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Global Sources Fourth Quarter and Year End 2006 Results

- Quarterly Revenue Up 62% Compared to Fourth Quarter 2005 Driven by

Successful *China Sourcing Fairs* -

- Annual 2006 Revenue Grew 39% Compared to 2005 -

NEW YORK, March 6, 2007 - Global Sources Ltd. (NASDAQ: GSOL) reported financial results for the fourth quarter and year ended Dec. 31, 2006.

Highlights: Fourth Quarter 2006 Compared to Fourth Quarter 2005

- * Revenue of \$52.3 million was up 62 percent from \$32.3 million.
 - Online revenue was \$16.9 million, up 26 percent from \$13.4 million.
 - Print revenue was \$13.4 million, up 11 percent from \$12.1 million.
 - Exhibitions revenue was \$21.6 million, up 241 percent from \$6.3 million.
- * Revenue from China was \$30.1 million, up 69 percent from \$17.8 million.
- * Deferred income and customer prepayments were \$63.8 million at December 31st, up 20 percent from \$53.0 million.

During the fourth quarter, the company recorded two significant non-operating entries in accordance with generally accepted accounting principles (GAAP): a gain of \$7.9 million related to the sale of 199 shares of its subsidiary eMedia Asia Ltd. and interest income thereon and an impairment charge of \$743,000 on its HC International investment.

Management defines non-GAAP net income as net income excluding the gain on the sale of shares to a minority shareholder, interest income related to the repayment of the promissory note, and the impairment charge on its HC International investment. Non-GAAP net income per diluted common share is defined as non-GAAP net income divided by the weighted average of diluted common shares outstanding. Management believes non-GAAP net income

and non-GAAP net income per diluted common share are useful measures. Tables reconciling GAAP and non-GAAP measures follow in this press release.

GAAP net income was \$15.3 million, or \$0.36 per diluted share. Non-GAAP net income was \$8.1 million, or \$0.19 per diluted share. This compares to fourth quarter net income, GAAP and non-GAAP, of \$4.5 million, or \$0.11 per diluted share.

Chairman and CEO Merle A. Hinrichs said: “In 2006, our 39 percent growth in total revenue was driven primarily by 50 percent revenue growth from China. In terms of individual revenue lines, exhibitions were the key contributor with total exhibitions revenue growing 195 percent compared to last year. We sold nearly 13,000 booths at our *China Sourcing Fairs* in their first year at our new and larger venue in Hong Kong. Also, the launch of online marketplaces and magazines for new verticals combined with effective cross-selling drove double-digit year-over-year growth for our online services and magazines.”

Highlights: Yearly Revenue \$156.5 Million

For the year ended Dec. 31, 2006, revenue was \$156.5 million, up 39 percent compared to \$112.2 million for the year ended Dec. 31, 2005. The revenue mix for the year was 41 percent online, 31 percent print, 27 percent exhibitions and 1 percent miscellaneous, compared to 48 percent online, 38 percent print, 13 percent exhibitions and 1 percent miscellaneous in 2005. GAAP net income for the year was \$27.9 million, or \$0.66 per diluted share. Non-GAAP net income for the year was \$20.7 million, or \$0.49 per diluted share. This compares to 2005 net income, GAAP and non-GAAP, of \$13.4 million.

“We enter 2007 with a more diversified revenue base and a larger number of customers. Our strategies to drive growth include penetrating the markets for our existing products; launching new online marketplaces, magazines and *China Sourcing Fairs*; and furthering our expansion into China’s domestic B2B market,” Hinrichs continued.

CFO Eddie Heng said: “In 2006, we generated cash provided by operating activities of \$43.6 million. During the year, cash and securities grew over 30 percent to \$155.8 million at December 31st, giving us even greater flexibility to take advantage of growth opportunities.”

Financial Expectations: First Quarter and First Half 2007 Revenue Increase Up to 15 Percent

First quarter 2007 revenue is expected to be in the range of \$33.5 million to \$34.5 million, representing growth between 12 percent and 15 percent compared to the same quarter last year. First quarter 2007 earnings per diluted share, GAAP and non-GAAP, are expected to be between \$0.11 and \$0.13. This range represents growth between 10 percent and 30 percent, compared to \$0.10 per diluted share in the first quarter 2006.

