

China Precision Steel, Inc.
Form DEF 14A
October 16, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Sec.240.14a-11(c) or Sec.240.14a-12

China Precision Steel, Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- No fee required.
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- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD NOVEMBER 12, 2007**

TO THE STOCKHOLDERS OF CHINA PRECISION STEEL, INC.:

The annual meeting of the stockholders of China Precision Steel, Inc., a Colorado corporation, (the “Company”) will be held at 10:30 AM on November 12, 2007 at the offices of Kirkpatrick & Lockhart Preston Gates Ellis LLP, 599 Lexington Avenue, New York, New York 10022-6030, for the following purposes:

1. To elect a board of directors for the Company;
2. To approve a change in the state of incorporation from Colorado to Delaware by approving and adopting an Agreement and Plan of Merger providing for the merger of our Company into its wholly-owned subsidiary, China Precision Steel, Inc., a Delaware corporation; and
3. To authorize the issuance of an undetermined number of shares of Company Common Stock, shares of preferred stock convertible into Company Common Stock or warrants to purchase Company Common Stock, in an aggregate amount of up to 11,213,443 shares of Common Stock, in connection with capital raising activities over the next 12 months and prior to the next annual meeting of the Company’s Stockholders, at a price to be determined by the Company’s Board of Directors;

and to transact such other business as may properly come before the meeting or any postponement or adjournment thereof.

THE BOARD OF DIRECTORS OF THE COMPANY RECOMMENDS THAT YOU VOTE FOR EACH OF THE NOMINEES TO THE BOARD OF DIRECTORS AND RECOMMENDS THAT YOU VOTE “FOR” APPROVAL OF EACH OTHER ITEM LISTED ON THIS NOTICE OF ANNUAL MEETING OF STOCKHOLDERS.

Stockholders of record at the close of business on September 28, 2007, are the only persons entitled to notice of and to vote at the meeting.

Your attention is directed to the attached Proxy Statement and Proxy Card. WHETHER OR NOT YOU EXPECT TO BE PRESENT AT THE ANNUAL MEETING, PLEASE FILL IN THE PROXY CARD INFORMATION COMPLETELY. THEN PLEASE SIGN, DATE AND MAIL THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE (AND INCLUDE YOUR E-MAIL ADDRESS) IN ORDER TO SAVE THE COMPANY FURTHER SOLICITATION EXPENSE. If you are present at the meeting, you may then revoke your proxy and vote in person, as explained in the Proxy Statement in the section entitled “ANNUAL MEETING OF STOCKHOLDERS - November 12, 2007.” A return envelope is enclosed for your convenience.

By order of the Board of Directors

October 16, 2007

/s/ Leada Tak Tai Li

Leada Tak Tai Li, Secretary

PROXY STATEMENT

CHINA PRECISION STEEL, INC.
8th Floor, Teda Building
87 Wing Lok Street
Sheung Wan, Hong Kong, People's Republic of China

ANNUAL MEETING OF STOCKHOLDERS - NOVEMBER 12, 2007

Our board of directors is soliciting your proxy, on the enclosed form of proxy card, in connection with the annual meeting of stockholders of China Precision Steel, Inc., a Colorado corporation (the "Company" or "CPSL"), to be held on November 12, 2007 at 10:30 AM at the offices of Kirkpatrick & Lockhart Preston Gates Ellis LLP, 599 Lexington Avenue, New York, New York 10022-6030, and any postponements or adjournments thereof. The Company will pay the cost of solicitation, including the cost of preparing and mailing the Notice of Stockholders' Meeting and this proxy statement. This proxy statement contains information about the matters to be considered at the meeting or any postponements or adjournments thereof, and is being sent to security holders on approximately October 17, 2007. Our employees may, without cost to us, solicit proxies for our management by means of mail, telephone or personal calls. Our Annual Report on Form 10-K, including financial statements, for the year ended June 30, 2007 is being furnished to you concurrently with this proxy statement. The Annual Report does not, however, constitute a part of the proxy soliciting material.

STOCKHOLDER PROPOSALS AND NOMINATIONS

It is intended that the next annual meeting of stockholders of the Company will be held on December 11, 2008. Stockholders of the Company wishing to include proposals in the proxy material relating to the Annual Meeting of Stockholders of the Company in 2008 must submit the same in writing so as to be received at the principal executive office of the Company (to the attention of the Secretary) on or before June 17, 2008 for such proposal to be considered for inclusion in the proxy statement for such meeting. Such proposals must also meet the other requirements of the rules of the Securities and Exchange Commission relating to stockholder proposals.

Stockholders who wish to submit any items of business to be addressed at an annual meeting of stockholders (rather than include the item in the proxy material) must make the submission in a timely manner as provided in the Company's Bylaws.

If Proposal 2 is not approved, and the Company remains a Colorado corporation, the Second Amended and Restated Bylaws of the Company provide that only timely submissions of business items will be considered as proper business at the meeting. To be timely, a stockholder's written submission must be delivered to or mailed and received at, the principal business offices of the Company at least sixty (60) days in advance of the date that the Company's proxy statement was released to stockholders in connection with the previous year's annual meeting of stockholders. As this proxy statement for the 2007 annual meeting is being released on approximately October 17, 2007, the deadline for submissions of business items for the 2008 annual meeting will be August 18, 2007. The Bylaws also specify what must be included in the written notice of submission in order for the submission to be considered timely and to be considered proper business to be conducted at the annual meeting.

If Proposal 2 is approved, and the Company becomes a Delaware corporation, the Bylaws of the Company provide that only timely submissions of business items will be considered as proper business at the meeting. To be timely, a stockholder's written submission must be delivered to or mailed and received at, the principal business offices of the

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Company not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's annual meeting. As the 2007 annual meeting will be held on November 12, 2007, submissions of business items for the 2008 annual meeting must be submitted to the Company not later than the close of business on August 14, 2008 nor earlier than the close of business on July 15, 2008. The Bylaws also specify what must be included in the written notice of submission in order for the submission to be considered timely and to be considered proper business to be conducted at the annual meeting.

Any such proposals, or nominee recommendations, should be mailed to the Corporate Secretary, China Precision Steel, Inc., 8th Floor, Teda Building; 87 Wing Lok Street; Sheung Wan, Hong Kong, People's Republic of China.

ABOUT THE MEETING

What is being considered at the meeting?

You will be voting on the following proposals:

1. To elect a board of directors for the Company;
2. To approve a change in the state of incorporation from Colorado to Delaware by approving and adopting an Agreement and Plan of Merger providing for the merger of our Company into its wholly-owned subsidiary, China Precision Steel, Inc., a Delaware corporation;
3. To authorize the issuance of an undetermined number of shares of Company Common Stock, shares of preferred stock convertible into Company Common Stock or warrants to purchase Company Common Stock, in an aggregate amount of up to 11,213,443 shares of Common Stock, in connection with capital raising activities over the next 12 months and prior to the next annual meeting of the Company's Stockholders, at a price to be determined by the Company's Board of Directors; and
4. To transact such other business as may properly come before the meeting or any postponement or adjournment thereof.

Who is soliciting your proxy?

Your proxy is being solicited by our board of directors.

Who is entitled to vote at the meeting?

You may vote if you owned stock as of the close of business on September 28, 2007 (the "Record Date"), which is the record date for determining who is eligible to vote at the annual meeting or any postponements or adjournments thereof. Each share of common stock is entitled to one vote.

How do I vote?

You can vote either by attending the meeting and voting at the meeting or by completing, signing and returning the enclosed proxy card.

Can I revoke my vote?

Yes, a proxy may be revoked before the meeting by giving written notice of revocation to our corporate secretary, or may be revoked at the meeting before voting (or by actually voting in person, which will automatically revoke the proxy). Unless revoked, properly executed proxy cards will be voted as indicated on the proxy cards. If your stock is held in a brokerage account, you must provide your broker with instructions as to any changes in the voting instructions which you previously provided to your broker.

What if matters not discussed in the proxy statement come up at the annual meeting?

Should any other matters come before the meeting, it is the intention of the persons named as proxy holders in the enclosed form of proxy card to act upon them according to their best judgment. In instances where choices are specified by the stockholders in a signed proxy card, those proxies will be voted, or the vote will be withheld in accordance with each stockholder's choice.

What if I sign and return my proxy card but I do not include voting instructions?

If you sign your proxy card and return it to us but you do not include voting instructions as to any proposal, your proxy will be voted FOR any such proposal.

What does it mean if I receive more than one proxy card?

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It means that you have multiple accounts with brokers and/or our transfer agent. Please vote all of these shares. We recommend that you contact your broker and/or our transfer agent to consolidate as many accounts as possible under the same name and address. Our transfer agent is Corporate Stock Transfer, Inc., 3200 Cherry Creek Dr. South, Suite 430, Denver, CO 80209; telephone: (303) 282-4800; proxy fax: (303) 777-3094.

Will my shares be voted if I do not provide my proxy?

An “abstention” on any proposal will be counted as present for purposes of determining whether a quorum of shares is present at the meeting with respect to the proposal on which the abstention is noted, but will have the same practical effect as a vote “against” such proposal.

If you hold your stock in a brokerage account, you may give your broker instructions as to how your shares are to be voted with regard to the proposals discussed in this proxy statement. Brokers who hold shares in street name have discretionary authority to vote on certain “routine” items even if they have not received instructions from the persons entitled to vote such shares. However, brokers do not have authority to vote on “nonroutine” items without such instructions.

For matters requiring the affirmative vote of a plurality of the shares of Common Stock present or represented at the Annual Meeting, such as Proposal 1, “broker non-votes” (shares held by brokers or nominees as to which they have no discretionary power to vote on a particular matter and have received no instructions from the persons entitled to vote such shares) would have no effect on the outcome of the vote. For matters requiring the affirmative vote of a majority of the shares of Common Stock present or represented at the Annual Meeting and entitled to vote, such as Proposals 2 and 3, broker non-votes would not be counted as among the shares entitled to vote with respect to such matters. Thus, the effect of any broker non-votes with respect to such matters would be to reduce the number of affirmative votes required to approve the proposals and the number of negative votes required to block such approval.

If you hold your shares directly in your own name, they will not be voted if you neither sign and deliver a proxy nor attend and vote at the meeting.

How many votes must be present to hold the meeting?

In order for us to conduct our meeting, we must have a quorum. We will have a quorum, and be able to conduct the meeting, if a majority of our outstanding shares as of September 28, 2007, are present or represented at the meeting. Your shares will be counted as being present at the meeting if you attend the meeting or if you properly return a proxy by mail or if you give your broker voting instructions and the broker votes your shares. Broker non-votes are counted as present and entitled to vote for purposes of determining whether a quorum is present but are not considered entitled to vote on any nonroutine matter to be acted upon.

On September 28, 2007, we had 37,378,143 shares of common stock issued and outstanding and no preferred stock. Mr. Wo Hing Li, our Chairman and Chief Executive Officer owns 22,145,110 shares of common stock, representing 59.2% of the outstanding common stock of the Company as of the Record Date. Mr. Li's votes are expected to be present or represented at the meeting.

What happens if a quorum isn't present to hold a meeting?

In the event that proxies, which are sufficient in number to constitute a quorum, are not received by November 12, 2007, or for other good reason, we may propose one or more adjournments of the meeting to permit further solicitation of proxies. Such adjournments will require the affirmative vote of the holders of a majority of the shares present in person or by proxy at the meeting. The persons named as proxy holders will vote in favor of such adjournment. As noted above, we expect there to be a quorum at the meeting.

What vote is required to approve the matters being brought before the meeting?

The vote required for the election of directors is a plurality of the shares of Common Stock present or represented by proxy at the meeting and entitled to vote thereon, provided a quorum is present. The vote required for the approval of other proposals to be acted upon at the Annual Meeting is the affirmative vote of a majority of the shares entitled to vote on the matter and present or represented by proxy at the meeting, provided a quorum is present. Mr. Wo Hing Li, our Chairman and Chief Executive Officer owns 22,145,110 shares of common stock, representing 59.2% of the outstanding common stock of the Company as of the Record Date. Mr. Li intends to vote in favor of all of the proposals contained in this proxy statement.

Are there any cumulative voting rights for the proposal to elect particular directors?

No, voting for the election of directors is not cumulative, which means that the holders of a majority of the Company's outstanding shares have the power to elect the entire board of directors.

Are there any dissenters' or appraisal rights for those who vote against any of the proposals?

No, none of the matters to be presented and acted upon at the Annual Meeting will entitle any stockholder to appraisal or dissenters' rights pursuant to Colorado law.

Who is paying the cost of the meeting?

The proxies being solicited hereby are being solicited by our Company. The Company will bear the entire cost of solicitation of proxies, including preparation, assembly, printing and mailing of this Proxy Statement, the Proxy card and any additional information furnished to stockholders. Copies of solicitation materials will be furnished to banks, brokerage houses, fiduciaries and custodians holding in their names shares of common stock beneficially owned by others to forward to such beneficial owners. Our officers and regular employees may, but without compensation other than their regular compensation, solicit proxies by further mailing or personal conversations, or by telephone, telex, facsimile or electronic means. We will, upon request, reimburse brokerage firms and others for their reasonable expenses in forwarding solicitation material to the beneficial owners of stock.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS**

As of the Record Date, the following persons were known to the Company to be beneficial owners of more than five percent of the Company's Common Stock.

Title of Class of Stock	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership⁽¹⁾	Percent of Class
Common	Wo Hing Li 123 Laodong Road Xuhang Town Jiading District, Shanghai 201809	(2) 22,145,110	59.2%
Common	Hung Wan Suite C, 20/F Neich Tower 128 Gloucester Road Hong Kong	4,286,335 ⁽³⁾	11.2%
Common	Belmont Capital Group Limited Suite C, 20/F Neich Tower 128 Gloucester Road Wan Chai, Hong Kong	(4) 2,787,720	7.3%

(1)

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Unless otherwise designated, the shares set forth in this table are shares of the Company's, as known to management, over which the beneficial owner has sole voting and investment power.

- (2) As reported on the beneficial owner's Form 4 filed with the Securities and Exchange Commission (the "SEC") on May 21, 2007.

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(3) According to Ms. Wan's Schedule 13D dated July 5, 2007, Ms. Wan has no direct ownership in the Company's Common Stock. Ms. Wan is a managing director of Belmont Capital Group Limited and Advanz Capital, Inc. and disclaims beneficial ownership of the shares held by such entities, except to the extent of her pecuniary interest. As disclosed on Ms. Wan's Form 4 filed with the SEC on July 13, 2007, the numbers above include 2,787,720 shares beneficially owned by Belmont Capital Group Limited, of which 983,363 consist of the right to acquire 983,363 shares of the Company's common stock pursuant to warrants to purchase Common Stock, and 1,498,615 shares of Common Stock beneficially owned by Advanz Capital, Inc., as disclosed on the beneficial owner's Form 4 filed with the SEC on July 13, 2007.

(4) Includes the right to acquire up to 983,363 shares of the Company's common stock pursuant to warrants to purchase common stock, as disclosed on the beneficial owner's Schedule 13D, dated July 10, 2007.

SECURITY OWNERSHIP OF MANAGEMENT

As of the Record Date, the following directors, nominees for the membership on the board of directors and named executive officers, as defined in Item 402(a)(3) of Regulation S-K, were beneficial owners of the Company's securities in the amounts listed opposite their respective names.

