituted and appointed by the Board of Directors on February 15, 2007.

The ECP 2007 Master Plan was approved by the Company's shareholders on May 8, 2006. The ECP 2007 Master Plan commenced with effect on January 1, 2007 and, unless terminated earlier by the Company's Board of Directors, will expire on December 31, 2017. The Group's employees, directors, consultants and the Group's independent contractors' employees are eligible to be awarded grants of the Company's common shares under the ECP 2007 Master Plan. The grantees and the number of shares to be awarded, and the vesting rules and other terms and conditions, are to be as determined by the Plan Committee, which is authorized under the ECP 2007 Master Plan to issue supplementary or subsidiary documents to set out and evidence such vesting rules and other terms and conditions. The total number of shares to be issued under the ECP 2007 Master Plan is subject to a limit of 3,000,000 common shares which was subsequently increased in 2014 to 6,000,000 common shares, by an amendment to the ECP 2007 Master Plan.

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On November 7, 2006, the Company filed a Form S-8 Registration Statement under the Securities Act of 1933, with the U.S. Securities and Exchange Commission, for up to 3,000,000 common shares to be issued under the ECP 2007 Master Plan. Subsequently on March 5, 2015 the Company filed a Form S-8 Registration Statement under Securities Act of 1933, with the U.S. Securities and Exchange Commission, for up to 2,849,269 shares to be issued under the amended ECP 2007 Master Plan.

(a) Share grants to employees and team members

The Equity Compensation Plan committee approved and made several share awards/ options under the plans ECP I, ECP II, ECP III, ECP IV and ECP VII. All the share awards/ options under these plans have fully vested. The non-cash compensation expenses associated with these awards have been recognized over the vesting terms of the awards from their respective award dates.

Eligible employees, directors and team members (consultants and the employees of third party independent contractors) under ECP V are awarded grants of shares, the numbers of which are determined by the Equity Compensation Plan committee.

Entitlement of the employees and directors to these common shares is subject to employment and vesting terms. Entitlement of team members to these common shares is subject to continued services provided by them and vesting terms.

The Equity Compensation Plan committee approved the awards of common shares under ECP V on January 23, 2001. The Equity Compensation Plan committee subsequently approved additional awards of common shares under ECP V on various dates.

The non-cash compensation expenses associated with the above awards are recognized over the five or six year vesting term as applicable from the respective award dates.

On March 6, 2007, the Plan Committee approved and issued 'The Global Sources Share Grant Award Plan' as a supplementary or subsidiary document to the ECP 2007 Master Plan. Under the plan, the Plan Committee is to determine who will be granted awards of shares and the number of shares to be awarded to them, and the vesting schedule for such awards. The plan commenced with effect on March 6, 2007, and will terminate upon the expiration or termination of the ECP 2007 Master Plan, or upon the liquidation of the Company, or upon termination by the Plan Committee, whichever is the earliest to occur. The Plan Committee approved awards of common shares under the plan during the years 2007 to 2014 to employees and team members (consultants and the employees of third party independent contractors). The non-cash compensation expenses associated with the awards are recognized over the six year vesting term of the award.

On April 24, 2009, the Plan Committee approved and issued 'The Global Sources Directors Share Grant Award Plan' as a supplementary or subsidiary document to the ECP 2007 Master Plan. Persons eligible to receive grants under the

plan are directors of the Company. Under the plan, the Plan Committee is to determine who amongst the directors of the Company will be granted awards of shares and the number of shares to be awarded to them. Any shares awarded will not vest immediately, but only at the end of four years after such effective date as may be specified by the Plan Committee (or in accordance with such other vesting schedule as may be determined by the Plan Committee). The plan commenced with effect on April 24, 2009, and will terminate upon the expiration or termination of the ECP 2007 Master Plan, or upon the liquidation of the Company, or upon termination by the Plan Committee, whichever is the earliest to occur. The Plan Committee awarded 21,000 common shares (comprising 3,000 common shares each to seven directors of the Company), 21,000 common shares (comprising 3,000 common shares each to seven directors of the

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Company), 19,500 common shares (comprising 3,000 common shares each to six directors and 1,500 to one director) to the seven directors of the Company, 1,500 common shares (to one director), 21,000 common shares (comprising 3,000 common shares each to seven directors), 21,000 common shares (comprising 3,000 common shares each to seven directors) and 21,000 common shares (comprising 3,000 common shares each to seven directors) in January 2014, January 2013, January 2012, June 2011, January 2011, January 2010 and June 2009, respectively. The non-cash compensation expenses as at December 31, 2012, associated with the awards under the plan are recognized over the four year vesting term of the award.

As at December 31, 2014 and December 31, 2013, there was \$4,105 and \$4,059, respectively, of unrecognized non-cash compensation cost associated with the awards under the above ECP plans, excluding the awards under ECP VI, and The Global Sources Retention Share Grant Plan and The Global Sources Retention Share Grant Plan II, which are expected to be recognized over the next six years.

(b) Share grants for non-compete agreements

Eligible employees and team members under ECP VI are awarded, when they resign or retire from their respective employment or consultancy service, one-time grants of Global Sources Ltd. common shares, the numbers of which are determined by the Equity Compensation Plan committee. Entitlement of the grantees to these common shares is subject to non-compete terms. There is no other vesting conditions other than the non-compete terms. The Equity Compensation Plan committee approved ECP VI on March 13, 2001 and made awards of common shares under the plan on various dates subsequently.

On March 6, 2007, the Plan Committee approved and issued 'The Global Sources Retention Share Grant Plan' as a supplementary or subsidiary document to the ECP 2007 Master Plan. Persons eligible to receive grants under the plan are persons who have been the employees and team members for at least five years, who retire 'in good standing' (as determined by the Plan Committee), and who would otherwise have their unvested shares (under any applicable equity compensation plans) forfeited upon retirement. The Plan Committee is to determine who amongst eligible persons will be granted awards of common shares. The number of common shares to be awarded to such grantees is calculated according to a formula defined in the plan, and will vest in equal installments over a period of five years after retirement, subject to certain non-compete terms and the grantees remaining 'in good standing'. There is no other vesting conditions other than the non-compete terms. The plan commenced with effect from March 6, 2007, and will terminate upon the expiration or termination of the ECP 2007 Master Plan, or upon the liquidation of the Company, or upon termination by the Plan Committee, whichever is the earliest to occur. The Plan Committee approved awards of common shares under the plan during 2007 to 2014.

On May 9, 2012, the Company established The Global Sources Retention Share Grant Plan II (amended effective as at May 1, 2012) to issue share awards to former employees and former team members when they resign or retire from their respective employment or consultancy service. Under this plan, the share grants vest over a five-year period on a graded vesting basis, with a percentage of shares vesting each year. The grantee is subject to the non-compete terms stipulated in the plan. There is no vesting conditions other than the non-compete terms. The shares awarded to a grantee can be issued by the Company to the trustee of the 2007 Trust, to be held by the trustee, at any time following

the award thereof or can be issued by the Company directly to the grantee, in accordance with the vesting rules. The Company recognizes the intangible asset relating to the non-compete provisions of the awards under the ECP VI, The Global Sources Retention Share Grant Plan and The Global Sources Retention Share Grant Plan II at the fair value on date of grant in accordance with note 2.15(b).

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As at December 31, 2014 and December 31, 2013, there was \$216 and \$702 balance of intangible asset, respectively, associated with the awards under the ECP VI, The Global Sources Retention Share Grant Plan and The Global Sources Retention Share Grant Plan II which is expected to be amortized over the next five years. During the year ended December 31, 2014 the Company recorded \$594 (2013: \$748 and 2012: \$751) amortization of intangible assets associated with the awards under these plans.

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The Company's non-vested shares as at December 31, 2014 and changes during the year ended December 31, 2014 were as follows:

	ECP V Grant Plan		ECP VI Grant Plan		The Global Sources Share Grant Award Plan		The Global Sources Retention Share Grant Plan II		The Global Sources Directors Share Grant Award Plan	
	Number of shares	Weighted average grant date fair value	Number of shares	Weighted average grant date fair value	Number of shares	Weighted average grant date fair value	Number of shares	Weighted average grant date fair value	Number of shares	Weighted average grant date fair value
Non-vested at January 1, 2014	15,000	\$ 5.46	1,500	\$ 7.42	1,432,473	\$ 7.70	200,339	\$ 7.36	84,000	\$ 7.33
Granted	-	-	-	-	303,916	8.21	44,260	7.36	21,000	7.57
Vested	(2,000)	8.66	-	-	(302,579)	9.04	(96,832)	7.66	(21,000)	6.63
Forfeited	-	-	(1,500)	7.42	(47,935)	7.53	-	-	-	-
Non-vested at December 31, 2014	13,000	\$ 4.97	-	\$-	1,385,875	\$ 7.52	147,767	\$ 7.17	84,000	\$ 7.57
Non-vested at January 1, 2013	18,100	\$ 5.75	1,500	\$ 7.42	1,439,836	\$ 8.25	280,297	\$ 7.43	84,000	\$ 7.40
Granted	-	-	-	-	314,352	7.57	19,430	7.52	21,000	7.36
Vested	(3,100)	7.11	-	-	(296,477)	10.28	(98,834)	7.58	(21,000)	7.62
Forfeited	-	-	-	-	(25,238)	7.58	(554)	9.38	-	-
	15,000	\$ 5.46	1,500	\$ 7.42	1,432,473	\$ 7.70	200,339	\$ 7.36	84,000	\$ 7.33



Non-vested  
at  
December  
31,  
2013

As at December 31, 2014 and December 31, 2013, there were no non-vested shares under ECP VII Grant Plan.

