



FOR IMMEDIATE RELEASE

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**Global Sources Announces Fourth Quarter and Year-End 2005 Results
- Fourth Quarter Revenue Up 10% over 2004 -
- Company Provides First Half 2006 Guidance of 28% Revenue Growth
Compared to First Half 2005 -**

NEW YORK, March 7, 2006 - Global Sources Ltd. (NASDAQ: GSOL) today reported financial results for the fourth quarter and year ended Dec. 31, 2005.

Highlights: Fourth Quarter 2005 Compared to Fourth Quarter 2004

- Revenue was \$32.3 million, up 10 percent compared to \$29.5 million.
- Revenue from China totaled \$17.8 million, up 19 percent from \$15.0 million.
- Exhibitions revenue totaled \$6.3 million, up 18 percent from \$5.4 million.
- Deferred income and customer prepayments, all received in cash, were \$53.0 million, up 75 percent from \$30.2 million.

Operating expenses for the fourth quarter of 2005 were \$28.5 million, compared to \$25.0 million in the prior year's quarter. The expected increase was due mainly to sales, operations and particularly marketing expenses for the *China Sourcing Fairs* scheduled to be held for the first time in Hong Kong starting in April 2006. Net income was \$4.5 million, or \$0.12 per diluted share, compared to \$5.0 million, or \$0.14 per diluted share.

Chairman and chief executive officer Merle A. Hinrichs said: "In 2005, Global Sources built upon its leadership position of providing end-to-end, integrated marketing communications offerings. We established trade shows as a powerful addition to our online and print media and we built the foundation for operating a much larger trade show business. Trade shows are expected to drive strong overall revenue growth in 2006, increase cross selling opportunities and enhance our competitive differentiation."

For the year ended Dec. 31, 2005, revenue was \$112.2 million, compared to \$105.8 million in the year ended Dec. 31, 2004. Net income for the year ended Dec. 31, 2005 was \$13.4 million, compared to \$15.8 million in the prior year. The earnings per diluted share for the year ended Dec. 31, 2005 were \$0.35, compared to \$0.45, in the prior year's period, based upon 38,421,355 and 35,107,300 shares used in diluted net income per share calculations, respectively.

Chief financial officer Eddie Heng said: "Deferred income and customer prepayments, which include short- and long-term advance collections for online, print and trade shows, was \$53.0 million for the quarter ended December 31, 2005, a 75 percent increase compared to \$30.2 million one year ago. The majority of the increase reflects growth in our trade show business, which we believe will be a primary contributor to the 28 percent revenue growth we anticipate for the first half of 2006. However, as the shows are new, we will be investing heavily to maximize their success and expect 2006 investments to be similar to their revenue contribution.

Hinrichs concluded: "In 2005, we continued to invest in our future. In 2006, we expect to see substantial revenue growth but will continue investing, with the focus being the successful launch of our new shows in Hong Kong, and their future profitability. At the same time, the shows have already enhanced our value proposition of being uniquely capable of helping suppliers create and deliver integrated marketing programs. Suppliers are becoming increasingly aware of the importance of surrounding their prospects – and reaching them with messages from every angle including online, in print, and face-to-face meetings at trade shows."

Financial Outlook

First quarter 2006 revenue is expected to be in the range of \$27.5 million to \$28.5 million, which includes revenue for the *11th Annual IIC-China Show* scheduled for March. In 2005, this mature and profitable show was held in April and generated \$3.1 million in revenue. This shift in timing in 2006 from the second quarter to the first quarter will positively impact the company's revenue. Therefore, profitability may be higher in the first quarter than the rest of the year and result in uneven quarter over quarter comparisons to the first and second quarters of 2005. First quarter 2006 earnings per diluted share are expected to be between \$0.08 and \$0.10.

Revenue for the six-month period ended June 30, 2006 is expected to be in the range of \$69.0 million to \$71.0 million. As noted, throughout 2006 Global Sources expects substantial ongoing investments in the *China Sourcing Fairs* in Hong Kong. Some of this investment will be offset by *IIC-China's* profitability, and earnings per diluted share guidance for the six month period ended June 30, 2006 is expected to be in the range of \$0.13 to \$0.16.