Revenue for the six-month period ended June 30, 2007 is expected to be in the range of \$83.5 million to \$86.5 million. Compared to \$74.9 million for the first six months of 2006 this represents an increase of 11 percent to 15 percent. As noted previously, given that the *China Sourcing Fairs* were held for the first time in Hong Kong in 2006, the company continues to invest heavily to maximize their success and expects 2007 investments in existing and new *China Sourcing Fairs* to be similar to their revenue contribution.

Earnings per diluted share, GAAP and non-GAAP, for the six-month period ended June 30, 2007 are expected to be in the range of \$0.22 to \$0.26. This range is up 10 percent to 30 percent when compared to \$0.20 per diluted share for the same period in 2006.

Heng added, "In the first half of the year, we plan to launch additional online marketplaces and associated magazines. In addition, our new *China Sourcing Fair* in Shanghai is scheduled for December 2007. As such, we expect organic revenue growth for the second half of 2007 to be greater than the first half of 2007."

Recent Corporate Highlights: Four New *China Sourcing Fairs* Scheduled for 2007; New Online Marketplaces and Magazines; Larger Buyer Community

- Announced today that the board of directors declared a one for ten bonus share issue on outstanding common shares. Shareholders of record on March 16, 2007 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 16, 2007.
- Announced the launch of four new *China Sourcing Fairs* for 2007: *Underwear & Swimwear* (Hong Kong, April and October); *Gifts & Home Products* (Dubai, June); and *Fashion Accessories* and *Baby & Children's Products* (Shanghai, December 2007, and June and December from 2008).

- Agentrics, who serves 17 of the world's top 30 retailers, is scheduled to hold Agentrics Sourcing World: Asia 2007 in April, in conjunction with Global Sources' *China Sourcing Fairs*. As the co-host, Global Sources plans to help buyers arrange meetings with manufacturers.
- Launched online vertical marketplaces and monthly magazines for *Gifts & Premiums* and *Home Products*.
- Announced the launch of *Security Products* magazine effective April 2007 to accompany the existing online marketplace.
- Held three *China Sourcing Fairs* in Hong Kong in October. More than 81,000 buyers from 170 countries and territories attended and were able to view more than 7,000 booths.
- Held the *Ninth Annual Franchising China Conference & Exhibition* in November in Shanghai, Guangzhou and Beijing, which featured over 300 booths and 120 exhibitors.
- Increased Global Sources' independently certified community of active buyers to more than 560,000 at the end of the fourth quarter, an 18 percent increase compared to the same time last year.
- Grew lead generation through *Global Sources Online*, which is measured as requests for information from buyers to suppliers, to over 10 million for the 12 months ending Dec. 31, 2006. This is a 77 percent increase over the same period last year.

Conference Call for Global Sources Fourth Quarter and Year End 2006 Earnings

Global Sources plans to conduct a conference call at 8:00 a.m. ET on March 6 (9:00 p.m. on March 6, 2007 in Hong Kong) to review these results in more detail. Investors in the United States may participate in the call by dialing (888) 212-8315, and international participants may dial (1-706) 643-0144. Investors in Hong Kong may call (852) 3011-4515. A live webcast of the conference call is scheduled to be available on Global Sources' corporate site at <http://www.investor.globalsources.com>.

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 8, 2007. To listen to the telephone replay, dial (800) 642-1687, or (1-706) 645-9291 outside the United States, and enter pass code 8244322#. For those in the Hong Kong area, the replay number is (852) 3011-4541, with pass code 8244322#.

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. The core business is facilitating trade from Greater China to the world, using a wide range of English-language media. The other key business segment facilitates trade from the world to Greater China using Chinese-language media.

The company provides sourcing information to volume buyers and integrated marketing services to suppliers. It helps a community of over 560,000 active buyers source more profitably from complex, overseas supply markets. With the goal of providing the most effective ways possible to advertise, market and sell, Global Sources enables suppliers to sell to hard-to-reach buyers in 230 countries.

The company offers the most extensive range of media and export marketing services in the industries it serves. It delivers information on 1.8 million products and more than 150,000 suppliers annually through 13 online marketplaces, 11 monthly magazines, over 100 sourcing research reports and nine specialized trade shows which run 22 times a year across seven cities. Suppliers receive more than 10 million sales leads annually from buyers through *Global Sources Online* (<http://www.globalsources.com>) alone.