DIRECTORS AND NOMINEES

Title of Class of Stock	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership ⁽¹⁾	Percent of Class
Common	Wo Hing Li	22,145,110	59.2%
	Hai Sheng		
Common	Chen	0	0%
Common	Che Kin Lui	0	0%
	Tung Kuen		
Common	Tsui	0	0%
	David Peter		
Common	Wong	0	0%

(1) Unless otherwise designated, the shares set forth in the table above are shares, as known to management, over which the nominee or director has sole voting and investment power.

NAMED EXECUTIVE OFFICERS

Title of Class of Stock	Name of Beneficial Owner	Title of Beneficial Owner	Amount and Nature of Beneficial Ownership ⁽¹⁾	Percent of Class
		Principal Executive Officer		
Common	Wo Hing Li		22,145,110	59.2%
		Principal Financial Officer		
Common	Leada Tak			
	Tai Li		1,268,150	3.4%

(1) Unless otherwise designated, the shares set forth in the table above are shares, as known to management, over which the executive officer has sole voting and investment power.

AGGREGATE SECURITY OWNERSHIP OF MANAGEMENT

Title of	Name of Beneficial Owner	Amount and Nature of	Percent
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Class of Stock	Beneficial Ownership	of Class
Common	Directors and Executive Officers	23,413,260 62.6%

CHANGE IN CONTROL

Pursuant to a transaction described in Item 5.01 of the Company's Current Report on Form 8-K, filed with the SEC on January 4, 2007, and incorporated herein by reference, Wo Hing Li became the beneficial owner of more than fifty percent of the issued and outstanding Common Stock of the Company. Wo Hing Li beneficially owns, as of September 28, 2007, 22,145,110 shares of the Company's Common Stock or 59.2% of the issued and outstanding Common Stock of the Company as of such date.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires directors, executive officers and stockholders who own more than ten percent of the outstanding Common Stock of the Company to file with the SEC and NASDAQ reports of ownership and changes in ownership of voting securities of the Company and to furnish copies of such reports to us.

Based solely on a review of the copies of such forms received by the Company, we believe that with respect to the year ended June 30, 2007, the Company's directors, officers and more than ten-percent stockholders timely filed all such required forms.

PROPOSAL 1**ELECTION OF DIRECTORS**

Proxy cards, in the enclosed form, which are duly signed and returned will be voted for the election of the five (5) persons named below as directors for the Company unless such authority has been withheld in the respective proxy. The term of office of each person elected to our board of directors will be until the next annual meeting of the stockholders and until his or her successor is duly elected. Each of our current directors is a nominee for director.

The Company's directors and executive officers as of September 28, 2007 are as follows:

Name	Age	Position with the Company	Term as Director of Company	Arrangements for Selection as Director
Wo Hing Li (1)	61	Director, Chief Executive Officer, President	December 28, 2006-present	None.
Tung Kuen Tsui	62	Director	December 28, 2006-present	None.
David Peter Wong	51	Director	December 28, 2006-present	None.
Che Kin Lui	45	Director	December 28, 2006-present	None.
Hai Sheng Chen	44	Director, Vice-President	December 28, 2006-present	None.
Leada Tak Tai Li	27	Chief Financial Officer	December 28, 2006-present	None.

(1) Wo Hing Li is the father of Leada Tak Tai Li, the Company's Chief Financial Officer.

Name	Position with the Company and Principal Occupations
Wo Hing Li	Mr. Wo Hing Li has been the Executive Director and President of the Company since December 28, 2006. In addition, he has been the Chairman and Executive Director of Partner Success Holdings Limited ("PSHL"), a British Virgin Islands Business Company and wholly-owned subsidiary of CPSL, and its subsidiaries since May 2002 and the Executive Director of Shanghai Chengtong Precision Strip Company Limited ("Chengtong"), a wholly-owned subsidiary of PSHL, since June 2004. From April 2004 until March 2006, Mr. Li served as a Non-Executive Director of China Petrotech Holdings Limited, an oil software and exploration company listed on the Singapore Stock Exchange. Since October 2001, Mr. Li has served as a director of Medical China Limited, a company listed on the GEM Board of the Hong Kong Stock Exchange. From 1997 to 2001, Mr. Li served as a director of Teda (HK) Holdings Limited. Mr. Li served in various positions within the Grand Finance Group between 1984 and 1997, serving the last seven years as the General Manager of its subsidiary, Grand International (China) Investment Holding Co., Limited. Mr. Li has a Master's Degree in Business Administration from the Murdoch University of Australia, and a PhD in Management through a program co-organized by the University of International

Business & Economics of China and the European University of Ireland.

Tung Kuen Tsui

Tung Kuen Tsui has been retired since 1998. From 1995 to 1998, Mr. Tsui served as a Senior Credit Controller for PricewaterhouseCoopers. Prior to working as the Senior Credit Controller, Mr. Tsui held a variety of positions with PricewaterhouseCoopers since 1971, including Senior Manager, Information Systems. Mr. Tsui has a Master of Business Administration from the University of Macau. Mr. Tsui graduated as an Associate Member of Chartered Institute of Secretaries and Administrators in the United Kingdom.

David Peter Wong

David Peter Wong is the Chief Financial Officer of Private Wealth Partners, LLC, an SEC-registered investment adviser based in California, and has been since November 2005. Mr. Wong served as the Corporate Controller for H&Q Asia Pacific, an Asian private equity firm from November 2002 to October 2005. Mr. Wong was the Corporate Controller of Hellman & Friedman, a private equity firm from January 2002 to September 2002. Mr. Wong is a U.K. Chartered Accountant with six years of public accounting experience with Ernst & Young in London and PriceWaterhouseCoopers in Hong Kong. Mr. Wong has a Bachelor of Arts degree in Economics and Geography from the University of Leeds in the United Kingdom.

Che Kin Lui Che Kin Lui has been the Chief Financial Officer of China Petrotech Holdings Limited, an oil software and exploration company listed on the Singapore Stock Exchange, since April 2007. Mr. Lui served as a consultant for Synthesis Consultancy Limited from July 2002 until March 2007. From June 1999 to July 2002, Mr. Lui served as a manager for MVP (HK) Industries Limited, a company engaged in manufacturing household tools. Mr. Lui has a Master's Degree in Business Administration from the University of Ballarat, Australia, and a diploma in Business Administration from Hong Kong Shue Yan College.

Hai Sheng Chen Mr. Hai Sheng Chen is an Executive Director and General Manager of the Company. Mr. Chen has been the General Manager and an Executive Director of Chengtong since its formation in July 2002 as well as an Executive Director of Shanghai Tuorong Precision Strip Company, Limited since June 2001. From July 2001 to July 2002, Mr. Chen was the Managing Director of Shanghai Krupp Stainless Steel Co. Limited, a steel processing company. From August 1999 to May 2001, Mr. Chen was the Deputy General Manager of PuDong Steel Co. Limited, a subsidiary of the BaoSteel Group, a steel processing company. Mr. Chen has an Executive Master's Degree in Business Administration from China Europe International Business School and a Bachelors Degree in Metallic Pressure Processing from the Beijing University of Science and Technologies.

Leada Tak Tai Li Ms. Leada Tak Tai Li has been the Chief Financial Officer of the Company since December 28, 2006. From October 2005 until December 28, 2006, Ms. Li was the Chief Financial Officer of PSHL. From June 2004 until October 2005, Ms. Li was an assistant to the Chairman of STAR Pharmaceutical Limited, a company engaged in the production and sales of pharmaceuticals, assisting with group activities and financial reporting. From November 2003 until May 2004, Ms. Li was an accountant with KPMG Hong Kong, a company engaged in audit, assurances and consulting services, conducting commercial due diligence on businesses in China. From January 2002 until September 2002, Ms. Li was an investment advisor conducting research and analysis with the private equity firm Suez Asia Holdings (Hong Kong) Ltd. In 2003, Ms. Li received her Master's Degree in Accounting and Finance from Napier University in the U.K.; she received a Bachelors Degree in Commerce from the University of Melbourne in 2001.

Required Vote

At the Annual Meeting, five directors are to be elected, by plurality vote or at least 18,689,072 of the 37,378,143 shares of the Company's common stock that are issued and outstanding as of the Record Date. We ask that you sign and return the enclosed proxy card to give the named proxy holders the right to vote for the five nominees identified in this Proxy Statement.

Each of the nominees for director has agreed to serve as a director of the Company until his replacement is elected. If any unforeseen event prevents one or more of the nominees from serving as a director, your votes will be cast for the election of a substitute or substitutes selected by the board. In no event, however, can the proxies be voted for a greater number of persons than the number of nominees named. Unless otherwise instructed, the proxy holders will vote for the election of each nominee to serve as a director of the Company.

OUR BOARD UNANIMOUSLY RECOMMENDS A VOTE “FOR” THE ELECTION OF EACH OF THE NOMINEES TO THE BOARD OF DIRECTORS OF THE COMPANY.

CORPORATE GOVERNANCE

Meetings of the Board and Committees. Our board of directors (the “Board”) took action eight (8) times during the last fiscal year, with five (5) being at regular or special meetings attended by the members of the Board either personally or telephonically. There were three (3) unanimous written consents in the year ending June 30, 2007. The Board of Directors of the Company also operates through standing Nominating and Governance, Audit, and Compensation Committees. Each current director attended, in the last fiscal year, at least 75% of the meetings of the Board, and the committee meetings of the committees of which he was a member.

The Board of Directors has determined that the members of the Audit Committee, Compensation Committee, and the Nominating and Corporate Governance Committee are “independent” as required by applicable laws and regulations, and The NASDAQ™ Stock Market LLC.

Nominations and Governance Committee. Our Nominations and Governance Committee is comprised of Tung Kuen Tsui, Che Kin Lui and David Peter Wong. Each member of the Nominations and Governance Committee is independent within the meaning of the listing standards of The NASDAQ™ Stock Market LLC and SEC rules. The committee is required to maintain two or three members. Our Nominations and Governance Committee took action two times during the last fiscal year, at a regular meeting attended by all of the members of the committee either personally or telephonically. On June 22, 2007, the Board adopted and approved a charter for the Nominations and Governance Committee, which is available via our website at <http://www.chinaprecisionsteelinc.com>.

The Nominations and Governance Committee has the responsibility to identify, evaluate, recruit, and recommend qualified candidates to our board of directors for nomination or election. Each of the director nominees included in this proxy statement is recommended by the Nominations and Governance Committee. In addition, it is the responsibility of the committee to make recommendations to the Board regarding the size and composition of the board of directors or any committee thereof, identify individuals believed to be qualified to become Board members or fill vacancies on committees of the Board, consistent with criteria approved by the Board, and to select, or recommend to the Board, the nominees to stand for election as directors at the annual meeting of stockholders, monitor our performance in meeting our obligations of fairness in internal and external matters and our principles of corporate governance, and such other matters that are specifically delegated to the committee by our board of directors from time to time or which are otherwise included in the committee’s charter.

The Board has an objective that its membership be composed of experienced and dedicated individuals with diversity of backgrounds, perspectives, and skills relevant to our business. The Nominations and Governance Committee selects candidates for director based on their character, judgment, diversity of experience relevant to our business, business acumen, and ability to act on behalf of all stockholders. Each director nominee is selected by the nominating and corporate governance committee based on his/her experience in management or accounting and finance, or industry and technology knowledge, personal and professional ethics, and the willingness and ability to devote sufficient time to effectively carry out his/her duties as a director.

Any stockholder who desires to recommend a nominee for director must submit a letter, addressed to the Corporate Secretary, CHINA PRECISION STEEL, INC., 8th Floor, Teda Building, 87 Wing Lok Street, Sheung Wan, Hong Kong, People’s Republic of China, which is clearly identified as a “Director Nominee Recommendation.” All recommendation letters must identify the author as a stockholder and provide a brief summary of the candidate’s qualifications, as well as contact information for both the candidate and the stockholder, to enable the committee to contact the nominee for additional information to evaluate the person’s qualifications. Any such nominee will be required to meet the criteria established by the committee and may be interviewed by at least one member of the committee. If the nominee is found to be eligible during the initial interview, the nominee will then be invited to meet with the full committee or the Board for further evaluation. The committee will consider all proposed nominees whose names are submitted in accordance with the above-stated requirements. We have never received a stockholder nominee for director, but if we do, we would evaluate him or her based on the same standards used for other candidates.

Audit Committee. We have a standing audit committee comprised of Tung Kuen Tsui, Che Kin Lui and David Peter Wong, all of whom are independent within the meaning of the listing standards of The NASDAQ™ Stock Market LLC and Securities Exchange Act Rule 10A-3. Each Audit Committee member meets the NASDAQ™'s financial literacy requirements. The Board has named Mr. David Peter Wong, who meets the NASDAQ™'s professional experience requirements, as its audit committee financial expert as such term is defined in Item 401(h) of Regulation S-K promulgated by the SEC. Mr. Wong's professional experience is detailed above. On June 22, 2007, the Board of Directors adopted and approved a charter for the Audit Committee, which is available via our website at <http://www.chinaprecisionsteelinc.com>. The purpose of the Audit Committee is to oversee the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company. The primary function of the Audit Committee is to oversee the Board by reviewing the financial information that will be provided to the stockholders and others, the preparation of our internal financial statements, and our audit and financial reporting process, including internal control over financial reporting. In addition, our audit committee is responsible for maintaining free and open lines of communication among the committee, the independent auditors and management. Our audit committee consults with our management and independent auditors before the presentation of financial statements to stockholders and, as appropriate, initiates inquiries into various aspects of our financial affairs. The committee is also responsible for considering, appointing, and establishing fee arrangements with our independent auditors and, if necessary, dismissing them. It is not responsible for preparing our financial statements or for planning or conducting the audits. Our audit committee took action one time during the last fiscal year at a regular meeting attended by all of the members of the committee either personally or telephonically.

Compensation Committee. We have a standing compensation committee comprised of Tung Kuen Tsui, Che Kin Lui and David Peter Wong. Each member of the compensation committee is independent within the meaning of the listing standards of The NASDAQ™ Stock Market LLC and SEC rules. On June 22, 2007, the Board of Directors adopted and approved a charter for the Compensation Committee, which is available via our website at <http://www.chinaprecisionsteelinc.com>. The compensation committee is responsible for: (a) reviewing the Company's compensation programs to determine that they effectively and appropriately motivate performance that is consistent with the Company's business goals and tie executives' financial interests to those of the stockholders; (b) assure that the Chief Executive Officer's annual objectives are consistent with the Company's business goals, are explicit, and that performance against these objectives is reviewed annually; (c) define, oversee and ensure that the Company develops and maintains a program of management succession planning, particularly with respect to the position of Chief Executive Officer; and (d) such other matters as are specifically delegated to the compensation committee by our board of directors from time to time or which are otherwise included in the committee's charter. According to the charter of the Compensation Committee, the Chief Executive Officer shall be an advisor to the committee and may be delegated such responsibilities as the committee deems appropriate. In addition, the committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Compensation Committee. The committee also has the authority to select, retain, terminate, and approve the fees and other retention terms of special counsel or other experts or consultants, as it deems appropriate, without seeking approval of the Board or management. With respect to consultants or search firms used to identify director candidates, this authority is vested solely in the committee.

Our compensation committee took action one time during the last fiscal year, at a regular meeting attended by all of the members of the committee either personally or telephonically.