Recent Corporate Highlights

- Announced today that the board of directors declared a 1-for-10 bonus share issue on outstanding common shares. Shareholders of record on March 15th will receive one additional common share for every ten common shares held, of face value of \$0.01 each. The bonus share issue will be distributed on or about April 17th.
- Expanded exclusive Asian sourcing alliance with Agentrics LLC, which represents 50 global retailers with over \$1 trillion in annual sales and was recently formed by the merger of WorldWide Retail Exchange and GlobalNetXchange. The broadened agreement includes promoting Global Sources' *China Sourcing Fairs* to Agentrics' retail membership, and offering buyers priority registration and private sourcing opportunities for the fairs.
- Launched five new websites:
 - *Electronic Design-China* launched a website to provide daily design information to design engineers and technical managers in China. (<http://www.ed-china.com>)
 - *Electronic Engineering Times-Asia* launched a website to support design engineers in India. (<http://www.eetindia.com>)
 - *Electronic Engineering Times-China* launched three websites targeted at designers of cell phones (<http://www.cellphone.eetchina.com>), media players (<http://www.mediaplayer.eetchina.com>) and automotive electronics (<http://www.Autoelectronics.eetchina.com>)
- Celebrated Global Sources' 35th anniversary with various events including the opening of its new 96,000 square-foot China headquarters in the Shenzhen International Chamber of Commerce Tower.
- Held two *China Sourcing Fairs: Electronics & Components* and *Gifts & Home Products* in Shanghai, China. The October events had approximately 1,900 booths and were attended by over 37,400 buyers from 136 countries and territories.
- Increased Global Sources' independently certified community of active buyers to more than 479,000 at the end of the fourth quarter, a 13 percent increase compared to the fourth quarter of 2004.

- Generated over 5.84 million Requests-For-Information (RFIs) from buyers to suppliers through *Global Sources Online* for the twelve-month period ending Dec. 31, 2005, up by more than 38 percent compared to the same period in 2004.

Conference Call

Global Sources will conduct a conference call at 8:00 a.m. EST on March 7, 2006 (9:00 p.m. on March 7, 2006 in Hong Kong) to review these results in more detail. Investors in the United States may participate in the call by dialing (800) 218-0713, and international participants may dial (1-303) 262-2130. Investors in Hong Kong may call (852) 3009-3050. A live webcast of the conference call will be available on Global Sources' corporate site at www.investor.globalsources.com.

For those who cannot listen to the live broadcast, a webcast replay of the call is scheduled to be available on the company's corporate site for at least 30 days. A telephone replay of the call is also scheduled to be available through March 9, 2006. To listen to the telephone replay, dial (800) 405-2236, or dial (1-303) 590-3000 outside the United States, and enter pass code 11052987#. In the Hong Kong area, the replay dial-in number is (852) 2287-4304, and the pass code is 253110#.

About Global Sources

Global Sources is a leading business-to-business (B2B) media company and a primary facilitator of two-way trade with Greater China. It provides sourcing information to volume buyers and integrated marketing services to suppliers.

The company helps its community of more than 479,000 active buyers to source more profitably from complex, overseas supply markets. With the goal of providing as many effective ways as possible to advertise, market and sell, Global Sources enables suppliers to sell to hard-to-reach buyers in 230 countries.

The company offers the most extensive range of media and export marketing services in the industries it serves. Suppliers using its four primary channels – online marketplaces, magazines, trade shows and direct online sales – are supported by its advertising creative, education programs and online content management applications.

Global Sources delivers information on 1.4 million products and more than 130,000 suppliers annually through 10 leading online marketplaces and monthly magazines, more than 100 sourcing research reports, and 14 China Sourcing Fairs and other trade shows. Buyers send more than 5.8 million inquiries annually to suppliers through Global Sources Online (www.globalsources.com) alone. Global Sources Direct is the company's new initiative that helps suppliers sell online.

In mainland China, Global Sources has a 25-year track record and 1,400 team members in 44 locations. Its services are backed by 35 years experience as a trade magazine publisher, 14 years as an organizer of trade shows, and 10 years as an online marketplace operator.