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The total fair value of shares vested during the years ended December 31, 2014 and 2013 were as follows:

Year ended December 31,	ECP V Grant Plan	ECP VI Grant Plan	The Global Sources Share Grant Award Plan	The Global Sources Retention Share Grant Plan II	The Global Sources Directors Share Grant Award Plan	Total
2014	\$14	\$-	\$2,460	\$739	\$171	\$3,384
2013	\$24	\$-	\$1,922	\$694	\$136	\$2,776

During the years ended December 31, 2014 and 2013, there were no shares vested under ECP VII Grant Plan.

Non-cash compensation expenses associated with the employee and team member Equity Compensation Plans and Global Sources Directors Share Grant Award Plan included under various categories of operating expenses are approximately as follows: sales: \$409 (2013: \$539; 2012: \$565), community and content: \$16 (2013: \$43; 2012: \$70), general and administrative \$1,215 (2013: \$1,340; 2012: \$1,524), and information and technology: \$217 (2013: \$248; 2012: \$250).

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## 22. Other reserves

	Accumulated other comprehensive income			
	Fair value reserve	Currency translation reserve	Capital reserve	Total
At January 1, 2014	\$8	\$9,846	\$152,096	\$161,950
Fair value gains (Note 14)	141	-	-	141
Reclassification to income statement on disposal of available-for-sale financial asset	(11 )	-	-	(11 )
Currency translation differences	-	(2,832 )	-	(2,832 )
Less: Share of non-controlling interests	(54 )	83	-	29
Non-cash compensation.	-	-	1,857	1,857
Capitalization of intangible assets relating to share grants for non-compete agreements, net (Note 13)	-	-	112	112
Issuance of shares	-	-	(4 )	(4 )
At December 31, 2014	\$84	\$7,097	\$154,061	\$161,242
At January 1, 2013	\$33	\$6,750	\$149,846	\$156,629
Fair value gains (Note 14)	61	-	-	61
Reclassification to income statement on disposal of available-for-sale financial asset	(64 )	-	-	(64 )
Currency translation differences	-	3,170	-	3,170
Less: Share of non-controlling interests	(22 )	(74 )	-	(96 )
Non-cash compensation	-	-	2,170	2,170
Capitalization of intangible assets relating to share grants for non-compete agreements, net (Note 13)	-	-	84	84
Issuance of shares	-	-	(4 )	(4 )
At December 31, 2013	\$8	\$9,846	\$152,096	\$161,950

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23. Deferred income and customer prepayments

	December 31, 2014	December 31, 2013
Non-current portion:		
Advertising	\$644	\$664
Exhibitions	3,327	4,996
	\$3,971	\$5,660
Current portion:		
Advertising	38,429	44,251
Exhibitions, subscription and others	46,440	40,453
	\$84,869	\$84,704

24. Accrued liabilities

	December 31, 2014	December 31, 2013
Salaries, wages and commissions	\$1,730	\$2,152
Retirement defined contribution accruals	1,587	1,563
Liabilities for incentive plan	1,939	1,824
Printing, paper and bulk mailing costs	133	46
Sales commissions and fees to third parties	2,468	3,787
Business taxes	3,695	4,489
Barter payables	3,656	2,837
Others	3,892	2,468
	\$19,100	\$19,166

25. Commitments

(a) Capital commitment

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	2014	2013

Purchase of property and equipment	\$ 168	\$ 205
Total	\$ 168	\$ 205

(b) Operating lease commitments - group company as lessee

The Group leases office facilities and exhibition venues under cancellable and non-cancellable operating leases generally with an option to renew upon expiry of the lease term.

In 2012 and again in 2014, the Group entered into venue license agreements for future exhibition events from 2015 to 2018 amounting to a gross value of approximately \$46,231. All the above agreements are cancellable under force majeure or other specified conditions, or upon notice and payment of cancellation charges to the other party. The amounts paid will be expensed when the related events are held. As at December 31, 2014, the Group paid approximately, in aggregate, \$5,444 for the above agreements. The lease term of the venue license agreements entered in 2007 and 2010 with gross value of US\$ 64,386 as at December 31, 2013 has ended in 2014.

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The future aggregate minimum lease rental payments under non-cancellable operating leases for office premises are as follows:

	2014	2013
No later than 1 year	\$ 348	\$ 599
Later than 1 year and no later than 5 years	300	85
Total	\$ 648	\$ 684

(c) Operating lease commitments - group company as lessor

The Group leases out office premises to non-related companies under non-cancellable operating leases. The future aggregate lease payments receivable under non-cancellable operating leases for office premises are as follows:

	2014	2013
No later than 1 year	\$5,286	\$3,897
Later than 1 year and no later than 5 years	3,898	2,844
Later than 5 years	297	-
Total	\$9,481	\$6,741

26. Contingencies

From time to time the Group is involved in litigation in the normal course of business. While the results of such litigation and claims cannot be predicted with certainty, the Group is of the view that the probability is remote that the outcome of the outstanding litigation and the claims will individually, and in aggregate, have a material adverse effect on the Group's consolidated financial position, results of operation and cash flows.

27. Related party transactions

There were no material related party transactions during the year 2014 and 2013, except for the compensation paid or payable to key management for employee services is shown below:

	2014	2013	2012
Wages, salaries, bonus, fees and other short-term benefits	\$2,362	\$2,561	\$2,194
Non-cash compensation expenses	1,267	998	718
Total	\$3,629	\$3,559	\$2,912



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28. Business combinations

In April 2013, Trade Media Holdings Limited (as subsidiary of the Group) entered into an agreement to acquire 100% interest in Topranch Limited, a company incorporated in British Virgin Islands, subject to closing conditions. The completion date of the transaction was January 1, 2014.

Topranch Limited through its subsidiaries hosts The Shenzhen International Machinery Manufacturing Industry Exhibition and its related shows (“SIMM machinery shows”) which currently consist of two groups of co-located trade shows: (a) the Shenzhen International Machining Automation Exhibition and the Shenzhen International Metal Forming Machine Tool & Mould Exhibition (collectively, the “Group A SIMM Events”); and (b) the Shenzhen International Metal Cutting Machine Tool Exhibition (the “Group B SIMM Events”).

Topranch Limited through its subsidiaries owns a 70% interest in Group A SIMM Events and a 56% interest in Group B SIMM Events. These events are held annually in Shenzhen, China. The Group’s ownership interest in these events will further assist the Group to establish a strong presence in a fast-growing market in mainland China and will enable the Group to take advantage of the market opportunities.

The total consideration for this acquisition was \$16,326. An initial deposit of \$2,168 was paid in 2013 and the second instalment of \$10,849 was paid in April 2014. The balance consideration of \$3,309 is payable in cash over several instalments if SIMM machinery shows achieve consistent level of profit before taxes in 2014 as compared to 2013, revenue for 2014 being not less than 60% of 2013 revenue and average profit before tax increase by 11% or more for years 2015 to 2016 compared to 2013. The range of undiscounted outcomes under this arrangement is between \$nil and \$3,614.

The Group accounted for this acquisition as a business combination. The results of operation for Topranch and its subsidiaries have been consolidated with effect from the acquisition date of January 1, 2014.

Consideration	
Cash consideration	\$ 16,326
Effects on cash flow of the Group	
Cash paid	13,017
Contingent consideration payable over next three years	3,309
Total consideration (as above)	16,326
Less : Cash and cash equivalents in subsidiaries acquired	(3,998 )
	12,328
Cash outflow in year 2013 and 2014	9,019
Expected cash outflow over next three years	3,309
Cash outflow on acquisition	12,328



Recognized amounts of identifiable assets  
acquired and liabilities assumed

Cash and cash equivalents	3,998
Prepaid expenses and other current assets	55
Property and equipment	195
Deferred income tax assets	94
Other non-current assets	38
Contractual backlogs	2,474
Trademarks	13,988
Goodwill	8,984
	29,826

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Accounts payable	\$18
Deferred income and customer prepayments	4,615
Accruals	7
Deferred tax liabilities	4,115
	8,755
Less : Non-controlling interest	4,745
Total	16,326

The goodwill of \$8,984 arising from the acquisition is attributable the acquired workforce and marketing network.

The fair value of the trademarks and contractual backlogs is determined using an excess earning method that is based on management forecasts and observable market data for discount rates, tax rates and foreign exchange rates. The present value is calculated using a risk-adjusted discount rate of 15%.

Acquisition related costs included in general and administrative expenses in consolidated income statements for years ended December 31, 2014 and 2013 were nil and \$231, respectively. In addition, there is a potential obligation to pay not more than approximately \$1,156 for transaction cost, which will be expensed upon payment.

The contingent consideration of \$3,309 was measured at fair value on the date of acquisition by applying the income approach and held as a financial liability on the balance sheet. This is a level 3 fair value measurement. The fair value estimates are based on a discount rate of 6% and estimated revenue and/or average profit before tax for the relevant period as at date of acquisition. As at December 31, 2014, the amount recognized as contingent consideration was unchanged based on the most recent management estimates and actual performance of SIMM machinery shows in 2014.

The Group has chosen to recognize the non-controlling interest for this acquisition based on their proportionate share of the identifiable net assets of the acquiree.