Stockholder Communication with the Board of Directors. Stockholders may communicate with the Board, including non-management directors, by sending a letter to our board of directors, c/o Corporate Secretary, CHINA PRECISION STEEL, INC., 8th Floor, Teda Building, 87 Wing Lok Street, Sheung Wan, Hong Kong, People's Republic of China for submission to the board or committee or to any specific director to whom the correspondence is directed. Stockholders communicating through this means should include with the correspondence evidence, such as documentation from a brokerage firm, that the sender is a current record or beneficial stockholder of the Company. All communications received as set forth above will be opened by the Corporate Secretary or his designee for the sole

purpose of determining whether the contents contain a message to one or more of our directors. Any contents that are not advertising materials, promotions of a product or service, patently offensive materials or matters deemed, using reasonable judgment, inappropriate for the Board will be forwarded promptly to the chairman of the Board, the appropriate committee or the specific director, as applicable.

Independence of Directors. Our Board has determined that the majority of the Board is comprised of “independent directors” within the meaning of applicable NASDAQTM listing standards relating to Board composition and Section 301 of the Sarbanes-Oxley Act of 2002. Our independent directors are: Mr. Tsui, Mr. Wong and Mr. Lui. Our Chairman, Mr. Li, is the father of Ms. Leada Tak Tai Li, the Company’s Chief Financial Officer.

Company Code of Conduct and Ethics. The Board has adopted a Code of Conduct and Ethics that applies to the Company’s directors, officers and employees. A copy of this policy is available via our website at <http://www.chinaprecisionsteelinc.com>.

COMPENSATION DISCUSSION AND ANALYSIS

Overview

The compensation of the Company’s executive officers is determined by the Compensation Committee of the Board (referred to in this section entitled “Compensation Discussion and Analysis” as the “Committee”). The Committee has three members, each of whom is independent of management. None of the members of the Committee has any insider or interlocking relationship with the Company, and each of them is a non-employee director, as these terms are defined in applicable rules and regulations of the SEC.

The Board seeks to ensure that the total compensation paid to our named executive officers is fair, reasonable and competitive. The Committee is responsible for establishing, implementing and monitoring our executive compensation program philosophy and practices. Generally, the types of compensation and benefits provided to named executive officers are similar to those provided to our other officers. The Committee annually reviews the performance of each named executive officer. The conclusions reached and recommendations based on these reviews, including with respect to salary adjustments and annual award amounts, are presented to the Committee. The Committee can exercise its discretion in modifying any recommended adjustments or awards to executives.

Throughout this Proxy Statement, the individuals who served as our Chief Executive Officer and Chief Financial Officer during fiscal 2007, and who are included in the Summary Compensation Table are referred to as the “Named Executive Officers.”

Compensation Philosophy

The Company’s executive compensation philosophy is to provide compensation necessary to attract and retain the talent needed to ensure the Company’s success and the achievement of long-range strategic goals and growth in total stockholder value. Because the Named Executive Officers already own a considerable number of shares of the Company’s Common Stock, the Committee has determined that equity compensation is not necessary at this time. The core element of executive compensation is competitive base salary.

The Committee believes that an effective executive compensation program should provide base annual compensation that is reasonable in relation to individual executive’s job responsibilities and reward the achievement of our annual and long-term strategic goals. The Committee evaluates both performance and compensation to maintain our ability to attract and retain excellent employees in key positions and to assure that compensation provided to key employees remains competitive relative to the compensation paid to similarly situated executives of comparable companies.

Because of our size, the small number of our executive officers, and our financial priorities, the Committee has decided not to implement or offer any awards under its 2006 Omnibus Long Term Incentive Plan, which provides for issuances of options, stock appreciation rights, restricted stock, restricted stock units, unrestricted stock and cash awards, or to offer any retirement plans, pension benefits, or other similar plans for our executive officers. Furthermore, given the proportion of the Company’s issued and outstanding shares beneficially held by certain Named Executive Officers, and therefore the preexisting alignment of such executive officers’ interests with the longer-term interests of the Company’s stockholders, the Committee has decided not to currently grant stock options to the Named Executive Officers. Accordingly, the components of the executive compensation in fiscal year 2007 consist solely of a base salary.

The Committee also takes our financial and working capital condition into account in its compensation decisions. Accordingly, from time to time we may defer payment of cash compensation, although this did not occur in fiscal 2007. The Committee may reassess the proper weighting of equity and cash compensation in light of our improved working capital situation.

Setting Executive Compensation

Based on the foregoing objectives, the Committee has structured our annual cash and non-cash executive compensation to motivate executives to achieve our business goals, to reward the executives for achieving such goals, and to retain the executives. In doing so, the Committee historically has not employed outside compensation consultants. The Committee set compensation for our executive officers at levels targeted at or around the average of the compensation amounts provided to executives at comparable companies considering, for each individual, their individual experience level related to their position with us. There is no pre-established policy or target for the allocation between cash and non-cash incentive compensation.

Base Salary

Base salary levels for executive officers are determined not only on the basis of the Committee's assessment of individual performance, but also on the total compensation, including salaries, paid by companies engaged in similar businesses, to persons holding equivalent positions. The Compensation Committee believes that any increases in base salary should be based upon a favorable evaluation of individual performance relative to individual goals, the functioning of the executive's team within the corporate structure, success in furthering the corporate strategy and goals, and individual management skills, responsibilities and anticipated workload.

The Compensation Committee also considers demonstrated loyalty and commitment and the competitive salaries offered by similar companies to attract and retain executives. Merit increases for executives are to be subject to the same budgetary guidelines as apply to any other employees.

Annual Incentive Compensation

Bonuses

We may pay bonuses to provide incentives to executives and to reward executives based on our overall performance, as well as on the performance of each executive officer's area of responsibility or operating group. Measures of performance are both financial and strategic. Financial elements are based on achieving quarterly and annual EBITDA targets and strategic elements include, but are not limited to technological or quality improvements, improvements in operations and contributions to business success. The goals are also structured to provide the kinds of objectivity and checks and balances required to ensure compliance with SEC regulations and the Sarbanes-Oxley Act.

Equity Awards

Executives are eligible for equity awards in the form of stock options, restricted stock units, unrestricted stock units and stock appreciation rights under the Company's 2006 Omnibus Long Term Incentive Plan. Awards are made at the discretion of the Compensation Committee. The number of shares awarded to any individual depends on individual performance, salary level and competitive data, and the impact that such employee's productivity may make to stockholder value over time. In addition, in determining the number of stock options, restricted stock units, unrestricted stock units or stock appreciation rights to grant to each executive, the Compensation Committee reviews the unvested options and units of each executive to determine the future benefits potentially available to the executive. The number of options or units granted will depend in part on the total number of unvested options and units deemed necessary to provide an incentive to that individual to make a long term commitment to remain with the Company. By giving executives an equity interest in the Company, the value of which depends upon stock performance, the policies seek to further align management and stockholder interests. However, in the year ended June 30, 2007, the Committee found it was not necessary at the time to grant options or units to its executives to provide an incentive for long term commitment to the Company because the Named Executive Officers held a number of shares of the Company's Common Stock sufficient to align their respective interests and commitments with those of the Company's Stockholders.

Tax and Accounting Implications

Deductibility of Executive Compensation

As part of its role, the Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code, which provides that corporations may not deduct compensation of more than \$1,000,000 that is paid to certain individuals. We believe that compensation paid to our executive officers generally is fully deductible for federal income tax purposes. The Committee takes into consideration the tax consequences of compensation to the Named Executive Officers, but tax considerations are not a significant part of our compensation policy.

Employment and Severance Agreements

We do not currently have any written employment or severance agreements (including any that might pertain to a Change in Control of the Company) with any of the Named Executive Officers.

Summary Compensation Table

The following table sets forth certain summary information concerning compensation during the year ended June 30, 2007 paid by us to our Principal Executive Officer (the “PEO”) and our Principal Financial Officer (the “PFO”) (together, the “Named Executive Officers”). No executive officer other than the PEO, who was serving as an executive officer on June 30, 2007, had an individual aggregate salary and bonus in excess of \$100,000 for the year ended June 30, 2007.

SUMMARY COMPENSATION TABLE
FISCAL YEAR 2007

Name and Principal Position	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non- Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation (\$)	All Other Compensation (\$)	Total (\$)
Wo Hing Li, President & PEO	140,000	0	0	0	0	0	0	140,000
Leada Tak Tai Li, Chief Financial Officer & PFO	60,000	0	0	0	0	0	0	60,000

Plan-based Awards

No plan-based awards were granted to any of the Named Executive Officers during the year ended June 30, 2007.

Outstanding Equity Awards at June 30, 2007

No unexercised options or warrants were held by any of the Named Executive Officers at year end. No equity awards were made during the year ended June 30, 2007.

Option Exercises and Stock Vested

No options to purchase capital stock of the Company were exercised by any of the Named Executive Officers, nor was any restricted stock held by such executive officers vested during the year ended June 30, 2007.

Pension Benefits

No Named Executive Officers received or held pension benefits during the year ended June 30, 2007.

Nonqualified Deferred Compensation

No nonqualified deferred compensation was offered or issued to any Named Executive Officer during the year ended June 30, 2007.

Payment Upon Termination or Change-in-Control

During the fiscal year ended June 30, 2007, there were no outstanding agreements or contracts that provided for payments to any of the Named Executive Officers upon termination of such officer’s employment or a change in control of the Company. Terms provided in the 2006 Omnibus Long Term Incentive Plan for termination of employment and change in control of the company for the Named Executive Officers are the same as apply to any other employees.

Value Realized from Stock Options and Stock Appreciation Awards

No options or stock appreciation rights were exercised by any of the Named Executive Officers during the year ended June 30, 2007.

Subsidiary Option Grants to Directors and Named Executive Officers

No options to purchase the common stock of any of the Company's subsidiaries were granted to any of the Directors or Named Executive Officers of the Company during the year ended June 30, 2007.

Director Compensation

For the year ended June 30, 2007, no Director of the Company received any cash or equity compensation for service as a director of the Company. However, the Company has accrued fees in the amount of \$15,000 per director for each of our three independent directors for service on our board of directors for the year ended June 30, 2007. The Company intends to pay such fees after the Annual Meeting on November 12, 2007.

Executive Agreements

Each of the Company's Named Executive Officers is employed on an at-will basis and neither of the Named Executive Officers is a party to any employment agreement with the Company. Each of the Named Executive Officers may also receive discretionary bonuses as may be determined by the Compensation Committee.

COMPENSATION COMMITTEE REPORT

The Compensation Committee (the "Compensation Committee") of the Company at the direction of the Board has prepared the following report for inclusion in this Proxy Statement. The Compensation Committee is comprised of Messrs. Tsui, Lui and Wong, three non-employee directors who are "disinterested persons" within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and who are "independent" as required by applicable laws and regulations, and the listing standards of The NASDAQTM Stock Market LLC. The Compensation Committee has the responsibility for all compensation matters concerning the Company's executive officers. The Compensation Committee is also responsible for oversight of our compensation plans and benefit programs and equity based awards to our non-executive employees and consultants. The Compensation Committee acts pursuant to a written charter, which is available at our website at <http://www.chinaprecisionsteelinc.com>. The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management. Based on such review and discussions, the Committee recommended to the Board of Directors, and the Board has approved, the inclusion of the Compensation Discussion and Analysis in the Proxy Statement and the Company's Annual Report on Form 10-K.

Respectfully submitted,
COMPENSATION COMMITTEE
Che Kin Lui, Chairman
David Peter Wong
Tung Kuen Tsui

The Compensation Committee Report above does not constitute "soliciting material" and will not be deemed "filed" or incorporated by reference into any of our filings under the Securities Act of 1933 or the Securities Exchange Act of 1934 that might incorporate our SEC filings by reference, in whole or in part, notwithstanding anything to the contrary set forth in those filings, except to the extent that the Company specifically incorporates it by reference into such filing.

Compensation Committee Interlocks and Insider Participation

During the year ended June 30, 2007, Messrs. Tsui, Lui and Wong fulfilled all functions of the Compensation Committee with regard to determining compensation of executive officers of the Company.

TRANSACTIONS WITH RELATED PERSONS

Review and Approval of Related Person Transactions. We review all relationships and transactions in which the Company and our directors and executive officers or their immediate family members are participants to determine whether such persons have a direct or indirect material interest. The Company's Chief Financial Officer is primarily responsible for the development and implementation of processes and controls to obtain information from the

directors and executive officers with respect to related person transactions and for then determining, based on the facts and circumstances, whether the company or a related person has a direct or indirect material interest in the transaction. As required under SEC rules, transactions that are determined to be directly or indirectly material to the company or a related person are disclosed in the Company's proxy statement. In addition, the disinterested members of the Board or Audit Committee review and approve or ratify any related person transaction that is required to be disclosed. Though the Audit Committee and Board do not follow a written policy or procedure in reviewing related party transactions, in the course of their review and approval or ratification of a disclosable related party transaction, as disclosed in the respective minutes of the meetings of such entities, consider:

- the nature of the related person's interest in the transaction;
- the material terms of the transaction, including, without limitation, the amount and type of transaction;

- the importance of the transaction to the related person;
- the importance of the transaction to the company;
- whether the transaction would impair the judgment of a director or executive officer to act in the best interest of the company; and
- any other matters deemed appropriate.

Any member of the Audit Committee who is a related person with respect to a transaction under review may not participate in the deliberations or vote respecting approval or ratification of the transaction, provided, however, that such director may be counted in determining the presence of a quorum at a meeting of the committee that considers the transaction.

On May 18, 2007, 2,016,600 shares of Company Common Stock were issued to Mr. Wo Hing Li, President of the Company and Chairman of its Board of Directors, pursuant to the Debt Reduction Agreement, dated February 13, 2007, as amended, incorporated herein by reference to the Company's Current Reports on Form 8-K, dated February 13, 2007 and February 16, 2007, in exchange for an aggregate debt of \$6,775,776 owed to him by the Company. The number of shares of Common Stock issued to Mr. Li was calculated based upon the closing bid price of the Issuer's Common Stock on The NASDAQ™ Capital Market LLC on May 17, 2007 of \$3.36. Due to a certain adjustments required in connection with the transaction, the number of shares of Common Stock issued to Mr. Li is to be reduced to 1,245,540.

The Company's disinterested Directors approved this agreement, as amended, on February 17, 2007.

AUDIT FEES, AUDIT-RELATED FEES, TAX FEES, ALL OTHER FEES

The following are the fees billed to us by our auditors, MHM, Certified Public Accountants, for services rendered thereby during 2007 and 2006:

	2007	2006
Audit Fees	45,445.95	69,213.89
Audit Related Fees	32,189.79	7,993.00
Tax Fees	7,892.50	-
All Other Fees	-	-
Total	85,528.24	77,206.89

Audit Fees consist of the aggregate fees billed for professional services rendered for the audit of our annual financial statements and the reviews of the financial statements included in our Forms 10-Q and for any other services that were normally provided by MHM in connection with our statutory and regulatory filings or engagements.

Audit Related Fees consist of the aggregate fees billed for professional services rendered for assurance and related services that were reasonably related to the performance of the audit or review of our financial statements and were not otherwise included in Audit Fees.

Tax Fees consist of the aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning. Included in such Tax Fees were fees for preparation of our tax returns and consultancy and advice on other tax planning matters.

All Other Fees consist of the aggregate fees billed for products and services provided by MHM and not otherwise included in Audit Fees, Audit Related Fees or Tax Fees. Included in such Other Fees were fees for services rendered by MHM in connection with our private and public offerings conducted during such periods.

