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Media Release

Sapphire reverses losses to post net profit of S\$6.5 million in 3Q2009

Singapore-Listed Sapphire Posts Net Profit of S\$6.5 Million in 9M2009, Reversing Loss in 1H2009; Sustained Development of Key PRC Resource Subsidiary and Associate Companies to Drive Future Performance

- Sapphire posts net profit of S\$6.5 million on recognition of revenue from 51.0%-held Special Steel, reversing losses of S\$183,000 in 1H2009.
- Based on weighted number of shares, earning per share rose to 0.056 Singapore cent (based on 11,489,574,129 shares) in 9M2009 from a loss of 0.01 Singapore cents (based on 9,324,864,109 shares) in 1H2009.
- Key subsidiary such as Special Steel and our investment in China VTM will continue to ride on sustained development of PRC steel sector; contributions expected to add significantly to the Group's future performance
- The Group will continue to capitalise on its successful business strategies in the steel industry and competitive advantages of its integrated supply chain to explore fresh opportunities within the global steel-related industry to further enhance performance

	9M 2009	1H 2009
Revenue (S\$ mil)	55.8	12.4
Gross Profit/(loss) (S\$ mil)	8.4	1.8
Gross Profit Margin (%)	15.05	14.52
Profit for the period (S\$ mil)	6.46	(0.18)
Net Profit Margin (%)	11.6	NM
Profit Attributable to Equity holders (S\$ mil)	3.6	(0.99)

Singapore, 13 November 2009 – Singapore Exchange Catalyst-listed **Sapphire Corporation Limited** (“Sapphire” or “the Group”) a specialized steel and vanadium products manufacturer, announced, today a strong performance for the January to September financial period (“9M2009”), reversing losses of S\$183,000 in 1H2009.

Driven by the strong performance of its recently acquired 51%-held Neijiang Chuanwei Special Steel Co, Ltd (“Special Steel”), Sapphire reversed earlier losses of S\$183,000 in 1H2009 to record a S\$6.5 million net profit for the Group in 9M2009. The strong performance was achieved on the back of a jump in 9M2009 revenue to S\$55.8 million from S\$12.4 million in 1H2009 due to the recognition of revenue contribution from Special Steel, a leading integrated producer of hot-roll coils and vanadium pentoxide flakes in Sichuan Province, the People’s Republic of China (“PRC”).

In line with the increase in revenue, gross profit and profit attributable to equity holders soared to S\$8.4 million and S\$3.6 million, respectively. Gross and net profit margins for the period were 15.1% and 14.52%, respectively. Bolstered by the strong revenue and net profit growth, based on weighted average number of shares, per share rose to 0.056 Singapore cent (based on 11,489,574,129 shares) in 9M2009 from a loss of 0.01 Singapore cent (based on 9,324,864,109 shares) in 1H2009. The Group continues to maintain healthy cash and cash balances in line with its prudent financial policies. As at 30 September 2009, the Group had cash and cash balances of approximately S\$19.9 million.

Commenting on the performance for the period, Sapphire’s Chief Executive Officer, Mr. Teo Cheng Kwee, said, “In 2006, Sapphire embarked on its strategic initiative to extend its penetration into the steel and steel related products industry. The performance in 3Q2009 reflected the success that we have achieved following our earlier acquisitions in Kingston Grand Limited, Trisonic International Limited (“Trisonic”) and most recently Special Steel. Building on our broad network and understanding of the PRC steel industry coupled with the strong manufacturing bases through Special Steel and Trisonic, Sapphire will continue to explore additional opportunities to secure new growth impetus that will contribute positively to the Group’s future financial performance.”

Outlook and Recent Developments

Following the onset of the global financial crisis, the PRC central government has promulgated a comprehensive stimulus package to boost economic and domestic consumption. Reflecting the success of these measures on the recovery of the PRC residential and infrastructure development sectors, total fixed asset investment in the PRC rose 33.3% to RMB13.3 trillion in 9M2009, according to the PRC National Bureau of Statistics. This strong growth coupled with recovery efforts in Sichuan will continue to drive the demand for steel in the PRC and in particular, the Sichuan province which is a key base of operations for Special Steel.

“The strong foundations that we have built in the PRC steel industry will serve as a key launchpad for our future endeavors into the steel and steel related products sector. Capitalising on the recovery of the steel industry and rising demand for earthquake resistant materials, Special Steel will roll-out a series of enhancements to its existing HRC production lines to alter its product mix and increase production of its higher-margin, high-tensile strength steel products. When completed these products are expected to contribute favourably to the performance of Special Steel,” added Mr Teo.

Subsequently, in the later part of the year, the Group issued two key announcements pertaining to developments at two of its subsidiaries.

On 8 October 2009, the Group’s 9.2% held company China Vanadium Titano-Magnetite Mining Company Limited (“China VTM”), a PRC iron ore mine operator in Sichuan was successfully listed on the Hong Kong Stock Exchange. Opening to resounding response for its overseas and public offerings, China VTM, the second-largest operator and the largest non state-owned operator of iron ore mines in Sichuan Province in the PRC ended its trading day at HK\$3.68, giving it a market capitalisation of approximately S\$1.3 billion.

Sapphire had earlier acquired its indirect stake in China VTM through its subsidiaries Kingston Grand Limited and Trisonic International Limited. Carrying value of its stake in China VTM was recorded in its balance sheets under Interest in Associates with a carrying cost of approximately S\$23.1 million as at 30 June 2009. The closing market price of China VTM as at 12 November 2009 was approximately HK\$4.71 with a total market capitalization of approximately HK\$9.77 billion.

In line with the Group’s strategic initiative to expand its core business into the trading of minerals and secure investments in mining operations & resources related businesses, the Group announced on 12 October 2009 that it had entered into a purchase, sale and shipping contract for iron ore with a gross value of approximately US\$6.3 million.

“Leveraging on the Group’s network and understanding of the PRC steel industry, Sapphire will continue to explore additional opportunities to secure such trading contracts which will contribute positively to the Group’s future financial performance,” said Mr Teo.

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This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd (the "**Sponsor**"), for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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About Sapphire Corporation

Sapphire Corporation Limited is principally engaged in the manufacture of steel and vanadium products, mainly hot rolled coil (HRC), vanadium pentoxide (V₂O₅) & ferrovanadium (FeV₈₀) and trading of minerals as well as investments in mining operations and resources-related businesses.

The Group's steel making subsidiary, Neijiang Chuanwei Special Steel Co, Ltd is part of Trisonic International Limited, an integrated steel-making group which owns two iron ore mines, a steel plant and a coke plant which are all located in Sichuan province, China.

The Group's mineral trading arm supports the group's value chain in the procurement of raw materials from the global market as well as supplying to steel producers in China.

The Group is headquartered in Singapore and has subsidiaries in China, Hong Kong and Malaysia.