The acquired subsidiaries contributed revenue of \$8,822 and net profit of \$158 to the shareholders of the group from January 1, 2014 to December 31, 2014.

## 29. Recent accounting pronouncements

New standards, amendments and interpretations issued that are effective for future financial periods:

- IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a goods

or service and thus has the ability to direct the use and obtain the benefits from the goods or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is currently assessing the impact of the adoption of IFRS 15 on its financial statements.

GLOBAL SOURCES LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In U.S. Dollars Thousands, Except Number of Shares and Per Share Data)

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is currently assessing the impact of the adoption of IFRS 9 on its financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

## ITEM 9.

## THE OFFER AND LISTING

## Price history of stock

The following table sets forth the high and low sale prices for our common shares for the periods indicated, as adjusted for the one for ten bonus share issues announced on February 16, 2004, March 1, 2005, March 6, 2006, March 5, 2007, December 20, 2007 and on February 12, 2009.

Period	High	Low
Year 2010	\$11.04	\$6.00
Year 2011	\$12.78	\$4.81
Year 2012	\$7.37	\$4.90
Year 2013	\$8.48	\$5.55
Year 2014	\$9.18	\$6.08
First Quarter 2013	\$8.48	\$6.43
Second Quarter 2013	\$7.58	\$5.55
Third Quarter 2013	\$7.75	\$6.06
Fourth Quarter 2013	\$8.25	\$6.95
First Quarter 2014	\$9.11	\$6.26
Second Quarter 2014	\$9.18	\$7.72
Third Quarter 2014	\$8.35	\$6.61
Fourth Quarter 2014	\$7.50	\$6.08
First Quarter 2015	\$6.47	\$5.07
October 2014	\$7.50	\$6.13
November 2014	\$7.42	\$6.45
December 2014	\$6.75	\$6.08
January 2015	\$6.47	\$5.81
February 2015	\$6.03	\$5.46
March 2015	\$5.99	\$5.07

## Markets

Our shares are listed and traded under the symbol “GSOL” on the Nasdaq Global Select Market.

## ITEM 10.

## ADDITIONAL INFORMATION

## Memorandum and Bye-Laws

The following statements are brief descriptions of our common shares, and the more important rights and privileges of our shareholders conferred by the laws of Bermuda and our memorandum of association and bye-laws, and is based upon the advice of Appleby, our Bermuda counsel. These statements are not complete, do not purport to be a comprehensive description of all the rights and privileges of our shareholders conferred by the laws of Bermuda or our memorandum of association and bye-laws, and are qualified in their entirety by reference to our memorandum of association and bye-laws and the laws of Bermuda.

Description of Shareholder Rights Attaching to Our Common Shares

The Company is registered with the Registrar of Companies in Bermuda with registration number 27310. It has the usual objects and powers of a Bermuda exempt company, found in clauses 6 and 7 of its memorandum of association, empowering it to, among other things, deal in goods of all kinds, and to acquire, hold and dispose of all forms of real property outside Bermuda, and personal property worldwide, including intellectual property. Our authorized share capital is \$750,000 divided into 75,000,000 common shares of par value \$0.01 each. As of February 28, 2015, we had a total of 53,214,703 common shares issued, comprised of 30,218,703 common shares outstanding and 22,996,000 common shares held as treasury shares.

- Holders of common shares have no preemptive, redemption, conversion or sinking fund rights.
- Holders of common shares are entitled to one vote per share on all matters submitted to a vote of holders of common shares and do not have any cumulative voting rights.
- In the event of our liquidation, dissolution or winding-up, the holders of common shares are entitled to share ratably in our assets, if any, remaining after the payment of all our debts and liabilities.
- Our issued and outstanding common shares are fully paid and non-assessable. Non-assessable means, in relation to fully-paid shares of a company and subject to any contrary provision in any agreement in writing between such company and the holder of shares, that no shareholder shall be obliged to contribute further amounts to the capital of the company, either in order to complete payment for its shares, to satisfy claims of creditors of the company, or otherwise;  
and no shareholder shall be bound by an alteration of the memorandum of association or bye-laws of the company after the date on which he became a shareholder, if and so far as the alteration requires him to take, or subscribe for additional shares, or in any way increases his liability to contribute to the share capital of, or otherwise to pay money to, the company.
- Additional authorized but unissued common shares may be issued by our Board of Directors without the approval of the shareholders.
- The holders of common shares (other than the Company as holder of treasury shares) will receive dividends, if any, as may be declared by our Board of Directors out of funds legally available for purposes. We may not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:
  - we are, or after the payment would be, unable to pay our liabilities as they become due; or
  - the realizable value of our assets after such payment or distribution would be less than our liabilities. (However, in order to avoid the possibility of an unauthorised reduction of capital, a company should act as if the old limitation of section 54(1)(b) of the Companies Act applied, i.e., a company should not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that the company is, or would after the payment be, unable to pay its liabilities as they become due, or the realizable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.)

The following is a summary of provisions of Bermuda law and our organizational documents, including our bye-laws. We refer you to our memorandum of association and bye-laws, copies of which have been filed with the SEC. You are urged to read these documents for a complete understanding of the terms of the memorandum of association and bye-laws.

#### Share Capital and Treasury Shares

Our authorized capital consists of one class of common shares. Under our bye-laws, our Board of Directors has the power to issue any authorized and unissued shares on such terms and conditions as it may determine. Any shares or

class of shares may be issued with such preferred, deferred, qualified or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as we may from time to time by resolution of the shareholders prescribe.

As of February 28, 2015, we had a total of 53,214,703 common shares issued, comprised of 30,218,703 common shares outstanding and 22,996,000 common shares held by the Company as treasury shares; all of our issued common shares were fully paid; and apart from the common shares held as treasury shares, no other shares of the Company were held by the Company or its subsidiaries.

For a history of our share capital for the last three years, please see Note 20 to the Consolidated Financial Statements included in this Annual Report.



## Voting Rights

Save where a greater majority is required by the Companies Act or our bye-laws, under Bermuda law and our bye-laws, questions brought before a general meeting are decided by a simple majority vote of shareholders present or represented by proxy. Subject to any rights or restrictions attached to any class of shares, each shareholder is entitled to one vote for each share held. Matters will be decided by way of votes cast on a show of hands, unless a poll is demanded.

If a poll is demanded, each shareholder who is entitled to vote and who is present in person or by proxy has one vote for each common share entitled to vote on such question. A poll may only be demanded under our bye-laws by:

- the chairman of the meeting;
- at least three shareholders present in person or represented by proxy;
- any shareholder or shareholders present in person or represented by proxy and holding between them not less than one-tenth of the total voting rights of all shareholders having the right to vote at such meeting; or
- a shareholder or shareholders present in person or represented by proxy holding shares conferring the right to vote at such meeting, being common shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all such common shares conferring such right.

No shareholder shall, unless our Board of Directors otherwise determines, be entitled to vote at any general meeting unless all calls or other sums presently payable by that shareholder in respect of all shares held by such shareholder have been paid.

## Dividend Rights

Under Bermuda law, a company may declare and pay a dividend or make a distribution out of contributed surplus unless there are reasonable grounds for believing that the company is, or after the payment would be, unable to pay its liabilities as they become due or that the realizable value of the company's assets would thereby be less than its liabilities. (However, in order to avoid the possibility of an unauthorised reduction of capital, a company should act as if the old limitation of section 54(1)(b) of the Companies Act applied, i.e., a company should not declare or pay a dividend or make a distribution out of contributed surplus, if there are reasonable grounds for believing that the company is, or would after the payment be, unable to pay its liabilities as they become due, or the realizable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.)

Under our bye-laws, each share is entitled to a dividend if, as and when dividends are declared by our Board of Directors. Our Board of Directors may determine that any dividend may be paid in cash or will be satisfied in paying up in full in our common shares to be issued to the shareholders credited as fully paid or partly paid or partly in one way and partly the other. Our Board of Directors may also pay any fixed cash dividend which is payable on any of our common shares half-yearly or on other dates, whenever our position, in the opinion of our Board of Directors, justifies such payment.

Dividends, if any, on our common shares will be paid at the discretion of our Board of Directors if it appears to our Board of Directors to be justified by the position of the Company and will depend on our future operations and

earnings, capital requirements, surplus and general financial conditions, as our Board of Directors may deem relevant. No dividend shall be paid to the Company in respect of shares held by the Company as treasury shares.

We have not paid any cash dividends on our common shares since October 1999. Previously, we paid cash dividends as a private company as a means to distribute earnings to shareholders. Beginning in October 1999, we have focused on the implementation of our growth plans, and we have retained earnings in furtherance of such plans. Our Board of Directors reviews its options for the use of cash on a regular basis, including whether or not to pay any cash dividends.

### Purchase by the Company of its Own Common Shares

We may purchase our own common shares out of the capital paid up on the common shares in question or out of funds that would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of common shares made for the purposes of the purchase. We may not purchase our shares if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that the Company is, or after the purchase would be, unable to pay its liabilities as they become due, or as a result, our issued share capital would be reduced below the minimum capital specified in our memorandum of association.