Our audit committee has considered whether the provision of the non-audit services described above is compatible with maintaining MHM's independence and determined that such services are appropriate. Before auditors are engaged to provide us audit or non-audit services, such engagement is (without exception, required to be) approved by the Audit Committee of our Board of Directors.

AUDIT COMMITTEE REPORT

The Audit Committee, at the direction of the Board, has prepared the following report for inclusion in this Proxy Statement. The Audit Committee is comprised of Messrs. Wong, Lui and Tsui, three non-employee directors who meet the independence criteria prescribed by applicable law and the rules of the SEC for audit committee membership and is an “independent director” within the meaning of applicable NASDAQ™ listing standards. Each Audit Committee member meets the NASDAQ™’s financial literacy requirements. The Board has named Mr. David Peter Wong, who meets the NASDAQ™’s professional experience requirements, as its audit committee financial expert as such term is defined in Item 401(h) of Regulation S-K promulgated by the SEC. The Audit Committee acts pursuant to a written charter, which complies with the applicable provisions of the Sarbanes-Oxley Act of 2002 and related rules of the SEC and NASDAQ™, which is available via our website at <http://www.chinaprecisionsteelinc.com>.

The Audit Committee has the responsibility for reviewing the Company’s accounting practices, internal accounting controls and financial results and oversees the engagement of our independent registered public accounting firm, including conducting a review of its independence, reviewing and approving the planned scope of our annual audit, overseeing the independent auditors’ audit work, reviewing and pre-approving any audit and audit related services that may be performed by them, reviewing with management and our independent auditors the adequacy of our internal controls, and reviewing our critical accounting policies and the application of accounting principles. The Audit Committee holds meetings with management and our independent registered public accounting firm to review our annual audited financial statements and quarterly financial statements. The Audit Committee establishes procedures, as required under applicable law, for the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters and the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

We have reviewed and discussed the audited financial statements for the year ended June 30, 2007 and management’s assessment of the effectiveness of the Company’s internal controls over financial reporting as of June 30, 2007 with management and the independent registered public accounting firm.

We have discussed with the independent registered public accounting firm the matters required to be discussed by the statement on Auditing Standards No. 61, as amended, as adopted by the Public Company Accounting Oversight Board in Rule 3200T. We have received the written disclosures and the letter from the independent registered public accounting firm required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), as adopted by the Public Company Accounting Oversight Board in Rule 3600T and have discussed with the independent registered public accounting firm its independence.

Based on the reviews and discussions referred to above, in reliance on management and the independent registered public accounting firm, and subject to the limitations of our role, we recommended to the Board, and the Board has approved, the inclusion of the audited financial statements referred to above in the Company’s Annual Report on Form 10-K for the year ended June 30, 2007 for filing with the Securities and Exchange Commission.

Respectfully submitted,
AUDIT COMMITTEE
David Peter Wong, Chairman
Che Kin Lui
Tung Kuen Tsui

The Audit Committee Report above does not constitute “soliciting material” and will not be deemed “filed” or incorporated by reference into any of our filings under the Securities Act of 1933 or the Securities Exchange Act of 1934 that might incorporate our SEC filings by reference, in whole or in part, notwithstanding anything to the contrary set forth in those filings, except to the extent that the Company specifically incorporates it by reference into

such filing.

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PROPOSAL 2

APPROVAL OF A CHANGE OF THE COMPANY'S STATE OF INCORPORATION FROM COLORADO TO DELAWARE BY APPROVAL AND ADOPTION OF AN AGREEMENT AND PLAN OF MERGER PROVIDING FOR THE MERGER OF OUR COMPANY INTO A WHOLLY-OWNED DELAWARE SUBSIDIARY

For the reasons set forth below, our board unanimously approved the Merger, as defined below, and believes that it is in the best interests of our Company and our Stockholders to change the Company's state of incorporation from Colorado to Delaware. While we have been advised by counsel that there are only limited substantive differences in your rights as Stockholders between Colorado and Delaware corporate law, our board has determined that reincorporation in Delaware is in the Company's best interests in pursuing future business opportunities in our line of business. Management requests stockholder approval to change CPSL's state of incorporation from Colorado to Delaware by means of a merger (the "Merger") of CPSL with and into China Precision Steel, Inc. ("CPSL Delaware"), a newly-formed, wholly-owned Delaware subsidiary of CPSL (the "Reincorporation Proposal"). CPSL-Delaware will be the surviving corporation of the Merger, an effect of which will be a change in the law applicable to CPSL's corporate affairs from the Colorado Business Corporation Act ("CBCA") to the Delaware General Corporation Law ("DGCL"), including certain differences in stockholders' rights. See "Comparative Rights of the Holders of China Precision Steel, Inc. - Colorado Capital Stock and Surviving Corporation - Delaware Capital Stock." Immediately following the Merger, CPSL-Delaware will continue to be known as China Precision Steel, Inc. (the "Surviving Corporation"), subject to approval by the Delaware Secretary of State. The Corporation will have an authorized capital of 62,000,000 shares of common stock, par value \$.001 per share, and 8,000,000 shares of preferred stock, par value \$.001 per share. A vote in favor of the Reincorporation Proposal is a vote to approve the Agreement and Plan of Merger attached to this Proxy as Annex 1 (the "Merger Agreement"). A vote in favor of the Reincorporation Proposal is also effectively a vote in favor of the Delaware Certificate of Incorporation and the Delaware Bylaws that are attached to this Proxy as Annexes 2 and 3, respectively. You are urged to carefully read this section of this Proxy Statement, including the related annexes and appendices referenced herein and attached to this Proxy Statement, before voting on the Merger.

In the event the Reincorporation Proposal is approved, upon the effectiveness of the Reincorporation, each outstanding share of CPSL's common stock will automatically be converted into one share of common stock of the Surviving Corporation (the "CPSL-Delaware Common Stock"). In addition, each outstanding warrant, if any, to purchase shares of the common stock of CPSL will be converted into a warrant to purchase the same number of shares of CPSL-Delaware Common Stock with no other changes in the terms and condition of such warrants. Stockholders will not have to exchange their existing stock certificates for stock certificates in the Surviving Corporation. Upon request, we will issue new certificates to anyone who holds the existing stock certificates, provided that such holder has surrendered the certificates representing the CPSL shares in accordance with the Agreement and Plan of Merger.

No Change in Name, Business, Jobs, Physical Location, Etc.

The Merger will effect a change in the legal domicile of the Company and other changes of a legal nature, the most significant of which are described below under the heading "Comparative Rights of the Holders of China Precision Steel, Inc. - Colorado Capital Stock and Surviving Corporation - Delaware Capital Stock." However, the Merger will not result in any change in name, headquarters, business, jobs, management, location of any of our offices or facilities, number of employees, assets, liabilities or net worth (other than as a result of the costs incident to the Merger, which are immaterial). Our management, including all directors and officers, will remain the same in connection with the Merger and will assume identical positions with the Surviving Corporation. None of our subsidiaries will be changing their respective states or jurisdictions of incorporation in connection with the Merger. There will be no new employment agreements for executive officers or other direct or indirect interest of the current directors or executive officers of the Company in the Merger as a result of the Reincorporation Proposal. Upon the effective time of the Merger, your shares of CPSL Common Stock will be converted into an equivalent number of shares of Common

Stock of the Surviving Corporation and such shares will continue to trade on The NASDAQ™ Capital Market under the symbol “CPSL.”

China Precision Steel, Inc., a Delaware Corporation

Our wholly owned subsidiary, a Delaware corporation, was incorporated under the DGCL on September 13, 2007 under the name “China Precision Steel, Inc.,” exclusively for the purpose of merging with CPSL. The address and phone number of CPSL-Delaware’s principal office are the same as those of the Company. Prior to the Merger, CPSL-Delaware will have no material assets or liabilities and will not have carried on any business.

Upon completion of the Merger, the rights of the stockholders of the Surviving Corporation will be governed by the DGCL and the certificate of incorporation and the bylaws of CPSL-Delaware, attached to this Proxy as Annexes 2 and 3, respectively.

The Merger Agreement and Effective Time

The Merger will be effected by merging CPSL into a newly-formed Delaware corporation that is a wholly-owned subsidiary of CPSL, also named China Precision Steel, Inc., pursuant to the Merger Agreement. Upon completion of the Merger, CPSL, as a corporate entity, will cease to exist and the Surviving Corporation will succeed to the assets and liabilities of CPSL and will continue to operate the business of CPSL under the name “China Precision Steel, Inc.” As provided by the Merger Agreement, each outstanding share of CPSL common stock, \$0.001 par value per share, will be automatically converted into one share of the Surviving Corporation’s common stock, \$0.001 par value per share, at the effective time of the Merger. Each stock certificate representing issued and outstanding shares of CPSL common stock will continue to represent the same number of shares of the Surviving Corporation’s common stock.

PLEASE DO NOT SEND IN ANY OF YOUR STOCK CERTIFICATES REPRESENTING SHARES OF THE COMPANY’S COMMON STOCK, AS IT WILL NOT BE NECESSARY FOR STOCKHOLDERS TO EXCHANGE THEIR EXISTING CPSL STOCK CERTIFICATES FOR SURVIVING CORPORATION STOCK CERTIFICATES. HOWEVER, STOCKHOLDERS MAY REQUEST THAT THEIR CERTIFICATES BE EXCHANGED IF THEY SO CHOOSE.

AFTER THE EFFECTIVE DATE OF THE MERGER, DELIVERY OF THE CPSL COMMON STOCK CERTIFICATES WILL CONSTITUTE DELIVERY FOR TRANSACTIONS IN SHARES OF SURVIVING CORPORATION COMMON STOCK.

The current directors of CPSL will become the directors of China Precision Steel, Inc. All employee benefit and stock option plans of CPSL will become Surviving Corporation plans, and each option or right issued by such plans will automatically be converted into an option or right to purchase the same number of shares of Surviving Corporation common stock, at the same price per share, upon the same terms and subject to the same conditions. Stockholders should note that approval of the Merger Agreement will also constitute approval of these plans continuing as Surviving Corporation plans. Other employee benefit arrangements of CPSL will also be continued by Surviving Corporation upon the terms and subject to the conditions currently in effect. We believe that the Merger Agreement will not affect any of our material contracts with any third parties and that CPSL’s rights and obligations under such material contractual arrangements will continue as rights and obligations of the Surviving Corporation. The Merger Agreement has been approved by the members of the board, who unanimously voted “**FOR**” the Merger Agreement. If approved by the Stockholders, it is anticipated that the Merger will become effective under the Merger Agreement (the “Effective Time”) on November 16, 2007, or as soon as practicable thereafter. However, as described in the Merger Agreement, if before the Effective Time the board determines that circumstances have arisen that make it inadvisable to proceed with the Merger Agreement under the original terms of the Merger Agreement, the Merger (and thus the Merger Agreement) may be abandoned or the Merger Agreement may be amended by the board either before or after Stockholder approval has been obtained (except that the principal terms may not be amended without obtaining further Stockholder approval). The discussion below is qualified in its entirety by reference to the Merger Agreement, the Delaware Certificate of Incorporation and the Delaware Bylaws, copies of which are attached to this Proxy Statement as Annexes 1, 2 and 3, respectively, and by the applicable provisions of Colorado corporate law and Delaware corporate law.

Approval of the Merger and the Merger Agreement, which will also constitute approval of the CPSL-Delaware's Delaware Charter and Delaware Bylaws, will require the affirmative vote of a majority of outstanding shares as of the Record Date entitled to vote thereon.

Effect of Not Obtaining the Required Vote for Approval

If the reincorporation proposal fails to obtain the requisite vote for approval, the Merger will not be consummated and the Company will continue to be incorporated in Colorado.

PRINCIPAL REASONS FOR THE REINCORPORATION PROPOSAL

Predictability, Flexibility and Responsiveness of Delaware Law to Corporate Needs.

For many years, Delaware has followed a policy of encouraging incorporation in that state and has adopted comprehensive, modern and flexible corporate laws, which are updated regularly to meet changing business needs. As a result of this deliberate policy to provide a hospitable climate for corporate development, many major public corporations have chosen Delaware for their domicile. In addition, the Delaware courts have developed considerable expertise in dealing with corporate issues relating to public companies. Thus, a substantial body of case law has developed construing Delaware corporate law and establishing legal principles and policies regarding publicly-held Delaware corporations. We believe that for these reasons, Delaware law will provide greater legal predictability with respect to our corporate legal matters than we have under Colorado law. CPSL has no operations in the State of Colorado. The principal operations of the CPSL are conducted through one or more subsidiaries in The People's Republic of China; the principal operations of the Surviving Corporation will be conducted through one or more subsidiaries in The People's Republic of China.

Attractiveness of Delaware Law to Directors and Officers.

We believe that organizing our company under Delaware law will enhance our ability to attract and retain qualified directors and officers. The corporate law of Delaware, including its extensive body of case law, offers directors and officers of public companies more certainty and stability. Under Delaware law, the parameters of director and officer liability are more clearly defined and better understood than under Colorado law. To date, we have not experienced difficulty in retaining directors or officers, but directors of public companies are exposed to significant potential liability. We therefore believe that providing the benefits afforded directors by Delaware law will enable us to compete more effectively with other public companies in the recruitment of talented and experienced directors and officers. At the same time, we believe that Delaware law regarding corporate fiduciary duties provides appropriate protection for our stockholders from possible abuses by directors and officers. In addition, under Delaware law, directors' personal liability cannot be eliminated for:

- any breach of the director's duty of loyalty to the corporation or its stockholders,
- acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law,
- unlawful payment of dividends or unlawful repurchases or redemptions of stock, or
- any transactions from which the director derived an improper personal benefit.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF REINCORPORATION

The Reincorporation will not be taxable to CPSL or the stockholders based upon current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), current and proposed Treasury regulations, and judicial and administrative decisions and rulings as of the date of this Proxy Statement.

- No gain or loss will be recognized by CPSL as a result of the Reincorporation;

- No gain or loss will be recognized by stockholders upon receipt of the common stock of the Surviving Corporation solely in exchange for the common stock of CPSL;
- The aggregate tax basis of the shares of Surviving Corporation common stock received in exchange for CPSL common stock in the Reincorporation will be the same as the aggregate tax basis of the existing common stock exchanged; and
- The holding period for shares of Surviving Corporation common stock received in the Reincorporation will include the holding period of the CPSL common stock exchanged.

ANY DISCUSSION CONTAINED IN THIS PROXY STATEMENT AS TO FEDERAL, STATE OR LOCAL TAX MATTERS IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING U.S. FEDERAL, STATE, OR LOCAL TAX PENALTIES. THIS DISCUSSION IS WRITTEN IN CONNECTION WITH THE MATTERS ADDRESSED HEREIN. YOU SHOULD SEEK ADVICE BASED ON YOUR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

COMPARATIVE RIGHTS OF HOLDERS OF CHINA PRECISION STEEL, INC. CAPITAL STOCK AND SURVIVING CORPORATION CAPITAL STOCK

The rights of CPSL stockholders are currently governed by the CBCA, Colorado common law, CPSL's Amended and Restated Articles of Incorporation, CPSL's Second Amended and Restated Bylaws. The rights of Surviving Corporation's stockholders after the completion of the reincorporation will be governed by the DGCL, Delaware common law, Surviving Corporation's Certificate of Incorporation and Surviving Corporation's Bylaws.