Safe Harbor Statement

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

Tables to Follow

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

| | At December 31 2005 (Unaudited) | At December 31 2004 |
|--|--|---------------------------|
| <u>ASSETS</u> | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 94,321 | \$ 41,195 |
| Available-for-sale securities..... | 23,982 | 10,172 |
| Accounts receivable, net..... | 5,545 | 5,147 |
| Receivables from sales representatives..... | 5,659 | 3,407 |
| Inventory of paper..... | 866 | 750 |
| Prepaid expenses and other current assets..... | 10,585 | 2,926 |
| Total Current Assets..... | 140,958 | 63,597 |
| Property and equipment, net..... | 28,178 | 24,902 |
| Long term investments | 100 | 100 |
| Bonds held to maturity, at amortized cost | 463 | 666 |
| Other assets..... | 1,981 | 3,260 |
| Total Assets..... | \$ 171,680 | \$ 92,525 |
| <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u> | | |
| Current Liabilities: | | |
| Accounts payable..... | \$ 5,484 | \$ 4,798 |
| Deferred income and customer prepayments..... | 52,624 | 28,775 |
| Accrued liabilities..... | 6,644 | 5,921 |
| Income taxes payable..... | 405 | 384 |
| Total Current Liabilities..... | 65,157 | 39,878 |
| Liabilities for incentive and bonus plans..... | 307 | 467 |
| Deferred income and customer prepayments – long term..... | 348 | 1,420 |
| Minority interest | 6,191 | 4,910 |
| Deferred tax liability | 436 | 327 |
| Total Liabilities..... | 72,439 | 47,002 |
| Shareholders' equity: | | |
| Common shares, US\$0.01 par value; 50,000,000 shares authorized; 38,338,779 (2004: 35,032,729) shares issued and outstanding..... | 383 | 350 |
| Additional paid in capital | 127,747 | 86,342 |
| Retained deficit | (21,199) | (34,577) |
| Less : Unearned compensation | (7,900) | (6,831) |
| Accumulated other comprehensive income | 210 | 239 |
| Total Shareholders' Equity..... | 99,241 | 45,523 |
| Total Liabilities and Shareholders' Equity..... | \$ 171,680 | \$ 92,525 |

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

| | Three months ended December 31 | | Year ended December 31 | |
|--|-----------------------------------|---------------------|---------------------------|--------------------|
| | 2005 (Unaudited) | 2004 (Unaudited) | 2005 (Unaudited) | 2004 |
| Revenue: | | | | |
| Online and other media services (Note 1) | \$ 25,558 | \$ 24,019 | \$ 97,062 | \$ 92,325 |
| Exhibitions | 6,339 | 5,374 | 14,300 | 13,010 |
| Miscellaneous | 434 | 132 | 832 | 511 |
| | 32,331 | 29,525 | 112,194 | 105,846 |
| Operating Expenses: | | | | |
| Sales | 8,978 | 7,239 | 33,910 | 29,956 |
| Event production | 1,987 | 1,836 | 3,920 | 3,774 |
| Community | 6,729 | 5,878 | 20,623 | 17,890 |
| General and administrative | 8,911 | 7,677 | 33,641 | 30,329 |
| Online services development..... | 908 | 1,126 | 3,920 | 4,232 |
| Non-cash compensation expense (Note 2) | 625 | 876 | 1,948 | 2,117 |
| Amortization of software cost..... | 329 | 373 | 1,335 | 1,480 |
| Total Operating Expenses..... | 28,467 | 25,005 | 99,297 | 89,778 |
| Income from Operations..... | 3,864 | 4,520 | 12,897 | 16,068 |
| Interest and dividend income..... | 830 | 83 | 1,624 | 219 |
| Gain on sale of available-for-sale securities..... | 420 | 530 | 977 | 1,120 |
| Foreign exchange gains (losses), net..... | (2) | 302 | (80) | 240 |
| Income before Income Taxes..... | 5,112 | 5,435 | 15,418 | 17,647 |
| Income Tax Provision..... | (284) | (45) | (759) | (651) |
| Net Income before Minority Interest | \$ 4,828 | \$ 5,390 | \$ 14,659 | \$ 16,996 |
| Minority interest..... | \$ (294) | \$ (389) | \$ (1,281) | \$ (1,227) |
| Net Income | \$ 4,534 | \$ 5,001 | \$ 13,378 | \$ 15,769 |
| Retained deficit brought forward | | | \$ (34,577) | \$ (50,346) |
| Retained deficit carried forward | | | \$ (21,199) | \$ (34,577) |
| Basic net income per share | \$ 0.12 | \$ 0.14 | \$ 0.36 | \$ 0.45 |
| Shares used in basic net income per share calculations..... | 38,338,779 | 35,032,729 | 37,596,448 | 35,031,656 |
| Diluted net income per share | \$ 0.12 | \$ 0.14 | \$ 0.35 | \$ 0.45 |
| Shares used in diluted net income per share calculations..... | 38,404,958 | 35,090,833 | 38,421,355 | 35,107,300 |

