

SAPPHIRE CORPORATION LIMITED

(Company Registration. No 198502465W)

(Incorporated in Singapore)

BUSINESS AND CORPORATE UPDATE

The Board of Directors (“Directors”) of Sapphire Corporation Limited (“Sapphire” and together with its subsidiaries the “Group”) wishes to provide shareholders with the following update on the Group’s business and financial outlook.

Bolstered by strong demand for steel and steel-related products in the People’s Republic of China (“PRC”) arising from the sustained expansion of the domestic housing and infrastructure sectors, together with the recognition of gains from the listing of its associate company China VTM, the Board expects that the Group’s net profit after tax and minority interests for FY2009 will be in the range of between S\$30.0 million to S\$40.0 million, compared to S\$1.1 million recorded in FY2008.

Recurring revenue streams following Special Steel acquisition

The successful acquisition of the 51% equity ownership of Neijiang Chuanwei Special Steel Co, Ltd (“Special Steel”) through Lucky Art has led to a significant increase in profit from operations. Driven by the strong growth momentum in the PRC, total fixed asset investment for the period of January 2009 to November 2009 rose 32.1% from the same period a year earlier to RMB16.8 trillion, according to the PRC National Bureau of Statistics. This growth, coupled with recovery efforts in Sichuan province – the key base of operations for Special Steel – propelled the Group’s net profit to S\$6.5 million in the July-September third quarter (“3QFY2009”) of the financial year ended 31 December 2009 (“FY2009”).

With sustained growth in demand for steel and steel related products, in particular increased demand for vanadium pentoxide (V₂O₅) products of which Special Steel is a major domestic producer, the Group is confident that such demand will continue to add positively to its bottomline.

Recognition of Gains arising from the listing of an Associate Company

On 8 October 2009, China Vanadium Titano-Magnetite Mining Company Limited (“China VTM”, HKSE stock code 893), a subsidiary of Trisonic International Limited (“Trisonic”), which is in turn an associated company of Sapphire, was successfully listed on the Hong Kong Stock Exchange (“HKSE”). Sapphire has an indirect effective stake of 9.2% in China VTM.

With strong 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, ended its first-day trading at HK\$3.68, giving it a market capitalisation of approximately S\$1.3 billion.

Based on the market capitalisation of China VTM as at the end of its first day trading on the HKSE, Trisonic is expected to recognise a gain from the IPO of China VTM of approximately S\$169.6 million which will translate to a gain of approximately S\$27.1 million for Sapphire.

The closing market price of China VTM as at 4 February 2010 was HK\$4.39 (about S\$0.80), with a total market capitalisation of approximately S\$1.66 billion.

Update on Trading Division

The Group continues to actively **seek** out opportunities in the purchase and sale of iron ore contracts. Following the Group's announcement dated 12 October 2009, the Board wishes to update shareholders that the initial shipment of iron ore from Cliffs Asia Pacific Iron Ore Pty Ltd, Australia has been completed and the Group is currently in discussions to enter into long-term supply contract for iron ore with them. Going forward, the Group is confident to seal more mineral contracts that will provide the Group with recurrent trading revenue which should contribute positively to the Group's future financial performance.

Strategic Developments at Special Steel

Capitalising on the recovery of the steel industry and rising demand for earthquake resistant materials, Special Steel will 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.

The Group has also completed Phase 1 of its vanadium pentoxide production facility in Neijiang, Sichuan and has successfully increased its production capacity to 3,500 tonnes per annum from 2,500 tonnes initially projected after technical improvement to its processes.

In addition to developing its core steel business operations, the Group is exploring fresh opportunities with current and new potential partners within the global steel-related industry that will serve to further enhance the performance of the Group and further enhance value for its shareholders.

Further details of the Group's financial performance will be disclosed when Sapphire finalises and announces its financial results for FY2009 in February 2010.

By order of the Board

Teo Cheng Kwee
Chief Executive Officer
6 February 2010

*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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