The following is a summary of the material differences between the current rights of CPSL stockholders and the rights they will have as stockholders of Surviving Corporation following the proposed reincorporation.

<u>CHINA PRECISION STEEL, INC.</u> <u>(COLORADO)</u>	<u>SURVIVING CORPORATION</u> <u>(DELAWARE)</u>
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AUTHORIZED SHARES

The authorized capital stock of CPSL consists of 70 million shares, consisting of 62,000,000 shares of common stock \$0.001 par value per share, and 8,000,000 shares of preferred stock, \$0.001 par value per share. As of September 28, 2007, a total of 37,378,143 shares of Common Stock have been issued, and no shares of Preferred Stock have been issued.

The authorized capital stock of Surviving Corporation will consist of 62,000,000 shares of common stock, par value \$0.001 per share, and 8,000,000 shares of preferred stock, par value \$.001 per share.

VOTING REQUIREMENTS

Holders of Common Stock are entitled to one vote per share.

Holders of common stock are entitled to one vote per share and will vote together as a single class on all matters to be voted upon by stockholders.

Under the CBCA, stockholders have the right to cumulate their votes in the election of directors under specified procedures unless the articles of incorporation or bylaws of specified categories of corporations provide otherwise. Cumulative voting is not permitted under CPSL's Amended and Restated Articles of Incorporation.

Under the DGCL, stockholders do not have the right to cumulate their votes in the election of directors unless such right is granted in the certificate of incorporation. Cumulative voting is not permitted under the Surviving Corporation's certificate of incorporation.

VOTE REQUIRED FOR ELECTION OF DIRECTORS

CPSL's Second Amended and Restated Bylaws provide that the vote of a majority of the shares entitled to vote for directors is required in order to elect a director.

Surviving Corporation's bylaws provide that a vote of a majority of the shares present in person or represented by proxy at a meeting and entitled to vote for directors is required in order to elect a director.

CLASSIFIED BOARD OF DIRECTORS

CPSL's Amended and Restated Articles of Incorporation do not provide for a classified board of directors. Accordingly, under the CBCA, all of CPSL's directors are elected annually.

Surviving Corporation's certificate of incorporation does not provide for a classified board of directors. Accordingly, all directors of Surviving Corporation will be elected annually.

NUMBER OF DIRECTORS

Under the CBCA, the number of directors must be specified in a corporation's bylaws. CPSL's Second Amended and Restated Bylaws provide that the Board of Directors is to have between 3 and 9 members, as fixed by the Board of Directors. The CBCA, unlike the DGCL, provides that stockholders may amend a corporation's bylaws without the approval of the board of directors. Accordingly, under the CBCA, stockholders have the ability to determine the size of the Board of Directors if the stockholders amend the provision that permits the Board of Directors to fix the number of directors.

The DGCL permits a corporation's certificate of incorporation to specify the number of directors. Under Surviving Corporation's certificate of incorporation, the board of directors of Surviving Corporation is to have between 3 and 9 members. Under the DGCL, Surviving Corporation's certificate of incorporation cannot be amended unless the Board of Directors of Surviving Corporation recommends the amendment. Stockholders will not have the ability to increase the size of the board of directors of Surviving Corporation to more than 9 without the approval of the board.

REMOVAL OF DIRECTORS

Consistent with the CBCA, CPSL's Second Amended and Restated Bylaws provide that the company's stockholders may remove directors of the company with or without cause. Surviving Corporation's bylaws provide that the holders of a majority of the shares entitled to vote for the election of the directors may remove directors of the company with cause only.

VACANCIES ON THE BOARD OF DIRECTORS

Under the CBCA, because CPSL's Amended and Restated Articles of Incorporation do not provide otherwise, any vacancies on the Board of Directors may be filled either by the remaining directors or the stockholders. Consistent with the DGCL, Surviving Corporation's bylaws provide that vacancies on the board of directors of Surviving Corporation will be filled by the remaining directors.

STOCKHOLDERS' POWER TO CALL SPECIAL MEETINGS

In accordance with the CBCA, CPSL's Second Amended and Restated Bylaws provide that a special meeting of stockholders must be called by the President at the request of holders of not less than 10% of the outstanding shares of CPSL. Under the Surviving Corporation's bylaws, special stockholder meetings may be called by the Chairman of the Board of Directors, the President or by any 3 members of the Board of Directors.

STOCKHOLDER ACTION WITHOUT A MEETING

CPSL's Second Amended and Restated Bylaws provide that any action required or permitted to be taken at a stockholders' meeting may be taken without a meeting if (i) all of the stockholders entitled to vote thereon consent to such action in writing and (ii) action by written consent is to be effective as of the date the last writing necessary to effect the action is received by the secretary of CPSL unless all of the written consents necessary to effect the action specify a later date as the effective date of the action. Surviving Corporation's certificate of incorporation provides that stockholders may take any action permitted at an annual or special meeting of stockholders, by written consent of stockholders having a majority of the voting power.

NOTICE OF STOCKHOLDER MEETINGS

Consistent with the CBCA, CPSL's Second and Amended Restated Bylaws require that (i) if the authorized shares of CPSL are to be increased, at least 30 days' notice shall be given to the stockholders of record and (ii) if a stockholder meeting is adjourned for more than 120 days (in which case a new record date is to be fixed by the board of directors of CPSL), notice shall be given to record holders as of the new record date. In all other cases, stockholders must be given at least 10 days' notice, but not more than 60 days' notice, of Surviving Corporation's bylaws provide that written notice of stockholder meetings will be given not less than 10 days nor more than 60 days before the date of the meeting.

stockholder meetings.

NOTICE OF STOCKHOLDER NOMINATIONS FOR DIRECTORS AND BUSINESS TO BE BROUGHT BEFORE MEETINGS

CPSL's Second Amended and Restated Bylaws provide that only timely submission by stockholders of business Items will be considered as proper business at an annual meeting of stockholders. To be timely, a stockholder's written submission must be delivered to or mailed and received at the principal business offices of CPSL at least sixty (60) days in advance of the date that the proxy statement was released to stockholders in connection with the previous year's annual meeting of stockholders. The written submission must include (a) a description of the proper business submitted for consideration at the annual meeting and the reasons for conducting such business at the meeting, and if such business includes a proposal to amend the bylaws of the corporation, the language of the proposed amendment, (b) the name and record address of the stockholder giving the notice, (c) the class and number of shares of capital stock of the corporation which are beneficially owned by the stockholder, (d) any material interest of the stockholder in the business, and (e) if the business includes nomination of a director, additional prescribed information must be included in the submission that relate to the nomination.

Surviving Corporation's bylaws provide that no business may be brought before any meeting of stockholders, including the nomination or election of persons to the board of directors, by a stockholder unless the stockholder satisfies certain advance notice requirements. Advance notice of any such business must generally be provided not less than 20 days nor more than 60 days prior to the date of the meeting; provided, however, that, in the event that less than 30 days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholders to be timely must be so received not later than the close of business on the 10th day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made. A notice must include specified information concerning the business proposed to be conducted, the stockholder making the proposal and, if applicable, the persons nominated to be elected as directors. Any late or deficient nominations or proposals may be rejected by Surviving Corporation.

INDEMNIFICATION

Under CPSL's Second Amended and Restated Bylaws, CPSL is required to indemnify its former and current directors, officers against expenses incurred in any action brought against those persons as a result of their role with CPSL, to the fullest extent permitted by law. Similarly, CPSL may, in some circumstances, advance to a person potentially eligible for indemnification the expenses incurred in defending such an action. Under the CBCA, CPSL must reimburse the reasonable expenses of a director who was wholly successful in defending an action brought against him or her as a result of his or her role with CPSL. The CBCA generally requires a person

Under the Surviving Corporation's Bylaws, the Surviving Corporation is required to indemnify its former, incumbent and current directors and officers against expenses incurred in any action brought against those persons as a result of their role with the Surviving Corporation, to the fullest extent permitted by law. The Board of Directors of the Surviving Corporation has the discretion to indemnify other persons acting in their capacity as authorized representatives of the Surviving Corporation to the same extent. Similarly, the Surviving Corporation may, in some circumstances, advance to a person potentially eligible for indemnification the expenses incurred in defending such an action. Under the DGCL, a

seeking indemnification to have acted in good faith and in a manner he or she reasonably believed to have been in the best interests of CPSL.

person seeking indemnification is generally required to have acted in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation.

AMENDMENT TO THE ARTICLES (CERTIFICATE) OF INCORPORATION

Pursuant to the CBCA, amendments to CPSL's Articles of Incorporation must be submitted to a stockholder vote if proposed either by the Board of Directors or by the holders of shares representing at least 10% of all of the votes entitled to be cast on the amendment. The Board of Directors need not recommend the amendment to the stockholders if the amendment is proposed by the stockholders or if the Board of Directors determines that because of a conflict of interest or other special circumstances it should make no recommendation with respect to the amendment. Among other consequences, this aspect of the CBCA may limit the effectiveness of any anti-takeover provisions contained in a corporation's articles of incorporation.

Under the DGCL, a proposed amendment to a corporation's certificate of incorporation may not be submitted to a vote of stockholders without the approval of the board of directors. To the extent Surviving Corporation's certificate of incorporation includes provisions that would make a hostile takeover of Surviving Corporation more difficult, this aspect of the DGCL would prevent those provisions from being amended or removed without the consent of the board of directors of Surviving Corporation, and may therefore have anti-takeover effects.

AMENDMENT TO THE BYLAWS

Under CPSL's Second Amended and Restated Bylaws, the board of directors may amend or repeal the bylaws unless, as to any particular bylaw adopted, amended or repealed by the stockholders, the stockholders have previously provided expressly that the board of directors may not amend or repeal such bylaw. The stockholders may amend or repeal the bylaws even though the bylaws may also be amended or repealed by the board of directors.

The bylaws of Surviving Corporation provide that the board of directors of Surviving Corporation may amend or repeal the bylaws of Surviving Corporation. Surviving Corporation's stockholders may amend or repeal the bylaws even though the bylaws may also be amended or repealed by the board of directors.

BUSINESS COMBINATION STATUTE

The CBCA does not contain any business combination provisions.

Section 203 of the DGCL provides for a three-year moratorium on certain business combination transactions with "interested stockholders" (generally, persons who beneficially own 15% or more of the corporation's outstanding voting stock).

DISSENTERS' (APPRAISAL) RIGHTS

Under the CBCA, stockholders are entitled to exercise dissenters' rights in the event of certain mergers, share exchanges, sales, leases, exchanges or other dispositions of all or substantially all of the property of the corporation, and not with respect to shares

The DGCL provides appraisal rights only in the case of a stockholder objecting to certain mergers or consolidations. Thus, under the DGCL, stockholders have no appraisal rights in a sale, lease or exchange of all or substantially all of a corporation's

that are listed on a national securities exchange registered under the Securities Exchange Act of 1934, as amended. Under the CBCA, stockholders are entitled to exercise dissenters' rights in the event of certain mergers, share exchanges, sales, leases, exchanges or other dispositions of all or substantially all of the property of the corporation. Dissenters' rights in Colorado are available to beneficial owners as well as record holders. Dissenters' rights are not available as a result of the Reincorporation Proposal.

assets. Appraisal rights in Delaware are available to record holders only.

EXAMINATION OF BOOKS AND RECORDS

Under the CBCA, any record or beneficial stockholder of CPSL may, upon five days' written demand, inspect certain records, including stockholder actions, minutes of stockholder meetings, communications with stockholders and recent financial statements. In addition, upon five days' written demand, any such stockholder may inspect the list of stockholders and certain other corporate records, including minutes of the meetings of the board of directors, if the stockholder either (i) has been a stockholder for at least three months or (ii) is a stockholder of at least 5% of all outstanding shares of any class of shares when the demand is made, provided that the demand is made in good faith for a proper purpose reasonably related to such person's interests as a stockholder.

Under the DGCL, the inspection rights of the stockholders of Surviving Corporation are the same as under Colorado law, except: (i) there is no requirement that a stockholder has been a stockholder for at least three months or is a stockholder of at least 5% of all outstanding shares of any class of shares when the demand is made, and (ii) if Surviving Corporation refuses to permit inspection or does not reply to the demand within five business days after the demand has been made, the stockholder may apply to the Delaware Court of Chancery for an order to compel such inspection.

DISSOLUTION

Under the CBCA, the board of directors of CPSL may submit a proposal of voluntary dissolution of CPSL to the stockholders entitled to vote thereon. The board of directors of CPSL must recommend such dissolution to the stockholders as part of the dissolution proposal, unless the board of directors of CPSL determines that because of a conflict of interest or other special circumstances it should make no recommendation and communicates the basis for its determination to the stockholders.

Surviving Corporation will be subject to the same voting requirement with respect to a dissolution of Surviving Corporation as is CPSL but only if the board of directors of Surviving Corporation initially approves the dissolution of Surviving Corporation. If the board of directors does not approve such dissolution, the stockholder vote required for approving a dissolution of Surviving Corporation is a unanimous written consent of all stockholders entitled to vote thereon.

STOCKHOLDER DERIVATIVE ACTIONS

Under the CBCA, if a court finds that a derivative action was brought without reasonable cause, the court may require the plaintiff to pay the defendants' reasonable expenses attributable to the defense of such action, exclusive of attorney's fees. In addition, CPSL, at any time before final judgment, may require the plaintiff to give a security for the costs and reasonable expenses which may be incurred by CPSL or other parties named as defendants in the defense of such action, but not including attorney's fees, if the stockholder instituting the action holds less than 5% of the outstanding shares of any class of stock of CPSL, unless the shares so

The DGCL's requirements for bringing derivative actions are substantially similar to those contained in the CBCA, except that the DGCL does not impose (i) the reasonable cause requirement and (ii) the security requirement imposed by the CBCA.

held have a market value in excess of \$25,000. If the court then finds that the action was instituted without cause, the corporation may have recourse to such security in the amount determined by the court.

FRANCHISE TAX

There is no franchise tax in Colorado.

The DGCL requires corporations to pay franchise tax annually. We do not consider the amount of such tax to be material.

It is the intention of the persons named in the accompanying form of Proxy to vote such proxy “For” Proposal 2 unless stockholders specifically indicate in their proxies that they desire to vote against or abstain from voting for approval of Proposal 2. Approval requires an affirmative vote of the votes cast in person or by proxy at the Annual Meeting. Management recommends that stockholders vote “For” approval of Proposal 2.

OUR BOARD UNANIMOUSLY RECOMMENDS A VOTE “FOR” APPROVAL OF PROPOSAL 2.

PROPOSAL 3

TO AUTHORIZE CPSL TO ISSUE AN UNDETERMINED NUMBER OF SHARES OF CPSL COMMON STOCK, SHARES OF PREFERRED STOCK CONVERTIBLE INTO CPSL COMMON STOCK OR WARRANTS TO PURCHASE CPSL COMMON STOCK, IN AN AGGREGATE AMOUNT OF UP TO 11,213,443 SHARES OF COMMON STOCK IN CONNECTION WITH CAPITAL RAISING ACTIVITIES OVER THE NEXT 12 MONTHS PRIOR TO THE NEXT ANNUAL MEETING OF THE COMPANY'S STOCKHOLDERS, AT A PRICE TO BE DETERMINED BY THE COMPANY'S BOARD OF DIRECTORS

The Board of Directors of CPSL has approved, subject to stockholder approval, this Proposal 3 authorizing CPSL to issue an undetermined number of shares of CPSL Common Stock, shares of Preferred Stock convertible into CPSL Common Stock ("Convertible Preferred Stock") or warrants to purchase CPSL Common Stock, in an aggregate amount of up to 11,213,443 shares of CPSL Common Stock in connection with a potential private equity financing to occur anytime before the next annual meeting of the Company's Stockholders.