However, to the extent that any premium is payable on the purchase, the premium must be provided out of the funds of a company that would otherwise be available for dividend or distribution or out of a company's share premium account. Any common shares purchased by a company are treated as cancelled and the amount of the company's issued capital is diminished by the nominal value of the shares accordingly but shall not be taken as reducing the amount of the company's authorized share capital. However, a company may also purchase its own shares, to be held as treasury shares, if authorized to do so by its memorandum of association or bye-laws. A proposed resolution for the amendment of our bye-laws, to authorize us to purchase our own shares, to be held as treasury shares, was put forth to our shareholders for approval at our Annual General Meeting, held on June 18, 2007 (Hong Kong time). The resolution was approved by our shareholders, so we are now able to acquire our own shares and hold them as treasury shares, subject always of course to the provisions of the Companies Act, to our bye-laws, to the securities laws of the United States and to the rules of NASDAQ. On February 4, 2008, we announced via a press release that our Board of Directors had authorized a program to repurchase up to \$50 million of our common shares in the open market or through private transactions, from time to time, as business conditions warrant, but on the basis that we are not obligated to repurchase any specific number of shares and that the program may be suspended or terminated at any time at our management's discretion. The timing and amount of the repurchase of shares (if any) will be determined by our management, based on its evaluation of market conditions and other factors. As of February 28, 2015, no repurchases of our common shares have been made under this program.

On November 21, 2008, we commenced a tender offer for the purchase of up to 6.25 million of our common shares, or approximately 13.4% of our total common shares then issued and outstanding, at a total purchase price of up to \$50.0 million or \$8.00 per share. The tender offer expired on December 19, 2008. Our common shares that were properly tendered and not properly withdrawn were greater than the number of shares that we offered to purchase. Consequently, we accepted for purchase on a pro rata basis 6.25 million of the shares properly tendered and not properly withdrawn by shareholders. We are holding the repurchased shares as treasury shares, which are disclosed as such on our balance sheet as of December 31, 2014.

On June 30, 2010, we commenced a tender offer for the purchase of up to 11,121,000 of our common shares, or approximately 24.9% of our total issued and outstanding common shares as of April 30, 2010, at a total purchase price of up to \$100.089 million or \$9.00 per share. The tender offer expired on July 28, 2010. Our common shares that were properly tendered and not properly withdrawn were greater than the number of shares that we offered to purchase. Consequently, we accepted for purchase on a pro rata basis 11,107,023 and on an "odd lot" basis 13,977 of the shares properly tendered and not properly withdrawn by shareholders. We are holding the repurchased shares as treasury shares, which are disclosed as such on our balance sheet as of December 31, 2014.

On April 30, 2014, we commenced a tender offer for the purchase of up to 5,000,000 of our common shares, or approximately 14.4% of our total issued and outstanding common shares as of February 28, 2014, at a total purchase price of up to \$50 million or \$10.00 per share. The tender offer expired on May 28, 2014. Our common shares that were properly tendered and not properly withdrawn were greater than the number of shares that we offered to

purchase. Consequently, we accepted for purchase on a pro rata basis 4,482,132 and on an “odd lot” basis 517,868 of the shares properly tendered and not properly withdrawn by shareholders. We are holding the repurchased shares as treasury shares, which are disclosed as such on our balance sheet as of December 31, 2014.

#### Preemptive Rights

Our bye-laws do not provide the holders of our common shares with preemptive rights in relation to any issues of common shares held by us or any transfer of our shares.

#### Variation of Rights

We may issue more than one class of shares and more than one series of shares in each class. If we have more than one class of shares, the rights attached to any class of shares may be altered or abrogated either:

- with the consent in writing of the holders of not less than seventy-five percent of the issued shares of that class; or

- with the sanction of a resolution passed at a separate general meeting of the holders of such shares, voting in person or by proxy, at which a quorum is present.

Our bye-laws provide that a quorum for such a meeting shall be two or more persons present in person or by proxy representing a majority of the shares of the relevant class. Our bye-laws also specify that the creation or issue of shares ranking on parity with existing shares will not, subject to any statement to the contrary in the terms of issue of those shares or rights attached to those shares, vary the special rights attached to existing shares.

#### Change of Control

Our bye-laws have two provisions that could delay a change of control. The first is the classified board, which means that only a portion of the directors come up for election every year, thus delaying a change in the composition of our Board of Directors. The second is the “Business Combinations” bye-law (bye-laws 155-163), which requires the approval of sixty-six and two-thirds percent (66 ⅔ %) of shareholders voting at a general meeting, over and above any other approvals required by our bye-laws, to permit certain mergers, amalgamations or similar transaction to go forward.

#### Transfer of Common Shares

Subject to the Companies Act and the “Transfer Restrictions” section below, under our bye-laws, a shareholder may transfer title to all or any of his shares by completing an instrument of transfer in the usual common form or in such other form as our Board of Directors may approve.

#### Transfer Restrictions

Our Board of Directors may in its absolute discretion and without assigning any reason refuse to register the transfer of any share that is not fully paid.

Our Board of Directors may refuse to register an instrument of transfer of a share unless it:

- is duly stamped, if required by law, and lodged with us;
- is accompanied by the relevant share certificate and such other evidence of the transferor’s right to make the transfer as our Board of Directors shall reasonably require;
- has obtained, where applicable, permission of the Bermuda Monetary Authority; and
- is in respect of only one class of shares.

A “blanket” authorization has been obtained from the Bermuda Monetary Authority for all transfers of our common shares between persons who are not resident in Bermuda for exchange control purposes, provided our common shares remain listed on an “appointed stock exchange” (which includes listing on NASDAQ).

#### Transmission of Shares

In the event of the death of a shareholder, the survivor or survivors, where the deceased shareholder was a joint holder, or the estate representative (meaning the person to whom probate or letters of administration has or have been

granted in Bermuda or, failing any such person, such other person as the Board of Directors may in its absolute discretion determine to be the person recognized by us) of such shareholder, if the deceased was a sole holder, shall be the only persons recognized by us as having any title to the shareholder's shares.

#### Disclosure of Interests

Our bye-laws provide that a director who has at least a five percent interest, directly or indirectly, in an entity that is interested in a contract or proposed contract or arrangement with us, shall declare the nature of such interest at the first opportunity at a meeting of our Board of Directors, or by writing to our Board of Directors. If the director has complied with the relevant sections of the Companies Act and our bye-laws with regard to the disclosure of his interest, the director may vote at a meeting of our Board of Directors or a committee thereof on a contract, transaction or arrangement in which that director is interested and he will be taken into account in ascertaining whether a quorum is present.

Under Bermuda law, the Company may not make loans to its directors unless approved by a majority of the shareholders holding in the aggregate not less than 90% of the total voting rights of all the members having the right to vote at a shareholders' meeting.

#### Rights in Liquidation

Under Bermuda law, in the event of liquidation, dissolution or winding-up of a company, after satisfaction in full of all claims of creditors and subject to the preferential rights accorded to any series of preference shares, the proceeds of such liquidation, dissolution or winding-up are distributed among the holders of shares in accordance with a company's bye-laws.

Under our bye-laws, if we are wound up, the liquidator may, with the sanction of a resolution of shareholders from us and any sanction required by the Companies Act, divide amongst the shareholders in specie or kind the whole or part of our assets, whether they shall consist of property of the same kind or not, and may for such purposes set such values as he deems fair upon any property to be divided as set out above and may determine how such division shall be carried out as between the shareholders.

#### Meetings of Shareholders

Under Bermuda law, a company is required to convene at least one general shareholders' meeting as an Annual General Meeting per calendar year unless, according to the provisions of the Companies Act, shareholders elect to dispense with the holding of annual general meetings. The directors of a company, notwithstanding anything in its bye-laws, shall, on the requisition of the shareholders holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the company carrying the right to vote, proceed duly to convene a special general meeting.

Under the Companies Act, our Board of Directors may convene a special general meeting whenever in its judgment such a meeting is necessary. Unless the bye-laws of a company specify longer period otherwise, Bermuda law requires that shareholders be given at least five days' notice of a meeting of the company. Our bye-laws extend this period to provide that at least 21 days' written notice of a general meeting must be given to those shareholders entitled to receive such notice. The accidental omission to give notice to or non-receipt of a notice of a meeting by any person does not invalidate the proceedings of a meeting.

Our bye-laws provide that no business can be transacted at a general meeting unless a quorum of at least two shareholders representing more than 50% of the issued shares of the company are present in person or by proxy and entitled to vote. A shareholder present at a general meeting or a meeting of a class of shareholders in person or by proxy shall be deemed to have received notice of the meeting.

Under our bye-laws, notice to any shareholders may be delivered either personally, by electronic means or by sending it through the post, by airmail where applicable, in a pre-paid letter addressed to the shareholder at his address as appearing in the register of shareholders or by delivering it to, or leaving it at such registered address or, in the case of delivery by electronic means, by delivering it to the shareholder at such address as may be provided to the Company by the shareholder for such purpose. A notice of a general meeting is deemed to be duly given to the shareholder if it is sent to him by cable, telex, telecopier or electronic means. Any such notice shall be deemed to have been served twenty-four hours after its dispatch.

#### Access to Books and Records and Dissemination of Information

Under Bermuda law, members of the general public have the right to inspect the public documents of a company available at the office of the Bermuda Registrar of Companies. These documents include a company's certificate of incorporation, its memorandum of association (including its objects and powers) and any alteration to the memorandum of association and address of registered office and resident representative.

Our shareholders and directors have the additional right to inspect our bye-laws, our minute books and our audited financial statements, which, unless agreed by all shareholders and directors, must be presented at an annual general meeting. For the avoidance of doubt, with respect to the aforesaid inspection of our minute books, our shareholders only have the right under our bye-laws to inspect minutes of shareholder meetings.