Global Sources has been facilitating global trade for 36 years. In mainland China it has over 1,600 team members in 44 locations, and a community of over 1 million registered online users and magazine readers for Chinese-language media.

Safe Harbor Statement

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

- Tables to Follow -

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

	At December 31 2006 (Unaudited)	At December 31 2005
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 25,192	\$ 94,321
Available-for-sale securities (Note 1)	130,603	23,982
Accounts receivable, net.....	6,468	5,545
Receivables from sales representatives.....	13,238	5,659
Inventory of paper.....	889	866
Prepaid expenses and other current assets.....	14,174	10,585
Total Current Assets.....	190,564	140,958
Property and equipment, net.....	28,374	28,178
Long term investments	100	100
Bonds held to maturity, at amortized cost	289	463
Other assets.....	1,562	1,981
Total Assets.....	\$ 220,889	\$ 171,680
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Current Liabilities:		
Accounts payable.....	\$ 6,804	\$ 5,484
Deferred income and customer prepayments.....	62,036	52,624
Accrued liabilities.....	12,427	6,644
Income taxes payable.....	751	405
Total Current Liabilities.....	82,018	65,157
Liabilities for incentive and bonus plans.....	102	307
Deferred income and customer prepayments – long term.....	1,802	348
Deferred tax liability	403	436
Total Liabilities.....	84,325	66,248
Minority interest.....	2,913	6,191
Shareholders' equity:		
Common shares, US\$0.01 par value; 75,000,000 shares authorized; 42,271,144 (2005: 42,174,344) shares issued and outstanding.....	423	422
Additional paid in capital (Note 2).....	126,323	127,708
Retained earnings (deficit)	4,339	(21,199)
Less : Unearned compensation (Note 2).....	-	(7,900)
Accumulated other comprehensive income (Note 1)	2,566	210
Total Shareholders' Equity.....	133,651	99,241
Total Liabilities and Shareholders' Equity.....	\$ 220,889	\$ 171,680

Note: 1. The Company recorded \$14.5 million, being approximately 13.09% equity interest in HC International at fair value based on the closing share price of HCI, as at December 31, 2006, as available-for-sale securities in the financial statements as at December 31, 2006. The unrealized market gain of \$2.3 million has been credited to accumulated other comprehensive income, shown under shareholders' equity.

Note: 2. The Company adopted SFAS No. 123(R), "Share Based Payment" with effect from January 1, 2006. The unearned compensation costs associated with the Employee Compensation Plans at the beginning of the year 2006 were reversed as per SFAS No. 123(R).

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	
	2006	2005	2006	2005
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue:				
Online and other media services (Note 3)	\$ 30,335	\$ 25,558	\$ 113,097	\$ 97,062
Exhibitions	21,608	6,339	42,122	14,300
Miscellaneous	361	434	1,262	832
	52,304	32,331	156,481	112,194
Operating Expenses:				
Sales (Note 4).....	15,451	9,173	50,380	34,415
Event production	9,169	1,987	18,414	3,920
Community (Note 4).....	8,231	6,756	24,885	20,726
General and administrative (Note 4)	10,605	9,262	38,945	34,666
Online services development (Note 4).....	1,145	960	4,499	4,235
Amortization of software cost.....	328	329	1,250	1,335
Total Operating Expenses.....	44,929	28,467	138,373	99,297
Income from Operations.....	7,375	3,864	18,108	12,897
Interest and dividend income.....	1,797	830	5,571	1,624
Gain on sale of available-for-sale securities.....	-	420	309	977
Gain on sale of shares to minority shareholder and interest income thereon (Note 5).....	7,906	-	7,906	-
Loss on investment, net.....	(743)	-	(743)	-
Foreign exchange losses, net.....	(258)	(2)	(714)	(80)
Income before Income Taxes.....	16,077	5,112	30,437	15,418
Income Tax Provision.....	(323)	(284)	(899)	(759)
Net Income before Minority Interest	\$ 15,754	\$ 4,828	\$ 29,538	\$ 14,659
Minority interest.....	\$ (444)	\$ (294)	\$ (1,909)	\$ (1,281)
Net Income before cumulative effect of change in accounting principle.....	\$ 15,310	\$ 4,534	\$ 27,629	\$ 13,378
Cumulative effect of change in accounting principle (Note 6) ...	-	-	251	-
Net Income	\$ 15,310	\$ 4,534	\$ 27,880	\$ 13,378
Diluted net income per share	\$ 0.36	\$ 0.11	\$ 0.66	\$ 0.32
Shares used in diluted net income per share calculations.	42,375,913	42,223,288	42,326,365	41,424,055