Description of the Financing

The Board of Directors is seeking approval to issue an undetermined number of shares of Common Stock, shares of the Convertible Preferred Stock or warrants to purchase Common Stock in an aggregate amount of up to 11,213,443 shares of Common Stock. The price of any combination or class of the securities issued will be determined by the Board of Directors of CPSL at the time of the financing. The price of the newly-issued Common Stock, Convertible Preferred Stock and warrants may be at, above or beneath the price of the CPSL common stock at the time of the financing. The issuance would be made in a private placement to one or more accredited investors, as defined in Rule 501 of Regulation D pursuant to the Securities Act of 1933, as amended.

The terms of the potential financing, including dividend or interest rates, conversion prices, voting rights, redemption prices, maturity dates, and similar matters as well as the combination of securities, to be issued have not been determined. However, if CPSL were to issue shares of the Convertible Preferred Stock, the rights and privileges of the holders of the Convertible Preferred Stock will be superior to those of holders of the CPSL common stock. The Board of Directors will be able to determine the terms of the Convertible Preferred Stock pursuant to the Certificate of Designation of CPSL. CPSL anticipates that the Convertible Preferred Stock and warrants will convert into Common Stock at a conversion rate that may be subject to adjustment in certain circumstances, including in the event of an additional issuance of equity securities by CPSL at a consideration per share below the then-effective conversion rate. CPSL anticipates that the aggregate number of shares of CPSL Common Stock issued (assuming the conversion of the Convertible Preferred Stock, if issued, or the exercise of the warrants, if issued, into shares of CPSL Common Stock) will be in excess of 20 percent of the CPSL Common Stock and 20 percent of the voting power of CPSL outstanding before the issuance. In addition to the superior rights that the Convertible Preferred Stock may have over the CPSL Common Stock, which are discussed above, the issuance of the Convertible Preferred Stock, if any, will also have the effect of dilution on the outstanding CPSL Common Stock, reducing the voting power held by existing stockholders.

There is no certainty that we will be able to obtain private financing on acceptable terms or that we will need to secure additional funding during the next twelve months. However, the Board of Directors considers it advisable to seek stockholder approval at this time in order to be able to respond quickly to changes in the capital markets as and when necessary in light of the Company's capital requirements at that time.

Purpose of Financing

The principal purposes of the financing will be to secure additional funds, as and when needed, to support CPSL's business plan, to expand the Company's sales and distribution networks and for working capital. In addition, we believe that it may be advantageous to reduce the level of Shanghai Chengtong Precision Strip Co., Ltd.'s indebtedness if we can obtain additional capital on favorable terms. Reducing the Company's indebtedness should improve our balance sheet, reduce financial costs and permit the Company additional financial flexibility.

Necessity for Stockholder Approval

Because our Common Stock is listed on The NASDAQTM Capital Market, CPSL is subject to NASDAQTM Marketplace Rules. NASDAQTM Marketplace Rule 4350(i)(1)(D)(ii) requires that a company listed on NASDAQ obtain stockholder approval in connection with a transaction (other than a public offering) involving the potential issuance of common stock (or securities convertible into or exercisable for common stock) equal to 20 percent or more of its common stock or 20 percent or more of its voting power outstanding before the issuance for less than the greater of book or market value of the stock as of the date of the transaction. To the extent that a NASDAQTM listed company does not obtain stockholder approval to such an arrangement, that company may be subject to the delisting of its securities from NASDAQTM.

The aggregate number of shares of the CPSL Common Stock that we may issue (including conversion of the Convertible Preferred Stock and the exercise of the warrants, if any are to be issued, into shares of the CPSL Common Stock) may be in excess of 20 percent of the CPSL Common Stock and 20 percent of the voting power of CPSL outstanding before the issuance of the securities. The price of any CPSL common stock, the conversion rate of any Convertible Preferred Stock and the applicable exercise price of any warrants may also be set beneath the market price of the CPSL common stock at the closing of the sale, which would be less than the greater of book or market value of the stock as of the date of the transaction. Because of these possibilities, we have submitted this Proposal for stockholder approval in accordance with NASDAQTM Marketplace Rule 4350(i)(1)(D)(ii).

OUR BOARD UNANIMOUSLY RECOMMENDS A VOTE “FOR” APPROVAL OF PROPOSAL 3.

OTHER MATTERS

We do not intend to present any business at the Annual Meeting not mentioned in this Proxy Statement, and currently know of no other business to be presented. If any other matters are brought before the meeting, the appointed proxy holders will vote on all such matters in accordance with their judgment of the best interests of the Company.

VOTE REQUIRED FOR ELECTION AND APPROVAL

The vote required for the election of directors is a plurality of the shares of Common Stock present or represented by proxy at the meeting and entitled to vote thereon, provided a quorum is present. The vote required for the approval of other proposals to be acted upon at the Annual Meeting is the affirmative vote of a majority of the shares entitled to vote on the matter and present or represented by proxy at the meeting, provided a quorum is present. A quorum is established by the presence or representation at the Annual Meeting of the holders of a majority of the Company’s voting shares. Brokers who hold shares in street name have discretionary authority to vote on certain “routine” items even if they have not received instructions from the persons entitled to vote such shares. However, brokers do not have authority to vote on “nonroutine” items without such instructions. Such “broker non-votes” (shares held by brokers or nominees as to which they have no discretionary power to vote on a particular matter and have received no instructions from the persons entitled to vote such shares) are counted as present and entitled to vote for purposes of determining whether a quorum is present but are not considered entitled to vote on any nonroutine matter to be acted upon. For matters requiring the affirmative vote of a plurality of the shares of Common Stock present or represented at the Annual Meeting, such as Proposal 1, broker non-votes would have no effect on the outcome of the vote. For matters requiring the affirmative vote of a majority of the shares of Common Stock present or represented at the Annual Meeting and entitled to vote, such as Proposals 2 and 3, broker non-votes would not be counted as among the shares entitled to vote with respect to such matters. Thus, the effect of any broker non-votes with respect to such matters would be to reduce the number of affirmative votes required to approve the proposals and the number of negative votes required to block such approval. Stockholders are not entitled to any rights of appraisal or similar dissenters’ rights with respect to any matter to be acted upon at the Annual Meeting, because, pursuant to Colorado law, the matters to be acted upon do not give rise to any such dissenters’ rights.

STOCKHOLDER PROPOSALS AND NOMINATIONS

It is intended that the next annual meeting of stockholders of the Company will be held on December 11, 2008. Stockholders of the Company wishing to include proposals in the proxy material relating to the Annual Meeting of Stockholders of the Company in 2008 must submit the same in writing so as to be received at the principal executive office of the Company (to the attention of the Secretary) on or before June 17, 2008 for such proposal to be considered for inclusion in the proxy statement for such meeting. Such proposals must also meet the other requirements of the rules of the Securities and Exchange Commission relating to stockholder proposals.

Stockholders who wish to submit any items of business to be addressed at an annual meeting of stockholders (rather than include the item in the proxy material) must make the submission in a timely manner as provided in the Company's Bylaws.

If Proposal 2 is not approved, and the Company remains a Colorado corporation, the Second Amended and Restated Bylaws of the Company provide that only timely submissions of business items will be considered as proper business at the meeting. To be timely, a stockholder's written submission must be delivered to or mailed and received at, the principal business offices of the Company at least sixty (60) days in advance of the date that the Company's proxy statement was released to stockholders in connection with the previous year's annual meeting of stockholders. As this proxy statement for the 2007 annual meeting is being released on approximately October 17, 2007, the deadline for submissions of business items for the 2008 annual meeting will be August 18, 2007. The Bylaws also specify what must be included in the written notice of submission in order for the submission to be considered timely and to be considered proper business to be conducted at the annual meeting.

If Proposal 2 is approved, and the Company becomes a Delaware corporation, the Bylaws of the Company provide that only timely submissions of business items will be considered as proper business at the meeting. To be timely, a stockholder's written submission must be delivered to or mailed and received at, the principal business offices of the Company not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's annual meeting. As the 2007 annual meeting will be held on November 12, 2007, submissions of business items for the 2008 annual meeting must be submitted to the Company not later than the close of business on August 14, 2008 nor earlier than the close of business on July 15, 2008. The Bylaws also specify what must be included in the written notice of submission in order for the submission to be considered timely and to be considered proper business to be conducted at the annual meeting.

Any such proposals, or nominee recommendations, should be mailed to the Corporate Secretary, China Precision Steel, Inc., 8th Floor, Teda Building; 87 Wing Lok Street; Sheung Wan, Hong Kong, People's Republic of China.

CHINA PRECISION STEEL, INC.

Using a **black ink** pen, mark your votes with an X as shown in this example.

x

Please do not write outside the designated areas.

Annual Meeting Proxy Card

A. Proposals - The Board of Directors recommends a vote FOR the nominees listed and FOR Proposals 2 and 3.

1. Election Of Directors:

Wo Hing Li
 Hai Sheng Chen
 Tung Kuen Tsui
 Che Kin Lui
 David Peter Wong

For All	o
For All Except	o
Withhold Authority For All	o

2.	Approval of change in state of incorporation from Colorado to Delaware by approving and adopting an Agreement and Plan of Merger providing for the merger of the Company into its wholly-owned subsidiary, China Precision Steel, Inc., a Delaware corporation.	For o	Against o	Abstain o
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3.	Authority to issue an undetermined number of shares of Company Common Stock, shares of preferred stock convertible into Company Common Stock or warrants to purchase Company Common Stock, in an aggregate amount of up to 11,213,443 shares of Common Stock, in connection with capital raising activities over the next 12 months and prior to the next annual meeting of the Company's Stockholders, at a price and on the terms to be determined by the Company's Board of Directors.	For o	Against o	Abstain o
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B. Non-Voting Items

Change of Address - Please print new address below.

Meeting Attendance

Mark this box **o** with an X if you plan to attend the meeting.

C. Authorized Signatures - This section must be completed for your vote to be counted. - Date and Sign Below.

This proxy should be marked, dated and signed by the stockholder(s) exactly as his or her name appears hereon, and returned promptly in the enclosed envelope. Persons signing in a fiduciary capacity should so indicate. If shares are held by joint tenants or as community property, both should sign.

Date (mm/dd/yyyy) - Please print
date below.

/ /

Signature 1 - Please keep signature
within the box.

Signature 2 -
Please keep signature
within the box.

Annex 1

Form of Agreement and Plan of Merger

AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger, dated as of November 16, 2007, is by and between China Precision Steel, Inc., a Colorado corporation (the "Company"), and China Precision Steel, Inc., a wholly-owned Delaware subsidiary of the Company, formed solely for the purpose of reincorporating the Company in the State of Delaware ("CPSL - Delaware").

The Company owns all of the issued and outstanding shares of capital stock of CPSL - Delaware. In consideration of the mutual promises, covenants and agreements contained herein, the Company and CPSL - Delaware, intending to be legally bound, hereby agree as set forth below.

1. **Merger of the Company with and into China Precision Steel.** At the Effective Time, as defined in Section 4 herein, (a) the Company shall merge with and into CPSL - Delaware (the "Merger"), (b) the separate existence of the Company shall cease to exist and (c) CPSL - Delaware shall be the surviving corporation in the Merger (the "Surviving Corporation") and shall continue its existence under Delaware law.
2. **Certificate of Incorporation and Bylaws of the Surviving Corporation.** The Certificate of Incorporation and Bylaws of CPSL - Delaware at the Effective Time shall continue to be the Certificate of Incorporation and Bylaws of the Surviving Corporation, subject to any future amendments or deletions thereto in accordance with applicable law.
3. **Cancellation, Conversion and Continuance of Shares.**
 - (a) China Precision Steel Shares. At the Effective Time, all shares of capital stock of CPSL - Delaware owned by the Company immediately prior to the consummation of the Merger shall be cancelled.
 - (b) Company Shares. Each issued and outstanding share, and each share then held in the treasury, of the common stock of the Company shall, by virtue of the Merger and without any action on the part of the holder thereof, be automatically converted at the Effective Time into one share of common stock of the Surviving Corporation. The terms and conditions of each stock option and warrant to purchase shares of the Company's common stock outstanding immediately prior to the consummation of the Merger shall remain the same, except that such option or warrant shall be an option or warrant, as the case may be, to purchase shares of the common stock of the Surviving Corporation.

The consummation of the Merger shall not be deemed a transaction that constitutes a "change of control," as such term is defined in the stock option plans or agreements of the Company under which options to purchase shares of its common stock have been granted. Accordingly, the terms of outstanding stock options of the Company shall not be affected as a result of the Merger.

It will not be necessary for stockholders of the Company to exchange their existing stock certificates representing shares of common stock of the Company for stock certificates representing shares of Surviving Corporation common stock. In the event, however, such stockholders decide to effect such an exchange, they shall receive shares of Surviving Corporation common stock possessing, subject to differences in applicable law, the same general rights as the common stock of the Company.

4. **Approval, Filing and Effective Time.** This Agreement and Plan of Merger shall be adopted and approved by CPSL - Delaware and the Company in the manner required by the Delaware General Corporation Law, as amended (the “DGCL”), and the Colorado Business Corporation Act, as amended (the “CBCA”), respectively. After this Agreement and Plan of Merger has been adopted and approved, and so long as it has not been terminated pursuant to Section 5 hereof, the Company and CPSL - Delaware, upon obtaining the requisite Company stockholder approval under the CBCA, shall file a certificate of merger with the Secretary of State of Colorado and a certificate of ownership and merger with the Secretary of State of the State of Delaware. The Merger shall become effective upon the filing of such certificate with the Secretary of State of Delaware (the “Effective Time”).

5. **Amendment; Termination.** This Agreement and Plan of Merger may be amended or terminated at any time prior to the Effective Time by action of the Board of Directors of both the Company and CPSL - Delaware, except as otherwise prohibited by the CBCA or the DGCL, notwithstanding the adoption or approval contemplated by Section 4 hereof.
6. **Further Assurances.** From time to time, as and when required by the Surviving Corporation or its successors or assigns, there shall be executed and delivered on behalf of the Company such documents and other instruments, and there shall be taken or caused to be taken by it all such further and other action, as shall be appropriate, advisable or necessary to: (i) cause the Surviving Corporation to have its common stock registered with the Securities and Exchange Commission under Section 12(b) of the Securities Exchange Act of 1934, as amended, and to have its common stock listed on The NASDAQ Capital Market, (ii) vest, perfect or confirm, of record or otherwise, in the Surviving Corporation, the title to and possession of all property, interests, assets, rights, privileges, immunities, powers, franchises and authority of the Company and (iii) otherwise carry out the purposes of this Agreement and Plan of Merger. The executive officers and directors of the Surviving Corporation are fully authorized in the name and on behalf of the Company or otherwise, to take any and all such action and to execute and deliver any and all such deeds and other instruments.
7. **Service of Process; Appointment of Agent.** The Surviving Corporation hereby agrees that it may be sued in the State of Colorado for any prior obligation of the Company, any prior obligation of any constituent foreign corporation qualified under Section 7-115-105 of the CBCA, and any obligations hereafter incurred by the Surviving Corporation, so long as any liability remains outstanding against the Company in the State of Colorado, and it hereby irrevocably appoints the Secretary of State of Colorado as its agent to accept service of process in any action for the enforcement of any such obligation, including taxes.