Our bye-laws provide that our register of shareholders is required to be open for inspection during normal business hours by shareholders without charge and to members of the general public on the payment of a fee. A company is required to maintain its share register in Bermuda but may, subject to the provisions of the Companies Act, establish one or more branch register(s) outside of Bermuda. We have established a branch register with our transfer agent, Computershare Trust Company, N.A., 250 Royall Street, Canton, MA 02021, U.S.A.

Under Bermuda law, a company is required to keep at its registered office a register of its directors and officers that is open for inspection for not less than two hours in each day by members of the public without charge. Our bye-laws extend this obligation to provide that the register of directors and officers be available for inspection by the public during normal business hours. Bermuda law does not, however, provide a general right for shareholders to inspect or obtain copies of any other corporate records.

#### Election or Removal of Directors

Our bye-laws provide that the number of directors will be such number, not less than two, as our shareholders by resolution may from time to time determine. A director of a Bermuda company will serve until his successor is appointed or his prior removal in the manner provided by the Companies Act or the bye-laws of a Bermuda company. Our bye-laws provide that at each annual general meeting one-third of the directors will retire from office on a rotational basis based on length of time served. A director is not required to hold shares in the Company to qualify to join our Board of Directors, and once appointed may sit on our Board of Directors regardless of age, unless the bye-laws provide otherwise. Our bye-laws do not require qualifying shares to join our Board of Directors and do not set age limits for directors who serve on our Board of Directors. All directors must provide written acceptance of their appointment within thirty days of their appointment.

Our Board of Directors has the power at any time and from time to time to appoint any individual to be a director so as to fill a casual vacancy. As set forth in our bye-laws, a casual director so appointed shall hold office only until the next following annual general meeting, and if not reappointed at such annual general meeting, shall vacate office. Our Board of Directors may approve the appointment of alternate directors.

We may, in a special general meeting called for this purpose, remove a director, provided notice of such meeting is served upon the director concerned not less than fourteen days before the meeting and he shall be entitled to be heard at that meeting.

The office of a director will be vacated in the event of any of the following:

- if he resigns his office by notice in writing to be delivered to our registered office or tendered at a meeting of our Board of Directors;
- if he becomes of unsound mind or a patient for any purpose of any statute or applicable law relating to mental health, and our Board of Directors resolves that his office is vacated;
  - if he becomes bankrupt under the law of any country or compounds with his creditors;
  - if he is prohibited by law from being a director;
- if he ceases to be a director by virtue of the Companies Act or our bye-laws, or is removed from office pursuant to our bye-laws;

- if he (or his alternate director, if any) is absent from more than three consecutive Board of Directors' meetings without the permission of our Board of Directors and our Board of Directors resolves that his office be vacated; or
  - if he is requested to resign in writing by not less than three quarters of the other directors.

### Directors' Power to Vote Compensation to Themselves

Under our Bye-laws, the ordinary remuneration of our directors who do not hold executive office for their services (excluding amounts payable under any other provision of our Bye-laws) shall not exceed in aggregate US\$20,000 per annum or such higher amount as our Board of Directors may from time to time determine. Subject to this limit, each such director is paid a fee at such rate as may from time to time be determined by our Board of Directors. Our Bye-laws further provide that any of our directors who has disclosed his or her interest in a transaction or arrangement with the Company in accordance with the Companies Act and our Bye-laws may be counted in the quorum and vote at any meeting at which such transaction or arrangement is considered by our Board of Directors.

### Amendment of Memorandum of Association and Bye-Laws

Bermuda law provides that the memorandum of association of a company may be amended by a resolution passed at a general meeting of the shareholders of which due notice has been given. An amendment to a memorandum of association does not require the consent of the Minister of Finance save for specific circumstances, for example, the adopting of any objects which constitute restricted business activities under the Companies Act.

Under Bermuda law, the holders of an aggregate of no less than 20% in par value of a company's issued share capital or any class of issued share capital have the right to apply to the Supreme Court of Bermuda (the "Bermuda Court") for an annulment of any amendment of the memorandum of association adopted by shareholders at any general meeting, other than an amendment that alters or reduces a company's share capital as provided in the Companies Act. Where an application is made, the amendment becomes effective only to the extent that it is confirmed by the Bermuda Court. An application for the annulment of an amendment of the memorandum of association must be made within 21 days after the date on which the resolution altering the company's memorandum of association is passed and may be made on behalf of the person entitled to make the application by one or more of their number as they may appoint in writing for the purpose. No application may be made by persons voting in favor of the amendment.

Our bye-laws provide that they may be amended in the manner provided for in the Companies Act. The Companies Act provides that the directors may amend the bye-laws, provided that any such amendment shall be operative only to the extent approved by the shareholders.

### Transactions with Interested Shareholders

Our bye-laws contain provisions that require, with respect to engaging in a business combination with, or proposed by or on behalf of, any interested shareholder or its affiliate, the approval of not less than two-thirds of the holders of our voting shares (other than shares held by that interested shareholder or any affiliate or associate of such interested shareholder), voting together as a single class, or by a simple majority if the business combination is approved by a majority of continuing directors or if certain prescribed conditions are met assuming that we will receive fair market value in exchange for such business combination. In this context, a "business combination" includes, among others, (i) any mergers, (ii) any asset sales and other material transactions resulting in a benefit to the interested shareholder or any of its affiliates or associates or (iii) the adoption of a plan for our liquidation or dissolution; an "affiliate" or an "associate" have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Exchange Act; a "continuing director" is a member of our Board of Directors that is not an affiliate or associate or representative of an interested shareholder and was a member of our Board of Directors prior to such person becoming an interested shareholder; and an "interested shareholder" is any person (other than us or any of our subsidiaries, or any profit sharing, employee share ownership or other employee benefit plan, or any of the shareholders of Trade Media Holdings Limited that received our shares pursuant to a share exchange agreement prior to the listing of our shares on NASDAQ) that owns or has announced its intention to own, or with respect to any of

our affiliates or associates, within the prior two years did own, at least 15% of our voting shares.

#### Appraisal Rights and Shareholder Suits

#### Amalgamation and Merger

The Companies Act provides that, subject to the terms of a company's bye-laws, both the amalgamation and the merger of a Bermuda company with another company requires the amalgamation agreement or the merger agreement (as applicable) to be approved by the board of directors and at a meeting of the shareholders by a majority vote of seventy-five percent of the members present and entitled to vote at that meeting in respect of which the quorum shall be two persons holding or representing at least one-third of the issued shares of the company or class, as the case may be.

Our bye-laws alter the majority vote required and provide that any resolution submitted for the consideration of shareholders at any general meeting to approve a proposed amalgamation with another company also requires the approval of two-thirds of the votes of disinterested shareholders cast at such meeting.

Under Bermuda law, in the event of an amalgamation or a merger of a Bermuda company, a shareholder who did not vote in favor of the amalgamation or the merger and who is not satisfied that fair value has been offered for such shareholder's shares may apply to the Bermuda Court within one month of notice of the meeting of shareholders to appraise the fair value of those shares.

#### Class Actions and Derivative Actions

Class actions and derivative actions are generally not available to shareholders under Bermuda law. Under Bermuda law, a shareholder may commence an action in the name of a company to remedy a wrong done to the company where the act complained of is alleged to be beyond the corporate power of the company, or is illegal or would result in the violation of the company's memorandum of association or bye-laws. Furthermore, consideration would be given by a Bermuda court to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than those who actually approved it. When the affairs of a company are being conducted in a manner which is oppressive or prejudicial to the interests of some part of the shareholders, one or more shareholders may apply to the Bermuda Court, which may make such order as it sees fit, including an order regulating the conduct of the company's affairs in the future or ordering the purchase of the shares of any shareholders, by other shareholders or by the company.

#### Capitalization of Profits and Reserves

Under our bye-laws, our Board of Directors may resolve to capitalize all or any part of any amount for the time being standing to the credit of any reserve or fund which is available for distribution or to the credit of our share premium account; and accordingly make that amount available for distribution among the shareholders who would be entitled to it if distributed by way of a dividend in the same proportions and on the footing that the same may be paid not in cash but be applied:

- in or towards paying up amounts unpaid on any of our shares held by the shareholders;
- in payment up in full of our unissued shares, debentures or other obligations, to be allotted and credited as fully paid amongst such shareholders; or
  - partly in one way and partly in the other.

As a proviso to the foregoing, the share premium account may be applied only in paying up unissued shares to be issued to shareholders credited as fully paid, and provided, further, that any sum standing to the credit of a share premium account may only be applied in crediting as fully paid shares of the same class as that from which the relevant share premium was derived.

#### Registrar or Transfer Agent

Our transfer agent and branch registrar is Computershare Trust Company, N.A. In addition to a register held by Computershare Trust Company, N.A., a register of holders of the shares is maintained by Appleby Services (Bermuda) Ltd. in Bermuda located at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

#### Personal Liability of Directors and Indemnity

The Companies Act requires every officer, including directors, of a Bermuda company in exercising powers and discharging duties, to act honestly and in good faith with a view to the best interests of the company, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Companies Act further provides that a Bermuda company may in its bye-laws or in any contract or arrangement between the company and any officer, or any person employed by the company as auditor, exempt such officer or person from, or indemnify him in respect of, any loss arising or liability attaching to him by virtue of any rule of law in respect of any negligence, default, breach of duty or breach of trust of which the officer or person may be guilty in relation to the company or any subsidiary thereof, but any provision whether contained in the bye-laws of a Bermuda company or in any contract or arrangement between the company and any officer, including a director, or any person employed by the company as auditor, exempting such officer or person from, or indemnifying him against, any liability which by virtue of any rule of law would otherwise attach to him, in respect of any fraud or dishonesty of which he may be guilty in relation to the company, shall be void.