Note : 3. Online and other media services consists of:

	Three months ended December 31		Year ended December 31	
	2006	2005	2006	2005
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Online services.....	\$ 16,927	\$ 13,446	\$ 64,396	\$ 53,829
Print services.....	13,408	12,112	48,701	43,233
	\$ 30,335	\$ 25,558	\$ 113,097	\$ 97,062

Note : 4. Non-cash compensation expenses associated with the employee equity compensation plans and Directors Purchase Plan included under various categories of expenses are as follows:

	Three months ended December 31		Year ended December 31	
	2006	2005	2006	2005
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales	\$ 706	\$ 195	\$ 1,790	\$ 505
Community	65	27	145	103
General and administrative	398	351	1,950	1,025
Online services development	39	52	181	315
	\$ 1,208	\$ 625	\$ 4,066	\$ 1,948

Note : 5. The sale of 199 shares of our subsidiary eMedia Asia Ltd. increased our net income and diluted net income per share for both the quarter and the year ended December 31, 2006 by \$7,906 and \$0.19 respectively.

Note : 6. Represents the cumulative effect of change in accounting principle, resulting from the adoption of SFAS No. 123(R) with effect from January 1, 2006.

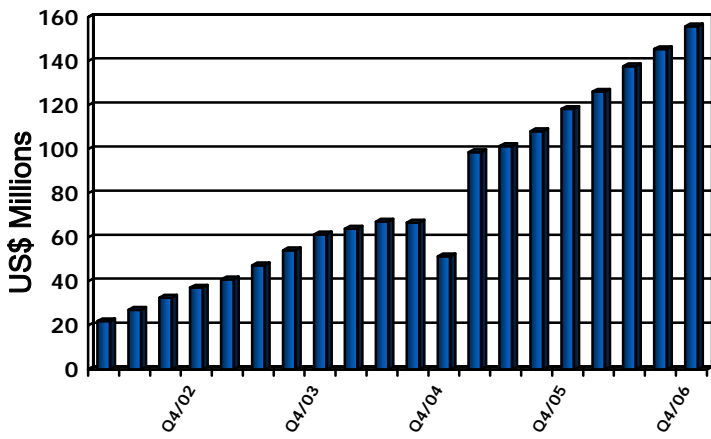
GLOBAL SOURCES LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In U.S. Dollars Thousands, Except Number of Shares and Per Share Data)

	Year ended December 31	
	2006	2005
	(Unaudited)	
Cash flows from operating activities:		
Net income	\$ 27,880	\$ 13,378
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	4,678	3,975
Accretion of U.S. Treasury strips zero % coupons	(26)	(37)
Profit on sale of equipment	(30)	(12)
Equipment written off	2	86
Unrealised dividend income on available-for-sale securities	-	(134)
Unrealised interest income on available-for-sale securities.....	(1,036)	-
Bad debt expense.....	216	18
Non-cash compensation expense	4,066	1,948
Cumulative effect of change in accounting principle.....	(251)	-
Income attributable to minority shareholder	1,909	1,281
	37,408	20,503
Changes in assets and liabilities:		
Accounts receivables.....	(1,139)	(416)
Receivables from sales representatives.....	(7,579)	(2,252)
Inventory of paper.....	(23)	(116)
Prepaid expenses and other current assets.....	(3,589)	(7,525)
Long term assets.....	419	1,279
Accounts payable.....	1,320	686
Accrued liabilities and liabilities for incentive and bonus plans.....	5,578	563
Deferred income and customer prepayments.....	10,866	22,777
Tax liability	313	130
Net cash provided by operating activities.....	43,574	35,629
Cash flows from investing activities:		
Purchase of property and equipment.....	(4,876)	(7,338)
Proceeds from sale of equipment.....	30	13
Proceeds from matured bonds.....	200	240
Purchase of available-for-sale securities.....	(531,979)	(363,544)
Proceeds from sale of available-for-sale securities.....	428,750	349,705
Repurchase of share dividends from minority shareholder.....	(5,187)	-
Net cash used in investing activities.....	(113,062)	(20,924)
Cash flows from financing activities:		
Proceeds from the issue of common shares, net of share issue expenses.....	-	38,303
Amount received towards directors purchase plan	359	118
Net cash generated from financing activities.....	359	38,421
Net (decrease) increase in cash and cash equivalents	(69,129)	53,126
Cash and cash equivalents, beginning of the year... ..	94,321	41,195
Cash and cash equivalents, end of the year... ..	\$ 25,192	\$ 94,321
Supplemental cash flow disclosures:		
Income tax paid.....	\$ 586	\$ 629