IN WITNESS WHEREOF, the Company and CPSL - Delaware have executed this Agreement and Plan of Merger as of the day and year first above written.

CHINA PRECISION STEEL, INC.
(A Colorado corporation)

By: _____

Title: _____

CHINA PRECISION STEEL, INC.

(A Delaware corporation)

By:

Title:

Annex 2

Certificate of Incorporation
of
CHINA PRECISION STEEL, INC.

FIRST: The name of the Corporation is China Precision Steel, Inc. (the “Corporation”).

SECOND: The address of the Corporation’s registered office in the State of Delaware is 2711 Centerville Road, Suite 400, in the City of Wilmington, County of New Castle 19808. The name of its registered agent at that address is Corporation Service Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (the “Delaware Code”).

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is 62,000,000 shares of common stock, par value \$0.001 per share and 8,000,000 shares of preferred stock, par value \$0.001 per share.

FIFTH: The name and mailing address of the incorporator are Amy M. Ling, c/o Kirkpatrick & Lockhart Preston Gates Ellis LLP, One Lincoln Street, Boston, MA 02111-2950.

SIXTH: (A) The Board shall have the power to adopt, amend and repeal the By-laws of the Corporation. The stockholders entitled to vote in the election of directors may adopt additional By-laws and may amend or repeal any By-law adopted by the Board.

(B) Subject to the rights of the holders of any class or series of capital stock having a preference over the Common Stock as to dividends and/or upon liquidation, the number of directors that shall constitute the entire Board shall not be less than three (3) nor more than nine (9), with the actual number of directors to be determined from time to time by the Board pursuant to duly adopted resolutions of the Board.

SEVENTH: Meetings of stockholders shall be held at such place, in or outside the State of Delaware, as may be designated by or in the manner provided in the By-laws of the Corporation or, if not so designated, as determined by the Board. Elections of directors need not be by written ballot except as and to the extent required by the By-laws of the Corporation.

Dismissal without Cause or Resignation for Good Reason. Mr. Pearce is entitled to the same payments and benefits provided upon death or disability, plus severance pay. Mr. Pearce's severance pay is payable in a lump sum and is calculated by multiplying (a) the sum of Executive's base salary and highest three year bonus by (b) the number of full and partial years remaining in the Agreement term (up to a maximum of two years). Mr. Pearce will also be entitled to a lump sum payment sufficient to pay any amounts described above under "Life Insurance" which remain unpaid as of the date of his termination of employment. Where termination is without cause or resignation is for good reason, Mr. Pearce (and his spouse) also receive post-termination health, hospitalization, prescription drug and insurance benefits until he or she attains age 65.

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Dismissal for Cause or Resignation without Good Reason. Mr. Pearce is entitled to accrued compensation and obligations where dismissal is for cause. Retirement benefits are not payable in the event of a termination of employment for cause.

Change in Control. If Mr. Pearce is terminated by us for any reason or if he resigns for good reason (a) during the term of the Agreement and following a change in control, or (b) within two years following a change in control that occurs during the term of the Agreement, Mr. Pearce is entitled to the same payments, benefits and severance as provided upon Dismissal without Cause or Resignation for Good Reason.

Upon a change in control Mr. Pearce also is entitled to receive an award of 50,000 shares of Common Stock to partially recompense him for giving up the non-parachute excise tax gross-up discussed above under "Gross-Up Payments." Mr. Pearce is entitled to a gross-up for the impact of parachute tax only (to put him in the same income tax position as if there was no parachute tax).

Additionally, upon any termination of Mr. Pearce's employment following a change in control (except for Cause), he receives the same retirement benefits described above under "Retirement Benefits," except that the lump-sum is equal to the sum of the payments due, determined as if he were fully vested and without a present value reduction. Mr. Pearce also will be entitled to a lump sum payment of any unpaid amounts described above under "Life Insurance."

Restrictive Covenants Mr. Pearce is subject to restrictive covenants prohibiting the disclosure or use of confidential information, along with two-year covenants regarding non-competition and non-solicitation of employees. Our remedies for violation of restrictive covenants include injunctive relief and forfeiture of retirement and severance benefits.

Mandatory Arbitration Disputes arising under Mr. Pearce's Employment Agreement are to be resolved by binding arbitration.

Employment Agreements with Remaining Named Executive Officers

We are also party to Employment Agreements with our Chief Financial Officer (Brent Moen), our EVP-Fashion, Education & Marketing (Gordon Nelson), our former EVP-Regis Corporation and President, Franchise Division (Mark Kartarik) and our former EVP-Design & Construction (Bruce Johnson) (hereinafter referred to as the "Other Named Executive Officers"), which have been amended and restated effective as of December 31, 2008, and with respect to our Employment Agreement with Mr. Nelson, as further amended effective as of April 26, 2011. The Employment Agreement(s) have commenced as of the effective date and continue until terminated by either us or Mr. Moen or Mr. Nelson, as applicable, and with respect to Mr. Kartarik and Mr. Johnson, which have been terminated effective as of June 30, 2011 in connection with the termination of employment with the Company of each of Mr. Kartarik and Mr. Johnson effective as of June 30, 2011.

The arrangements for Mr. Moen, Mr. Nelson, Mr. Kartarik and Mr. Johnson are summarized below, including the key differences in their respective Employment Agreements:

Base Salary Base salaries of Mr. Moen, Mr. Nelson, Mr. Kartarik and Mr. Johnson are as determined by the Committee from time to time. Their fiscal 2011 base salaries were: Mr. Nelson, \$501,500; Mr. Moen, \$248,458; Mr. Kartarik, \$466,500; and Mr. Johnson, \$373,500.

Bonus Mr. Moen, Mr. Nelson, Mr. Kartarik and Mr. Johnson are each eligible for an annual performance bonus as determined under the provisions of Short Term Plan parameters.

Long Term Incentives Mr. Moen, Mr. Nelson, Mr. Kartarik and Mr. Johnson are each eligible to participate on the same basis as other executive officers under the Long Term Plan.

Retirement Benefits Upon retirement, Mr. Moen, Mr. Nelson, Mr. Kartarik and Mr. Johnson are each entitled to receive a lump sum cash payment equal to the present value of a hypothetical annuity of monthly payments which are equal to the greater of \$5,000 or 40% of their respective five-year average monthly compensation as of their termination of employment, excluding bonuses (subject to a twenty year vesting schedule), and are payable for 240 months (such monthly payments referred to as the "Monthly Benefit"). In addition, Mr. Nelson's agreement provides for the monthly benefit to be increased by \$2,500 provided his employment is not terminated by us for cause or by Mr. Nelson without good reason on or before February 8, 2012. Mr. Moen, Mr. Nelson, Mr. Kartarik and Mr. Johnson have the option to elect to receive their retirement benefit in the form of the 240 monthly payments rather than the lump sum, provided that such election is made in accordance with the requirements described in their Agreement and consistent with Code Section 409A. If Mr. Moen, Mr. Nelson, Mr. Kartarik and Mr. Johnson dies before receiving full payment of his retirement benefit, payment will be made in a lump sum or monthly payments will continue, as applicable, to his designated beneficiary (or his estate). If Mr. Moen, Mr. Nelson, Mr. Kartarik and Mr. Johnson becomes disabled, he will receive monthly payments beginning six months after his disability begins and continuing until the earlier of his death or attainment of age 65, or until he ceases to be disabled, in an amount equal to his Monthly Benefit. At death or attainment of age 65, he or his beneficiary will receive the benefit describe above under "Retirement Benefits." No retirement benefits are payable in the event of termination of employment for cause.

Life Insurance Pursuant to the terms of separate agreements with Mr. Moen, Mr. Nelson, Mr. Kartarik and Mr. Johnson we will pay premiums for a total of ten years (or as extended beyond such period by approval of the Compensation Committee) on the existing policies insuring the lives of Mr. Moen, Mr. Nelson, Mr. Kartarik and Mr. Johnson respectively. As of June 30, 2011, we have made eleven payments on each of these policies, except with respect to Mr. Moen for whom we have made only seven payments. We also provided Mr. Moen, Mr. Nelson, Mr. Kartarik and Mr. Johnson with gross-ups for federal and state income taxes on

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the resulting income from our payment of the premium payments. As of June 30, 2011, the face amount of the policies insuring the lives of each of Mr. Moen, Mr. Nelson, Mr. Kartarik, and Mr. Johnson is approximately \$1 million for Mr. Moen, \$2.9 million for Mr. Nelson, \$3.1 million for Mr. Kartarik, and \$3.3 million for Mr. Johnson.

Health, Welfare and Other Benefits During Mr. Moen's, Mr. Nelson's, Mr. Kartarik's and Mr. Johnson's employment, health and welfare benefits are provided on the same basis as for other executive officers.

Change in Control If Mr. Moen or Mr. Nelson is terminated by us for any reason, other than cause, or resigns for good reason within two years following a change in control, he is entitled to an amount equal to three times the sum of his base salary and highest three year bonus (in addition to his monthly retirement benefits).

Upon a change in control, Mr. Moen is entitled to receive 20,000 shares of Common Stock and Mr. Nelson is entitled to receive an automatic award of 40,000 shares of Common Stock to partially recompense each of them for giving up a non-parachute excise tax gross-up to which they were each previously entitled but was eliminated by the Company. Mr. Moen and Mr. Nelson are entitled to a gross-up for the impact of parachute tax only (to put him in the same income tax position as if there was no parachute tax).

Additionally, upon any termination of Mr. Moen's or Mr. Nelson's employment following a change in control (except for Cause), he receives (1) the same retirement benefits described under "Retirement Benefits," except that the lump-sum is equal to the sum of the payments due, determined as if he is fully vested and without a present value reduction, and (2) a lump sum payment of any unpaid amounts described above under "Life Insurance."

Restrictive Covenants Mr. Moen, Mr. Nelson, Mr. Kartarik and Mr. Johnson are subject to a twenty-four (24) month non-compete restrictive covenant. Our remedies for violation of the restrictive covenant include forfeiture of retirement benefits.

Mandatory Arbitration Disputes arising under Mr. Moen's, Mr. Nelson's, Mr. Kartarik's or Mr. Johnson's Employment Agreements are to be resolved by binding arbitration.

Consulting Arrangement Effective as of April 26, 2011, we have entered into an amendment to Mr. Nelson's Employment Agreement to provide for post-employment consulting services to be provided by Mr. Nelson to the Company following his separation from service with the Company, which is expected to occur on June 30, 2012. The key provisions of the post-employment consulting arrangement are as follows:

Consulting Period: Thirty-six (36) months following the termination of Mr. Nelson's employment with the Company.

Duties: To provide advice and assistance with regard to the Company's training and education programs.

Compensation: Mr. Nelson will be paid an annual fee of \$250,000 to be paid monthly during the consulting period for so long as he provides consulting services to the Company. In addition to the consulting fee, provided that Mr. Nelson remains employed with the Company through June 30, 2012 (or through such earlier date as agreed to between Mr. Nelson and the Company), he will become 100% vested in his unvested restricted stock awards on his separation date. If Mr. Nelson's services are terminated prior to the expiration of the consulting period for other than Cause, Mr. Nelson will remain entitled to payment of compensation for the remaining consulting period at the time he otherwise would have received payment.

Definitions under Executive Agreements

Certain of the terms used in the executive agreements are defined below:

Cause acts resulting in a felony conviction that is materially detrimental to the financial interests of the Company; willful nonperformance by the executive of his material employment duties (other than by reason of physical or mental incapacity); or willful engagement in fraud or gross misconduct that is materially detrimental to the financial interests of the Company.

Good Reason assignment to the executive of duties inconsistent with his status or any adverse alteration in the executives reporting responsibilities, titles or offices; reduction of the executive's base salary; material breach of the agreement by the Company; requirement that the executive's principal place of employment be relocated by more than 30 miles from the Company's current address; or the Company's failure to obtain an agreement from any successor entity to assume the Company's obligations under the agreement.

Disability physical or mental disability or health impairment that prevents the effective performance by the executive of his duties on a full time basis.

Change in Control a person is or becomes the beneficial owner of 20% or more of the outstanding common stock or outstanding voting securities of the Company; consummation of a merger or consolidation of the Company, a statutory share exchange or an acquisition of all or substantially all of the Company's assets unless the beneficial owners of the Company's outstanding voting securities immediately prior to the transaction beneficially own more than 50% of the voting power of the outstanding voting securities of the surviving entity in substantially the same proportions; or the incumbent directors cease to constitute at least a majority of the Board.

Separation Agreement with Mark Kartarik, Former Executive Vice President and President, Franchise Division.

As referenced above, Mr. Kartarik's employment with the Company was terminated effective as of June 30, 2011. In connection with such termination, we have entered into a Separation and Non-Disparagement Agreement and General Release with Mr. Kartarik, the key provisions of which are as follows:

Severance Compensation Mr. Kartarik received severance compensation of \$933,000 (gross), \$25,000 of which was paid on July 27, 2011, and the remaining \$908,000 was paid in a lump sum on August 8, 2011. The severance amount represents two years of Mr. Kartarik's base salary exclusive of his perquisite allowance amount ordinarily included as base salary.

Bonus As Mr. Kartarik was employed by the Company through the close of fiscal 2011, he is eligible to receive a full bonus payment pursuant to our short-term bonus plan for Executive Vice Presidents for fiscal 2011, payment to be made at the same time as payments are made to all eligible executives.

Long-Term and Equity Incentives Pursuant to the terms of the Long Term Plan, we did not exercise our discretion to accelerate vesting of Mr. Kartarik's unvested restricted stock but rather Mr. Kartarik's unvested restricted stock, stock option and stock appreciation right awards were forfeited as of June 30, 2011. Under the terms of the Long Term Plan, Mr. Kartarik was allowed to exercise his vested, unexercised stock option and stock appreciation rights for a period of ninety (90) days following his termination date, provided such exercise was during an open trading window pursuant to our Insider Trading Policy.

Retirement Benefits Pursuant to the terms of Mr. Kartarik's Employment and Deferred Compensation Agreement with us, Mr. Kartarik will receive a lump sum cash payment of his

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retirement benefit (see discussion under the supplemental retirement benefit portion of the "Retirement Plans and Arrangements" section below) based on a fully vested Monthly Benefit to be discounted as provided under the terms of his Employment Agreement and paid the first day of the month following the date that is six months after his termination date.

Health and Welfare Benefits Mr. Kartarik and his spouse are permitted to continue participation in our health and welfare benefit plans consistent with the coverage provided to Executive Vice Presidents of the Company through June 30, 2013. In addition, we have agreed to allow Mr. Kartarik to continue his participation in our executive medical reimbursement plan, which provides for the reimbursement of qualified medical expenses not to exceed \$7,000 annually, through June 30, 2013.

Company Benefits and Executive Perquisites Mr. Kartarik received a one-time lump sum payment of \$50,000 (gross) in lieu of the perquisite allowance amount ordinarily included in base salary, and in lieu of all other Company-provided benefits.

Covenants As part of the Separation Agreement, Mr. Kartarik has agreed to a general non-disparagement clause and a release of legal claims against the Company.

Separation Agreement with Bruce Johnson, Former Executive Vice President, Design and Construction.