Under our bye-laws, every director, officer, resident representative and committee member shall be indemnified out of our funds against all liabilities, loss, damage or expense, including but not limited to liabilities under contract, tort and statute or any applicable foreign law or regulation and all reasonable legal and other costs and expenses properly payable, incurred or suffered by him as director, officer, resident representative or committee member; provided that the indemnity contained in the bye-laws will not extend to any matter which would render it void under the Companies Act as discussed above.

Our bye-laws also contain provisions for the advancement of funds to our directors, officers and other indemnified persons for expenses incurred in defending legal proceedings against them arising from the course of their duties. At our Annual General Meeting on June 11, 2008, our shareholders approved amendments to our bye-laws to provide more specifically that if any fraud or dishonesty on the part of the director, officer or other indemnified person concerned is proved, any such funds advanced to him or her must be repaid. These amendments conformed our bye-laws with changes to the Companies Act.

#### Material Contracts

We do not believe any of our outstanding contracts to be material to the operation of the Company, taken as a whole.

#### Exchange Controls

#### Bermuda Law

We have been designated as a non-resident under the Exchange Control Act of 1972 by the Bermuda Monetary Authority. This designation will allow us to engage in transactions in currencies other than the Bermuda dollar.

The Registrar of Companies in Bermuda has neither approved nor disapproved of the securities to which this document relates, nor passed on the accuracy or adequacy of this document and accepts no responsibility for the financial soundness of any proposals or the correctness of any statements made or opinions expressed with regard to such securities. Approvals or permissions received from the Bermuda Monetary Authority do not constitute a guarantee by the Bermuda Monetary Authority as to our performance or our creditworthiness. Accordingly, in giving such approvals or permissions, the Bermuda Monetary Authority will not be liable for our performance or default or for the correctness of any opinions or statements expressed in this document.

The transfer of common shares between persons regarded as resident in Bermuda for exchange control purposes and the issue of common shares to such persons may be effected without specific consent under the Exchange Control Act and regulations thereunder. Issues and transfers of common shares to any person regarded as non-resident in Bermuda for exchange control purposes require specific prior approval from the Bermuda Monetary Authority under the Exchange Control Act.

There are no limitations on the rights of persons regarded as non-resident of Bermuda for foreign exchange control purposes owning our shares. Because we have been designated as a non-resident for Bermuda exchange control purposes, there are no restrictions on our ability to transfer funds, other than funds denominated in Bermuda dollars, in and out of Bermuda or to pay dividends to non-Bermuda residents who are holders of our shares, other than in respect of local Bermuda currency.

Under Bermuda law, share certificates are only issued in the names of corporations, partnerships or individuals. In the case of an applicant acting in a special capacity, for example an executor or a trustee, certificates may, at the request

of the applicant, record the capacity in which the applicant is acting.

Notwithstanding the recording of any such special capacity, we are not bound to investigate or incur any responsibility in respect of the proper administration of any such estate or trust.

We will take no notice of any trust applicable to any of our common shares whether or not we had notice of such trust.

- As an “exempted company”, we are exempt from Bermuda laws which restrict the percentage of share capital that may be held by non-Bermudians. However, as an exempted company subject to the Companies Act, we are generally not permitted to participate in most business transactions and activities of any kind or type conducted from within Bermuda, including those which involve land in Bermuda, except in furtherance of our business carried on outside Bermuda or under a license granted by the Minister of Finance of Bermuda.



## Taxation

### Bermuda Taxation

This summary is based on laws, regulations, treaty provisions and interpretations now in effect and available as of the date of this Form 20-F. The laws, regulations, treaty provisions and interpretations, however, may change at any time, and any change could be retroactive to the date of issuance of our common shares. These laws, regulations and treaty provisions are also subject to various interpretations, and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below.

We have received from the Minister of Finance a written undertaking under the Exempted Undertakings Tax Protection Act, 1966 (as amended) of Bermuda, to the effect that in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income, or computed on any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, then the imposition of any such tax shall not be applicable to us or to any of our operations or to our shares, debentures or other obligations until March 31, 2035. These assurances are subject to the proviso that they are not construed so as to prevent the application of any tax or duty to such persons as are ordinarily resident in Bermuda or to prevent the imposition of property taxes on any company owning real property or leasehold interests in Bermuda.

Currently there is no Bermuda withholding tax on dividends that may be payable by us in respect to the holders of our common shares. No income, withholding or other taxes or stamp duty or other duties are imposed upon the issue, transfer or sale of the shares or on any payment thereunder. There is no reciprocal income tax treaty affecting us that exists between Bermuda and the United States.

As an exempted company, we and our Bermuda subsidiaries are liable to pay in Bermuda an annual government fee calculated on a sliding scale basis by reference to our and our Bermuda subsidiaries' respective assessable capital, which is the aggregate of our and our Bermuda subsidiaries' respective authorized share capital and the premium on our and our Bermuda subsidiaries' respective issued shares. For each of the years 2014 and 2015, the applicable annual government fees were US\$10,455.00 per year for us and US\$1,995.00 per company per year for each of our two Bermuda subsidiaries. These amounts have already been paid.

### Documents on Display

#### Where You May Find More Information

We are required to comply with the reporting requirements of the Exchange Act applicable to a foreign private issuer. We will file annually a Form 20-F no later than four months after the close of our fiscal year, which is December 31. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. We will furnish our shareholders with annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with IFRS as issued by the IASB. We may, although we are not obligated to do so, furnish our shareholders with quarterly reports by mail with the assistance of a corporate services provider, which may include unaudited interim financial information. We may discontinue providing quarterly reports at any time without prior notice to our shareholders.

Our reports and other information, when so filed, may be inspected and copied at the public reference facilities maintained by the Securities and Exchange Commission at Judiciary Plaza, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549. Copies of such material may be obtained from the Public Reference Section of the Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates.

These reports and other information may also be inspected at the offices of the Nasdaq Global Select Market, 1735 K Street, N.W., Washington, D.C. 20006.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our activities expose us to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, and cash flow interest rate risk), credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on our financial performance.

Risk management is carried out by a group of senior management personnel. This particular group identifies, evaluates and takes appropriate measures to alleviate financial risks in close co-operation with our operating units. The Board of Directors provides direction for overall risk management, covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

- (a) Market risk
- (i) Foreign exchange risk

We operate internationally and are exposed to foreign currency risk arising from various currency exposures, primarily with respect to the RMB. Foreign currency risk arises from commercial transactions, recognized assets and liabilities and net investments in foreign operations. A majority of our contracts with customers that are denominated and priced in foreign currencies are in RMB. The conversion of these contract proceeds to USD could result in losses and reflects the foreign exchange risk assumed by us between contract signing and the conversion of cash into USD. We also maintain a portion of our bank balances in RMB. The conversion of these bank balances to USD could result in foreign exchange losses.

We have not engaged in foreign currency hedging activities. Historically a majority (ranging between 98% to 99%) of our revenue is denominated in USD or is received in the Hong Kong Dollar (“HKD”), RMB or New Taiwan Dollar (“TWD”). The HKD is currently pegged to the USD. The RMB has been relatively stable historically but strengthened during the past few years against the USD. However in 2014, the RMB weakened slightly against USD. The TWD is also relatively stable against the USD.

We have certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of our foreign operations is managed primarily through identification of the specific risks and taking appropriate measures to alleviate the risk.

At December 31, 2014, if the RMB had weakened/strengthened by 2% (2013: 3%; 2012: 1%) against the USD with all other variables held constant, profit before tax for the year would have been \$0.8 million (2013: \$2.9 million; 2012: \$1.0 million) lower/higher as a result of foreign currency losses/gains on translation of RMB denominated monetary assets and liabilities.

- (ii) Cash flow and fair value interest rate risk

We had no interest-bearing borrowings as of December 31, 2014 or 2013. Our exposure to changes in market interest rates is mainly attributable to our interest-bearing assets including available-for-sale financial assets, term deposits with banks and cash and cash equivalents. As of December 31, 2014 and December 31, 2013, the term deposits with banks were all fixed interest rate instruments and the available-for-sale securities were highly liquid and were short term in nature. Therefore interest rate risk is considered to be insignificant.

- (iii) Credit risk

Credit risk arises from investments in checking and savings accounts, debt securities issued by U.S. Treasury, term deposits with banks, available-for-sale securities, accounts receivable and receivables from sales representatives.

We maintain checking accounts, money market accounts, term deposits with banks, debt securities issued by U.S. Treasury held in custody with banks and available-for-sale securities with high quality institutions. We have a large number of customers, operate in different geographic areas and generally do not require collateral on accounts receivable or receivables from sales representatives. We generally collect in advance from customers in markets with higher credit risk. In addition, we are continuously monitoring the credit transactions and maintain impairment allowance where necessary.

Our maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit ratings assigned by international credit-rating agencies. Available-for-sale financial assets are highly liquid instruments maintained with reputable institutions. Accounts receivable and receivables from sales representatives that are neither past due nor impaired are substantially with companies with a good collection track record with us.