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

| | Three months ended December 31 | | Year ended December 31 | |
|----------------------|--------------------------------|---------------------|------------------------|------------------|
| | 2005 (Unaudited) | 2004 (Unaudited) | 2005 (Unaudited) | 2004 |
| Online services..... | \$ 13,446 | \$ 13,083 | \$ 53,829 | \$ 52,106 |
| Print services..... | 12,112 | 10,936 | 43,233 | 40,219 |
| | \$ 25,558 | \$ 24,019 | \$ 97,062 | \$ 92,325 |

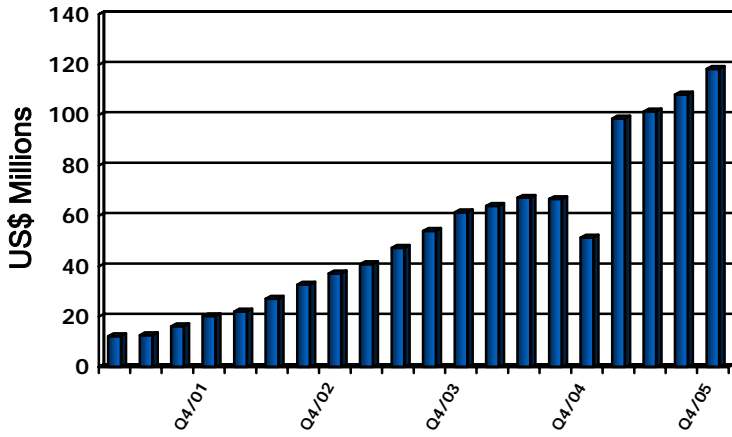
Note : 2. Reflects the non-cash compensation expenses associated with the employee equity compensation plans and Directors Purchase Plan. Non-cash compensation represents the following categories of expenses:

| | Three months ended December 31 | | Year ended December 31 | |
|-----------------------------------|--------------------------------|---------------------|------------------------|-----------------|
| | 2005 (Unaudited) | 2004 (Unaudited) | 2005 (Unaudited) | 2004 |
| Sales | \$ 195 | \$ 318 | \$ 505 | \$ 626 |
| Community | 27 | 34 | 103 | 93 |
| General and administrative | 351 | 422 | 1,025 | 1,066 |
| Online services development | 52 | 102 | 315 | 332 |
| | \$ 625 | \$ 876 | \$ 1,948 | \$ 2,117 |

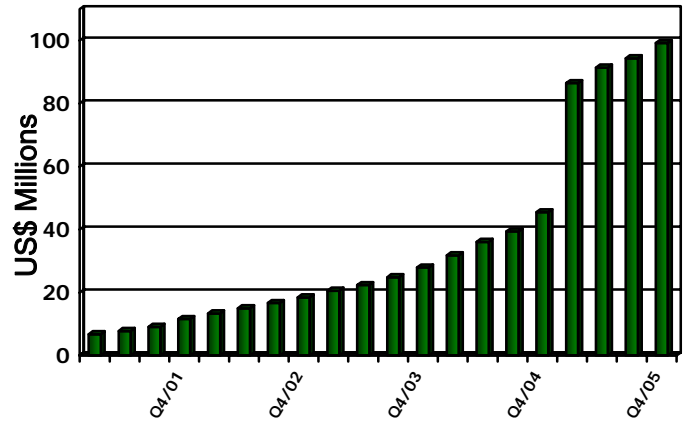
GLOBAL SOURCES LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In U.S. Dollars Thousands, Except Number of Shares and Per Share Data)