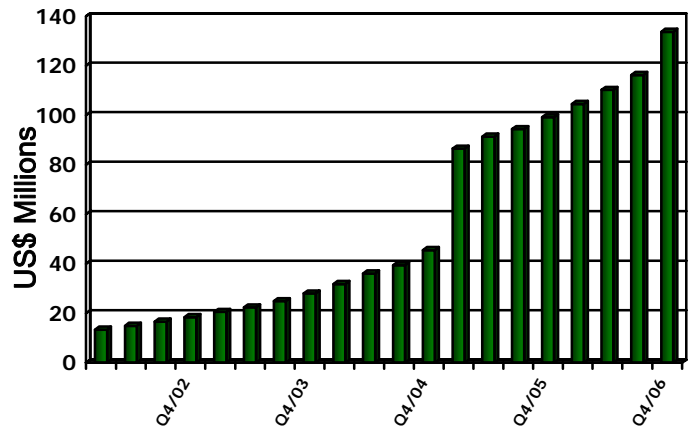
GLOBAL SOURCES LTD. AND SUBSIDIARIES
GAAP to NON-GAAP RECONCILIATION
(In U.S. Dollars Thousands, Except Number of Shares and Per Share Data)

	Three months ended December 31		Year ended December 31	
	2006	2005	2006	2005
Net Income	\$ 15,310	\$ 4,534	\$ 27,880	\$ 13,378
Less:				
Gain on sale of shares to minority shareholder and interest income thereon	(7,906)	0	(7,906)	0
Loss on investment	743	0	743	0
Non-GAAP Net Income	\$ 8,147	\$ 4,534	\$ 20,717	\$ 13,378
Non-GAAP diluted net income per share	\$ 0.19	\$ 0.11	\$ 0.49	\$ 0.32
Shares used in non-GAAP diluted net income per share calculations	42,375,913	42,223,288	42,326,365	41,424,055
<u>Non-GAAP Net Income :</u>				
Non-GAAP net income is defined as Net Income adjusted for the following:				
(i) A gain of \$7.9 million related to the sale 199 shares of its subsidiary eMedia Asia Ltd. minority shareholder and interest income thereon;				
(ii) An impairment charge of approximately \$743,000 on the company's HC International investment.				

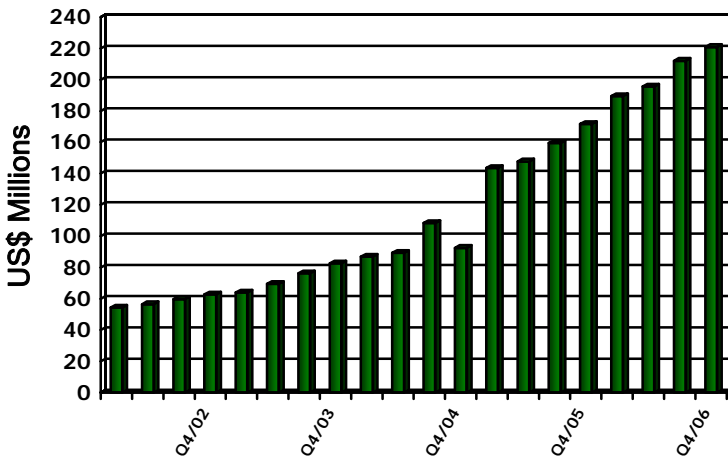
Total Cash and Securities



Total Shareholders' Equity



Total Assets



**Total Deferred Income
Customer Prepayments**