In the years ended December 31, 2014 and December 31, 2013, we derived more than 90% of our revenue from customers in the Asia-Pacific region. We expect that a majority of our future revenue will continue to be generated from customers in this region. Future political or economic instability in the Asia-Pacific region could negatively impact our business.

(iv) Liquidity risk

Cash flow forecasting is performed in our operating entities and aggregated by our finance personnel. Our finance personnel monitor rolling forecasts of our liquidity requirements to ensure we have sufficient cash to meet operational needs.

We invest our excess cash in term deposits with commercial banks, U.S. Treasury securities and available-for-sale securities to generate income from interest received as well as capital gains, while the funds are held to support our business.

Generally, we hold securities with specified maturity dates such as U.S. Treasury Bills until their maturity. We do not engage in buying and selling of securities with the objective of generating profits on short-term differences in price or for other speculative purposes. Our objective is to invest to support our capital preservation strategy.

Our financial liabilities which consist of accounts payable and accrued liabilities are due within 12 months, except \$0.9 million, which are payable over next three years, and their contractual undiscounted cash flows approximate their carrying amount as the impact of discounting is not significant.

(v) Capital risk management

Our objectives when managing capital are to safeguard our ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, we may return capital to shareholders and issue new shares. Currently we have no external borrowings and are not subject to any externally imposed capital requirements. We define the total equity as our capital.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

– (Not applicable)

PART II

All financial information contained in this document is expressed in U.S. Dollars, unless otherwise stated.

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

– (Not applicable)

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

– (Not applicable)

ITEM 15.

CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As required by Rules 13a-15(e) and 15d-15(e) under the Exchange Act, management, with the participation of our Executive Chairman and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Disclosure controls and procedures refer to controls and other procedures designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the SEC. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Securities Exchange Act of 1934 is accumulated and communicated to management, including our Executive Chairman and Chief Financial Officer, as appropriate to allow timely decisions regarding our required disclosure.

Based on the foregoing, management, with the participation of the Executive Chairman and Chief Financial Officer, have concluded that, as of December 31, 2014, the end of the period covered by this report, the Company's disclosure controls and procedures were effective.

Report of Management on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rule 13a-15(f) under the Exchange Act.

Internal control over financial reporting refers to a process designed by, or under the supervision of, our Executive Chairman and Chief Financial Officer and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and members of our Board of Directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management evaluated the effectiveness of our internal control over financial reporting as of December 31, 2014 using the 1992 framework set forth in the report of the Treadway Commission's Committee of Sponsoring Organizations ("COSO"), "Internal Control — Integrated Framework."

Based on the foregoing, management has concluded that our internal control over financial reporting was effective as of December 31, 2014. Our independent registered public accounting firm, PricewaterhouseCoopers LLP, has issued an audit report on our internal control over financial reporting, which is included herein.

#### Changes to Internal Controls

Management has evaluated, with the participation of our Executive Chairman and Chief Financial Officer, whether any changes in our internal control over financial reporting that occurred during our last fiscal year have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Based on the evaluation we conducted, management has concluded that no such changes have occurred.

ITEM 15T.

CONTROLS AND PROCEDURES

– (Not applicable)



ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our audit committee financial expert is Roderick Chalmers, an independent director. Our other three audit committee members are David F. Jones, James Watkins and Eddie Heng Teng Hua, who are also independent directors.

ITEM 16B. CODE OF ETHICS

We have adopted a Code of Ethics that applies to our directors, officers (including our chief executive officer, chief financial officer, chief accounting officer or controller and other persons performing similar functions) and employees. Our Code of Ethics is available on our website at [www.corporate.globalsources.com](http://www.corporate.globalsources.com).

During 2014, the Company did not grant any waiver, including any implicit waiver, from any provision of the Code of Ethics to the executive chairman, the chief executive officer, chief financial officer, chief accounting officer or controller or other person performing similar functions.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

PricewaterhouseCoopers LLP served as our independent registered public accounting firm from August 2008.

The following table shows the aggregate audit fees, audit-related fees, tax fees and all other fees for the services provided by PricewaterhouseCoopers LLP for 2014 and 2013:

	Year ended December 31,	
	2014	2013
Audit fees	\$919,051	\$1,004,697
Audit-related fees	37,750	13,545
Total	\$956,801	\$1,018,242
Tax fees	27,859	59,764
All other fees	-	10,297
Total fees	\$984,660	\$1,088,303

Audit fees include fees associated with the review of the Company's annual financial statements and services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years.

The audit-related fees billed to the Company by PricewaterhouseCoopers LLP for the fiscal year ended December 31, 2013, were fees for services relating to accounting workshops and training conducted for the Company. The audit-related fees for the fiscal year ended December 31, 2014 were fees for services relating to accounting workshops and training conducted for the Company.

Tax fees for the fiscal year ended December 31, 2013 for tax compliance, tax advice and tax planning consisted of review of tax returns for six subsidiaries of the Company, filing of quarterly value added tax returns for a subsidiary, assistance with value added tax matters in a local jurisdiction and permissible tax advice to a subsidiary. For the fiscal year ended December 31, 2014, such fees consisted of review of tax returns for six subsidiaries of the Company, assistance with tax matters in a local jurisdiction and filing of quarterly value added tax returns for a subsidiary.

All other fees for the fiscal year ended December 31, 2013 consisted of permissible advice on an information technology vendor contract. For the fiscal year ended December 31, 2014, there were no such fees incurred.

#### Audit Committee's Pre-Approval Policies and Procedures

Our Audit Committee nominates and engages our independent registered public accounting firm to audit our financial statements. Our Audit Committee also requires management to obtain the Audit Committee's approval on a case-by-case basis before engaging our independent registered public accounting firm to provide any audit or permitted non-audit services to us or our subsidiaries.

## ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEE

– (Not applicable)

## ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

## Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
June 1, 2014 to June 30, 2014	5,000,000	\$10.00	5,000,000	Nil

On April 30, 2014, we commenced a tender offer for the purchase of up to 5,000,000 of our common shares, or approximately 14.4% of our total issued and outstanding common shares as of February 28, 2014, at a total purchase price of up to \$50 million or \$10.00 per share. The tender offer expired on May 28, 2014. Our common shares that were properly tendered and not properly withdrawn were greater than the number of shares that we offered to purchase. Consequently, we accepted for purchase on a pro rata basis 4,482,132 and on an “odd lot” basis 517,868 of the shares properly tendered and not properly withdrawn by shareholders. We are holding the repurchased shares as treasury shares, which are disclosed as such on our balance sheet as of December 31, 2014.

## ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

– (Not applicable)

## ITEM 16G. CORPORATE GOVERNANCE

Under NASDAQ Stock Market Rule 5615(a)(3), foreign private issuers, such as our company, are permitted to follow certain home country corporate governance practices instead of certain provisions of the NASDAQ Stock Market Rules. A foreign private issuer that elects to follow a home country practice instead of any of such NASDAQ rules must submit to NASDAQ, in advance, a written statement from an independent counsel in such issuer’s home country certifying that the issuer’s practices are not prohibited by the home country’s laws and such foreign private issuer discloses the requirements it is not following and describes the home country practices it is following

As a foreign private issuer, we are permitted to, and did, follow certain home country corporate governance practices instead of those otherwise required under the applicable rules of the Nasdaq Global Select Market for domestic U.S.

issuers. We have provided NASDAQ with notice of non-compliance with respect to the requirement to obtain shareholders' approval for the establishment or amendment of certain equity based compensation plans and material revisions thereto. Under the Bermuda Companies Act, there is no general requirement for equity compensation plans of a Bermuda company to be approved by its shareholders by way of a shareholders' resolution, which is different than the requirements of the Nasdaq Global Select Market listing standards. Appleby, our Bermuda counsel, has provided a letter to NASDAQ confirming that our election to follow Bermuda company law practice, in lieu of the requirements of NASDAQ Listing Rule 5635(c) (which provides that "shareholder approval is required prior to the issuance of securities when ... [an] equity compensation arrangement... [is to be] materially amended, pursuant to which stock may be acquired by officers, directors, employees, or consultants"), is not prohibited by Bermuda law. Following our home country governance practices as opposed to the requirements that would otherwise apply to a U.S. company listed on the NASDAQ Global Select Market may provide less protection to you than what is accorded to investors under the NASDAQ Global Select requirements applicable to domestic U.S. issuers.

We otherwise intend to comply with the rules generally applicable to U.S. domestic companies listed on the Nasdaq Global Select Market. We may in the future decide to use the foreign private issuer exemption with respect to some or all of the other Nasdaq Global Select Market corporate governance rules.

ITEM 16H. MINE SAFETY DISCLOSURE  
– (Not applicable)

PART III

All financial information contained in this document is expressed in U.S. Dollars, unless otherwise stated.

ITEM 17. FINANCIAL STATEMENTS  
– (Not applicable)

ITEM 18. FINANCIAL STATEMENTS  
– (Not applicable)

As provided in Item 8, the Company has presented its financial statements in accordance with International Financial Reporting Standards as issued by the IASB in lieu of Item 18.

ITEM 19.