| | Year ended December 31 | |
|--|------------------------|-----------------|
| | 2005 | 2004 |
| | (Unaudited) | |
| Cash flows from operating activities: | | |
| Net income | \$ 13,378 | \$ 15,769 |
| Adjustments to reconcile net income to net cash provided by operating activities | | |
| Depreciation and amortization | 3,975 | 4,052 |
| Accretion of U.S. Treasury strips zero % coupons | (37) | (57) |
| Profit on sale of equipment | (12) | (1) |
| Equipment written off | 86 | 26 |
| Gain on sale of available-for-sale securities | (977) | (1,120) |
| Interest and dividend income on available-for-sale securities | (1,283) | (92) |
| Bad debt expense | 18 | (716) |
| Non-cash compensation expense | 1,948 | 2,117 |
| Income attributable to minority shareholder | 1,281 | 1,227 |
| | 18,377 | 21,205 |
| Changes in assets and liabilities: | | |
| Accounts receivables..... | (416) | 76 |
| Receivables from sales representatives..... | (2,252) | 476 |
| Inventory of paper..... | (116) | (47) |
| Prepaid expenses and other current assets..... | (7,532) | (1,108) |
| Long term assets..... | 1,279 | (2,024) |
| Accounts payable..... | 686 | 366 |
| Accrued liabilities and liabilities for incentive and bonus plans..... | 563 | (97) |
| Deferred income and customer prepayments..... | 22,777 | 2,741 |
| Tax liability | 130 | (391) |
| Net cash provided by operating activities..... | 33,496 | 21,197 |
| Cash flows from investing activities: | | |
| Purchase of property and equipment..... | (7,338) | (21,111) |
| Proceeds from sales of equipment..... | 13 | 2 |
| Proceeds from matured bonds..... | 240 | 383 |
| Net (purchase) sale of available-for-sale securities..... | (11,706) | 25,809 |
| Net cash (used for) generated from investing activities..... | (18,791) | 5,083 |
| Cash flows from financing activities: | | |
| Repayment of amount due to a shareholder..... | - | (11,404) |
| Proceeds from the issue of common shares, net of share issue expenses..... | 38,303 | - |
| Amount received towards directors purchase plan | 118 | 92 |
| Net cash generated from (used for) financing activities..... | 38,421 | (11,312) |
| Net increase in cash and cash equivalents | 53,126 | 14,968 |
| Cash and cash equivalents, beginning of the year | 41,195 | 26,227 |
| Cash and cash equivalents, end of the year | 94,321 | 41,195 |
| Supplemental cash flow disclosures: | | |
| Income tax paid..... | \$ 629 | \$ 1,042 |

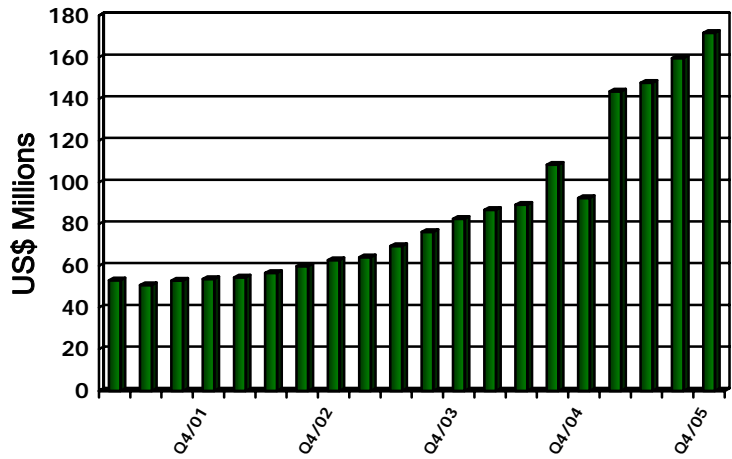
Total Cash and Securities



Total Shareholders' Equity



Total Assets



**Total Deferred Income
Customer Prepayments**

