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**MEDIA RELEASE**

**Sapphire posts record net profit of S\$43.5 million in FY2009**

**Singapore-Listed Sapphire Net Profit Soars To Record S\$43.5 Million in FY2009 on Contribution From Special Steel and dilution gain from 9.2%-Held HK-Listed China VTM**

- Basic earnings per share based on weighted average number of shares rose substantially to 0.38 Singapore cent (based on 11,489,574,129 shares) in FY2009 from 0.01 Singapore cent (based on 7,643,604,272 shares) in FY2008.
- Key subsidiary, Special Steel will continue to ride on sustained development of PRC steel sector, contributions expected to add significantly to the Group's future performance
- 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

|  | <b>FY 2009</b> | <b>FY 2008</b> |
|--|----------------|----------------|
| <b>Revenue (S\$ mil)</b>                               | <b>133.8</b>   | <b>10.5</b>    |
| <b>Gross Profit/(Loss) (S\$ mil)</b>                   | <b>17.6</b>    | <b>(0.5)</b>   |
| <b>Gross Profit Margin (%)</b>                         | <b>13.2</b>    | <b>NM</b>      |
| <b>Profit for the year (S\$ mil)</b>                   | <b>43.5</b>    | <b>1.1</b>     |
| <b>Net Profit Margin (%)</b>                           | <b>32.5</b>    | <b>10.5</b>    |
| <b>Profit Attributable to Equity holders (S\$ mil)</b> | <b>35.3</b>    | <b>1.1</b>     |
|  |                |                |

**Singapore, 25 February 2010** – Singapore Exchange Catalyst-listed **Sapphire Corporation Limited** (“Sapphire” or “the Group”) announced today a record profit for the year ended 31 December 2009 (“FY2009”), buoyed by contribution from 51%-owned Neijiang Chuanwei Special Steel Co., Ltd (“Special Steel”) and the dilution gain of its 9.2%-owned mine operator

which was recently listed on the Mainboard of The Stock Exchange of Hong Kong Limited (“HKSE”).

The Group posted net profit of S\$43.5 million in FY2009, up sharply from S\$1.1 million in FY2008, on revenue of S\$133.8 million in FY2009 and S\$10.5 million in FY2008 respectively, as it recognized seven months of results contributed from Special Steel, a leading manufacturer of hot-roll coils (“HRC”) and vanadium pentoxide (“V<sub>2</sub>O<sub>5</sub>”) flakes in Sichuan Province, The People’s Republic of China (“PRC”).

In addition to recognizing a gross profit of S\$17.6 million, the Group also recognized a dilution gain of S\$26.2 million included in the share of profit from associates arising from the successful listing on the HKSE of its Chengdu-based associate company China Vanadium Titano-Magnetite Mining Company Limited (“China VTM”).

Profit attributable to equity holders surged to S\$35.3 million in FY2009 from S\$1.1 million in FY2008. Gross and net profit margins were 13.2% and 32.5%, respectively.

Basic earnings per share based on weighted average number of shares rose to 0.38 Singapore cent (based on 11,489,574,129 shares) in FY2009 from 0.01 Singapore cent (based on 7,643,604,272 shares) in FY2008. The Group continues to maintain healthy cash and cash balance, with cash and cash balances of approximately S\$8.3 million as at 31 December 2009, following the consolidation of Special Steel.

Commenting on the results, Sapphire’s Chief Executive Officer, Mr. Teo Cheng Kwee, said, “We continue to reap the rewards of our strategic initiative to penetrate into the steel and vanadium related products industry. 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 extend its presence into the PRC steel industry.

“The results underscore the efforts to enhance shareholders’ value by focusing on resources and infrastructure-related investment opportunities. We will continue to leverage on our strong financials and keen understanding of the market to explore fresh opportunities with current and new potential partners within the global steel-related industry,” he said.

## **Outlook and Recent Developments**

The stimulus package introduced by the PRC government to mitigate the effects of the global economic crisis continues to drive the PRC housing and infrastructure sectors. Demand for steel is also benefiting from post-earthquake rehabilitation efforts in Sichuan – the base of operations for Special Steel – that will serve to drive the sustained development of the Group's core businesses.

“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 vanadium related products sector. Capitalising on the recovery of the steel industry and rising demand for earthquake resistant materials, Special Steel has plans to 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.

The Group is currently executing technical enhancements to its vanadium pentoxide production facility in Neijiang, Sichuan. Following the completion of Phase 1 of the technical enhancements, production at the facility has been increased to 3,500 tonnes per annum from its original 2,500 tonnes per annum.

On 8 October 2009, the Group's indirectly held China VTM, a PRC iron ore mine operator in Sichuan, was successfully listed on HKSE. Sapphire had earlier acquired China VTM through its associates, Kingston Grand Limited and Trisonic International Limited. Carrying value of its stake in China VTM – reduced from 9.5% to 9.2% post-IPO, was recorded in its balance sheets under Interest in Associates at approximately S\$23.1 million as at 30 June 2009.

During the year under review the Group successfully concluded the purchase and sale of iron ore with contract value of US\$6.3 million. It has initiated discussions with Cliffs Asia Pacific Iron Ore Pty Ltd, Australia, to enter into a long-term supply contract for iron ore. Moving forward, the Group will continue to actively pursue opportunities to seal additional mineral resources trading contracts.

“Buoyed by this success, we 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 said.

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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.

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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 (V<sub>2</sub>O<sub>5</sub>) & 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 and associates in China, Malaysia and Hong Kong.