EXHIBITS

EXHIBIT INDEX

Exhibit No. Description

- 1.1 Memorandum of Association of the Company. (2)
- 1.2 Bye-laws of the Company. (23)
- 1.3 Amendments to the bye-laws of Global Sources Ltd., as approved at the May 6, 2002 Annual General Meeting of Shareholders. (11)
- 2.1 Specimen Certificate. (2)
- 4.2 Form of executive officer employment agreement. (1)
- 4.3 Employment Agreement dated November 1, 1999, by and between Trade Media Holdings Limited and Merle Hinrich. (1)
- 4.4 Amendment to Employment Agreement dated January 19, 2000, between Trade Media Holdings Limited and Merle Hinrich. (1)
- 4.5 Employment Agreement dated as of January 29, 2000, by and between LER Corporation and Merle Hinrich. (1)
- 4.6 Form of Restricted Stock Award and Agreement, dated as of January 29, 2000, by and between LER Corporation and Merle Hinrich. (1)
- 4.7 Amendment No.1 to Restricted Stock Award and Agreement dated as of February 29, 2000, by and between LER Corporation and Merle Hinrich. (1)
- 4.18 Form of The Global Sources Employee Equity Compensation Plan No. IV. (3)
- 4.19 Form of The Global Sources Employee Equity Compensation Plan No. V. (3)
- 4.20 Form of The Global Sources Employee Equity Compensation Plan No. VI. (4)
- 4.21 Form of The Global Sources Employee Equity Compensation Plan No. VII. (7)
- 4.22 Global Sources' Code of Ethics (updated effective as of January 1, 2014) (approved and adopted by the Board of Directors on December 16, 2013). (23)
- 4.23 Form of The Global Sources Employee Equity Compensation Plan No. V (Amended). (7)
- 4.24 Placement Agency Agreement dated March 17, 2005, between the Company and W.R. Hambrecht & Co. LLC. (20)
- 4.25 Form of Purchase Agreement between the Company and certain purchasers of the common shares. (20)
- 4.26 Shenzhen International Chamber of Commerce Tower Subscription Agreement dated July 5, 2004 (English translation). (13)
- 4.27 Real Estate Sales Contract of Shenzhen (Presale) dated August 31, 2004 (English translation). (13)
- 4.28 Supplemental Agreement to the Contract on Purchasing Shenzhen International Commercial Chamber Center Premises dated August 31, 2004 (English translation). (13)
- 4.29 Summary Table of Property Units and Payment Amounts. (13)
- 4.30 Supplementary Agreement Concerning Alteration of Payment Method dated December 3, 2004 (English translation). (13)
- 4.31

- Sale and Purchase Agreement, dated May 24, 2006, by and between IDG Technology Venture Investment, Inc., Trade Media Holdings Limited and International Data Group, Inc. (6)
- 4.32 Call Option Deed Relating to Shares in HC International, Inc., dated May 24, 2006, between Trade Media Holdings Limited and other parties thereto. (6)
- 4.33 Call Option Deed Relating to Equity Interest in Beijing Huicong International Information Co., Ltd., dated May 24, 2006, between Trade Media Holdings Limited and HC Construction Co., Ltd. (6)
- 4.34 The Global Sources Ltd. Directors Purchase Plan (as of 5 November 2005). (14)
- 4.36 The Global Sources Share Grant Award Plan. (15)
- 4.37 The Global Sources Retention Share Grant Plan. (15)
- 4.38 Sale and Purchase Agreement, dated December 10, 2007, by and between Global Sources Ltd., Trade Media Holdings Limited and IDG Technology Venture Investment III, L.P. (16)
- 4.39 The Global Sources Directors Share Grant Award Plan. (17)
- 4.40 Directors Purchase Plan (updated effective as of January 1, 2009). (17)
- 4.41 Real Estate Sales Contracts of Shanghai (For Office Building) and Supplementary Terms (English translation). (8)
- 4.42 Summary Table of Property Units and Payment Amounts. (8)

Exhibit No. Description

- 4.45 The Global Sources Retention Share Grant Plan II (amended effective as of May 1, 2012). (18)
- 4.46 The Global Sources Equity Compensation (2007) Master Plan (amended effective as of January 1, 2012) (as extended to December 31, 2017). (19)
- 4.47 Letter of intent for assignment of property of Shenzhen Excellence Times Square. (9)
- 4.48 Agreement for sale and purchase of property in Vita Tower, Hong Kong. (9)
- 4.49 Agreement for sale and purchase of a portion of property in Southmark building, Hong Kong. (9)
- 4.50 Second-Hand Real Estate Sales Contract of Shenzhen Municipality. (23)
- 4.51 Summary Table of Property Units and Prices. (23)
- 4.52 Sale and purchase agreement relating to 1 Sims Lane #08-01 Singapore 387355. (23)
- 4.53 The Global Sources Equity Compensation (2007) Master Plan (Amended and Restated effective as of January 1, 2014)
- 8.1 Subsidiaries of Global Sources Ltd.
- 12.1 Certification of the Executive Chairman pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 12.1 Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 13.1 Certification by the Executive Chairman pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes – Oxley Act of 2002.
- 13.2 Certification by the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes–Oxley Act of 2002.
- 14.1 Consent of Independent Accountants for incorporation of their report filed with Form 6-K into the Company’s previously filed Registration Statements File No. 333-59058 and 333-62132. (5)
- 14.2 Changes in Registrant’s Certifying Accountant. (12)
- 14.3 Letter to the SEC from the Company pursuant to SEC Release No. 33-8070, dated April 9, 2002. (5)
- 14.4 Consent of Independent Registered Public Accounting Firm for incorporation of their report filed under Form 20-F into the Company’s previously filed Registration Statements File No. 333-104426, 333-59058, 333-138474, 333-202510, 333-114411, 333-154960 and 333-177577.
- 14.5 Consent of Savills Valuation and Professional Services Limited for incorporation of their valuation of properties as at December 31, 2014 and their name which appears in the Company’s Annual Report on Form 20-F into the Company’s previously filed Registration Statements File No. 333-104426, 333-59058, 333-138474, 333-202510, 333-114411, 333-154960 and 333-177577.
- 14.6 Consent of Savills Valuation and Professional Services (S) Pte Ltd for incorporation of their valuation of properties as at December 31, 2014 and their name which appears in the Company’s Annual Report on Form 20-F into the Company’s previously filed Registration Statements File No. 333-104426, 333-59058, 333-138474, 333-202510, 333-114411, 333-154960 and 333-177577.
- 14.10 Press release dated February 4, 2008 to announce share buyback program (21)



- 14.11 Press release dated February 12, 2009 to announce the bonus share issue by Global Sources Ltd. (22)
- 14.12 Letter to Securities and Exchange Commission from the Company's previous Independent Registered Public Accountants. (17)
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- (1) Incorporated by reference to Form F-1 filed with the Securities and Exchange Commission on March 27, 2000.
- (2) Incorporated by reference to Form 20-F Annual Report of Global Sources Ltd. filed with the Securities and Exchange Commission on June 30, 2000.
- (3) Incorporated by reference to Form 20-F Annual Report of Global Sources Ltd. filed with the Securities and Exchange Commission on April 5, 2001.
- (4) Incorporated by reference to Form S-8 Registration Statement filed with the Securities and Exchange Commission on June 1, 2001.
- (5) Incorporated by reference to Form 6-K filed with the Securities and Exchange Commission on April 25, 2002.
- (6) Incorporated by reference to Form 20-F Annual Report of Global Sources Ltd. filed with the Securities and Exchange Commission on June 12, 2006 and confidential treatment requested (the confidential portions of such exhibits have been omitted and filed separately with the Securities and Exchange Commission)

- (7) Incorporated by reference to Form S-8 Registration Statement filed with the Securities and Exchange Commission on April 10, 2003.
- (8) Incorporated by reference to Form 20-F Annual Report of Global Sources Ltd. filed with the Securities and Exchange Commission on April 26, 2012.
- (9) Incorporated by reference to Form 20-F Annual Report of Global Sources Ltd. filed with the Securities and Exchange Commission on April 26, 2013.
- (10) Incorporated by reference to Form 20-F Annual Report of Global Sources Ltd. filed with the Securities and Exchange Commission on April 30, 2002.
- (11) Incorporated by reference to Form 6-K filed with the Securities and Exchange Commission on May 6, 2002.
- (12) Incorporated by reference to Form 6-K filed with the Securities and Exchange Commission on August 13, 2002.
- (13) Incorporated by reference to Form 20-F Annual Report of Global Sources Ltd. filed with the Securities and Exchange Commission on May 13, 2005.
- (14) Incorporated by reference to Form S-8 Registration Statement filed with the Securities and Exchange Commission on November 7, 2006.
- (15) Incorporated by reference to Form 20-F Annual Report of Global Sources Ltd. filed with the Securities and Exchange Commission on June 28, 2007.
- (16) Incorporated by reference to Form 20-F Annual Report of Global Sources Ltd. filed with the Securities and Exchange Commission on June 25, 2008.
- (17) Incorporated by reference to Form 20-F Annual Report of Global Sources Ltd. filed with the Securities and Exchange Commission on June 26, 2009.
- (18) Incorporated by reference to Form 6-K filed with the Securities and Exchange Commission on May 11, 2012.
- (19) Incorporated by reference to Form 6-K filed with the Securities and Exchange Commission on December 21, 2012.
- (20) Incorporated by reference to Form 6-K filed with the Securities and Exchange Commission on March 21, 2005.
- (21) Incorporated by reference to Form 6-K filed with the Securities and Exchange Commission on February 5, 2008.
- (22) Incorporated by reference to Form 6-K filed with the Securities and Exchange Commission on February 12, 2009.

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

GLOBAL SOURCES LTD.

By: /s/ Connie Lai  
Connie Lai,  
Chief Financial Officer

Date: April 24, 2015