As referenced above, Mr. Johnson's employment with the Company was also terminated effective as of June 30, 2011. In connection with such termination, we have entered into a Separation and Non-Disparagement Agreement and General Release with Mr. Johnson, as well as a post-employment Consulting Agreement, the key provisions of which are as follows:

Severance Compensation Mr. Johnson received severance compensation of \$373,500 (gross), which was paid in a single lump sum on July 27, 2011.

Bonus As Mr. Johnson was employed by the Company through the close of fiscal 2011, he is eligible to receive a full bonus payment pursuant to our short-term bonus plan for Executive Vice Presidents for fiscal 2011, payment to be made at the same time as payments are made to all eligible executives.

Long-Term and Equity Incentives Pursuant to the terms of the Long Term Plan, we did not exercise our discretion to accelerate vesting of Mr. Johnson's unvested restricted stock but rather the unvested restricted stock, stock option and stock appreciation right awards were forfeited effective June 30, 2011. Under the terms of the Long Term Plan, Mr. Johnson was allowed to exercise his vested, unexercised stock option and stock appreciation rights for a period of ninety (90) days following his termination date, provided such exercise was during an open trading window pursuant to our Insider Trading Policy.

Retirement Benefits Pursuant to the terms of Mr. Johnson's Employment and Deferred Compensation Agreement with us, he will receive a lump sum cash payment of his retirement benefit (see discussion under the supplemental retirement benefit portion of the "Retirement Plans and Arrangements" section below) based on a fully vested Monthly Benefit to be discounted as provided under the terms of his Employment Agreement and paid the first day of the month following the date that is six months after his termination date (i.e., January 1, 2013).

Health, Welfare and Other Benefits Mr. Johnson is permitted to continue participation in our health and welfare benefit plans consistent with the coverage provided to Executive Vice Presidents of the Company through June 30, 2012. In addition, we have agreed to allow Mr. Johnson to continue his participation in our executive medical reimbursement plan, which provides for the reimbursement of qualified medical expenses not to exceed \$7,000, through June 30, 2012. With respect to Mr. Johnson's company-provided automobile, we have agreed to

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continue to pay the lease payments and auto insurance payments (plus a gross-up for the resulting taxes) through November 1, 2011, the end of the current lease term.

Covenants As part of the Separation Agreement, Mr. Johnson has agreed to a general non-disparagement clause and a release of legal claims against the Company.

Post-Employment Consulting Mr. Johnson will remain as a consultant to the Company after his termination of employment with the Company. The key provisions of his consulting arrangement are as follows:

Consulting Period: One year, with successive one year renewal periods at the option of both parties, provided that effective July 1, 2012, the agreement may be terminated upon ninety (90) days written notice by either party.

Duties: To provide architectural services to the Company to include, without limitation, store planning, review, modification and certification of construction documents for new and remodeled stores, as well as certification of any forms or letters as required by governmental authorities to be completed by a registered architect.

Compensation: Mr. Johnson will be paid an annual fee of \$250,000 to be paid monthly during the Consulting Period for so long as he provides consulting services to the Company. In addition to the consulting fee, Mr. Johnson will receive (i) a \$25,000 allowance for payment of reasonable travel and business expenses incurred in connection with the performance of consulting services for the Company, and (ii) reimbursement for architectural license fees. These compensatory terms were approved by the Compensation Committee commensurate with its assessment of Mr. Johnson's ongoing consulting obligations.

Retirement Plans and Arrangements

In addition to a discount stock purchase plan generally available to all employees, we provide the Named Executive Officers with the following retirement benefits: Nonqualified deferred compensation benefit, and Executive Retirement Savings Program.

Nonqualified supplemental retirement benefit: We offer senior executives a nonqualified supplemental executive retirement benefit that is funded through key personal life insurance policies. The retirement benefit is included within the terms of an executive's Employment Agreement with the Company and provides for a lump sum payment upon retirement in an amount equal to the present value of a hypothetical annuity of 240 monthly payments which are equal to the executive's vested percentage multiplied by the greater of (i) 40% of the executive's average monthly compensation for the sixty (60) month period preceding the executive's termination (60% in the case of the Chairman & CEO) and (ii) \$5,000 (the "Monthly Benefit"). The present value of the annuity is determined using an interest rate equal to the yield to maturity of 30-year U.S. Treasury Notes as of the date of payment. An executive's vested percentage is determined under a 20-year vesting schedule based on the executive's completed years of service, with vesting commencing at five percent (5%) after 7 years of service and the executive becoming fully vested after 20 years of service. If payment is made prior to age 65, the hypothetical annuity of 240 monthly payments is first determined as an annuity starting at age 65, and is converted to an immediate commencement annuity using a Treasury Note rate with a duration comparable to the duration between the time of payment and age 65.

Under their Employment Agreements, executives have the option to elect to receive their retirement benefit in the form of an annuity (i.e., the 240 monthly payments) rather than the lump sum, provided that such election is made in accordance with the requirements described in their Employment Agreement.

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In addition to the possibility for reduction based on: (1) the vesting schedule, and/or (2) the present value discount for a lump sum payment, an executive's retirement benefit is subject to further discount if paid prior to age 65 (an "Early Retirement"). The discount factor used to determine the Monthly Benefit upon Early Retirement is the yield to maturity of U.S. Treasury Notes, with a maturity date nearest the executive's 65th birthday. Subject to timing requirements as set forth in the executive's Employment Agreement, executives have the option to elect, at least 12 months prior to their Early Retirement, to defer receipt of their retirement benefit, and therefore to receive a larger benefit. The nonqualified supplemental retirement benefit is designed to recognize long-term service with Regis and as a retention tool through the vesting schedule and discounting provisions. The nonqualified supplemental retirement benefit is forfeited upon an executive's termination for cause (as defined in the executive's Employment Agreement).

Executive Retirement Savings Plan: Named Executive Officers are eligible to defer some or all of their annual salary and/or annual non-equity incentive compensation (i.e., bonus) into our Executive Retirement Savings Plan, a nonqualified deferred compensation plan. Executives may defer up to 100% of their annual compensation, including bonus. Elections to defer compensation under the Executive Retirement Savings Plan are made annually, prior to the beginning of the year in which the deferred compensation is earned. Employer contributions under the Executive Retirement Savings Plan for our Named Executive Officers include a 25% match on up to a maximum of \$100,000 in deferred compensation and a discretionary annual profit sharing contribution. We deposit the deferred amounts and employer contributions into a trust for the benefit of plan participants. In accordance with tax laws, the assets of the trust are subject to claims of the Company's creditors. Participant account balances are deemed invested as the executive directs, from time to time, among the investment alternatives offered. Subject to compliance with applicable tax requirements (including without limitation Code Section 409A), executives may elect the distribution date for salary and bonus deferrals. However, employer profit sharing contributions are distributed only upon termination of employment.

PENSION BENEFITS IN 2011

The following table sets forth certain information concerning pension benefits for the Named Executive Officers for fiscal 2011:

Name	Age at June 30, 2011	Plan Name(1)	Number of Years of Credited Service (#)	Present Value of Accumulated Benefit \$(2)	Payments During Last Fiscal Year (\$)
Paul D. Finkelstein	68	Employment and Deferred Compensation Agreement	25	12,932,000	
Randy L. Pearce	56	Employment and Deferred Compensation Agreement	28	1,694,324	
Brent A. Moen	44	Employment and Deferred Compensation Agreement	9	307,358	
Gordon B. Nelson	60	Employment and Deferred Compensation Agreement	34	1,881,316	
Mark Kartarik	54	Employment and Deferred Compensation Agreement	29	1,317,109	
Bruce Johnson	57	Employment and Deferred Compensation Agreement	34	1,226,288	

(1) Retirement benefits provided under the applicable employment agreement for each Named Executive Officer as described above under "Summary of Executive Agreements."

(2) Present value calculated based on the following assumptions: (i) expected retirement age of the later of (A) June 30, 2011 or (B) age 65, which is the earliest time a participant may retire without any benefit reduction due to age, (ii) post-retirement mortality of RP-2000 (IRS Publication 590 in the case of Mr. Finkelstein, in accordance with the terms of Mr. Finkelstein's Employment Agreement with the Company), (iii) cost of living adjustment return of 2.5% (4% in the case of Mr. Finkelstein, in accordance with the terms of his Employment Agreement) and (iv) discount rate of 5.5% (4.75% in the case of Mr. Finkelstein).

NONQUALIFIED DEFERRED COMPENSATION FOR 2011

The following table sets forth certain information concerning nonqualified deferred compensation under our Executive Retirement Savings Plan for the Named Executive Officers for fiscal 2011:

Name	Executive Contributions in Last FY (\$)(1)	Registrant Contributions in Last FY (\$)(1)	Aggregate Earnings in Last FY (\$)(1)(2)	Aggregate Withdrawals/Distributions (\$)	Aggregate Balance at Last FYE (\$)
Paul D. Finkelstein	100,000	56,079	58,352	0	2,095,593
Randy L. Pearce	109,152	39,444	57,391	134,274	541,805
Brent A. Moen	86,062	23,740	46,194	128,182	219,509
Gordon B. Nelson	328,829	48,592	34,547	308,017	599,017
Mark Kartarik	102,548	36,514	28,972	143,153	553,748
Bruce Johnson	210,643	34,037	371,958	0	2,360,698

(1)

The following amounts of contributions and earnings reflected in the table above have been reported in the current year or prior years' Summary Compensation Tables:

Name	Current Year Summary Compensation Table				
	Total Amount Reported in Current or Prior Summary Compensation Tables (\$)	Salary (\$)	Non-Equity Incentive Plan (\$)	Above-Market Earnings (\$)	Company Match and Profit-Sharing Contribution in All Other Compensation (\$)
Paul D. Finkelstein	2,542,960	100,000	0	0	56,079
Randy L. Pearce	1,422,459	109,152	0	0	39,444
Brent A. Moen	109,802	24,637	61,425	0	23,740
Gordon B. Nelson	2,100,985	45,833	282,996	0	48,592
Mark Kartarik	855,798	102,548	0	0	36,514
Bruce Johnson	584,316	0	210,643	0	34,037

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(2)

The measurement funds available under the Executive Retirement Savings Plan as of June 30, 2011, and their annualized returns as of June 30, 2011, were as follows:

Name of Fund	Rate of Return
American Beacon Large Cap Value Plan	26.57%
Fidelity Contrafund	28.21
Spartan U.S. Bond Index Fund	3.59
Turner Midcap Growth Fund	46.01
Fidelity Midcap Value Fund	33.60
Fidelity Freedom 2000 Fund	10.07
Columbia Acorn USA Fund-Class Z	43.38
Wells Fargo Small Cap Value Fund-Class Z	22.93
Fidelity International Discovery Fund	31.46
Spartan International Index Fund-Investor Class	32.14
Spartan Extended Market Index-Investor Class	39.22
Regis Corporation Common Stock Fund	15.32
Pimco Total Return Fund-Administrative Fund	5.67
Fidelity Freedom 2005 Fund	16.17
Fidelity Freedom 2010 Fund	18.53
Fidelity Freedom 2015 Fund	18.93
Fidelity Freedom 2020 Fund	21.91
Fidelity Freedom 2025 Fund	24.21
Fidelity Freedom 2030 Fund	25.43
Fidelity Freedom 2035 Fund	27.11
Fidelity Freedom 2040 Fund	27.62
Fidelity Freedom 2045 Fund	28.11
Fidelity Freedom 2050 Fund	29.14
Fidelity Money Market Trust Retirement Portfolio	.02
Fidelity Freedom Income Fund	9.49

Potential Payments Upon Termination or Change in Control

The tables that follow describe potential payments and benefits provided to our NEOs or their beneficiaries under existing employment agreements, plans and arrangements under various scenarios involving a termination of employment and/or a change in control, and assuming that the event(s) occurred on June 30, 2011. The agreements are described in more detail above under "Post-Employment Compensation Change in Control Arrangements" and "Summary of Executive Agreements." The following presentation has been keyed to the following events upon which an NEO or his beneficiary would be entitled to a payment or benefit:

voluntary termination or involuntary termination prior to a change in control;

termination due to death;

termination due to disability;

a change in control not involving an employment termination; and

involuntary termination or voluntary termination after a change in control.

Unless otherwise specified, an "involuntary termination" for these purposes includes a termination by the NEO for "good reason," but does not include a termination for "cause." A "voluntary termination" refers to a termination by the NEO other than for "good reason." "Cause" for these purposes generally refers to acts by an executive that result in a felony conviction, willful non-performance of material employment duties (other than by reason of physical or mental incapacity), or willfully engaging in fraud or gross misconduct that is materially detrimental to our financial interests. "Good reason" for these purposes generally refers to an adverse change in the nature of an executive's authority, position, duties or responsibilities; a reduction in base salary (and in some cases our failure to continue any compensation or benefit plan in which an executive participates); a material breach by us of the applicable employment agreement; a change of more than 30 miles in the location of an executive's principal place of employment; or our failure to obtain the agreement of any successor to perform our obligations under the applicable employment agreement.

Because the employment of Messrs. Kartarik and Johnson terminated at the close of fiscal 2011, information has only been provided based on their actual termination event.

Voluntary Termination Not Related to Change in Control

Name	Medical, Dental & Life Insurance Benefits(1)(\$)	Enhanced/ Accelerated Retirement Benefits(2)(\$)
Randy L. Pearce	120,000	1,305,621
Brent A. Moen	N/A	75,116
Gordon B. Nelson	N/A	1,648,314

(1) For Mr. Pearce, the amount represents a lump sum cash payment of \$120,000 in lieu of a previous agreement to pay life insurance premiums and the related tax gross-up on behalf of Mr. Pearce (see description above under the Life Insurance subsection of the "Employment Agreement with Randy Pearce, President" section).

(2) Each amount represents the present value of a hypothetical annuity of 240 monthly payments (the Monthly Benefit described above under the section titled "Retirement Plans and Arrangements"), calculated using a 4.38% rate of interest, which is equal to the yield to maturity of 30-year U.S. Treasury Notes as of June 30, 2011. Mr. Finkelstein is entitled to retirement payments upon voluntary termination. This payment is described in the section titled "Pension Benefits in 2011" and is not listed again here.

Involuntary Termination Not Related to Change in Control

Name	Pro-Rata Bonus(1) (\$)	Severance(2) (\$)	Accelerated Vesting of Equity Awards(3) (\$)	Medical, Dental & Life Insurance Benefits(4) (\$)	Enhanced/ Accelerated Retirement Benefits(5) (\$)
Paul D. Finkelstein	1,064,278	4,697,556	3,371,212	1,063,936	
Randy L. Pearce	357,500	796,001	1,410,512	230,060	1,305,621
Brent A. Moen	N/A	N/A	N/A	N/A	75,116
Gordon B. Nelson	N/A	N/A	N/A	N/A	1,648,314
Mark Kartarik	115,459	1,008,135	N/A	37,791	1,014,964
Bruce Johnson	92,441	396,121	N/A	21,528	934,573

- (1) Pro rated bonus based on the number of days the executive was employed during the fiscal year in which termination occurred. Bonus amount pro rated is the executive's largest annual bonus received during the three full fiscal years prior to the fiscal year during which termination occurred. For presentation purposes, a full year amount is shown because termination is assumed to have occurred on the last day of the fiscal year.
- (2) For Messrs. Finkelstein and Pearce, the amount represents a lump sum payment equal to the sum of: (1) the executive's annual base salary at termination and (2) the largest annual bonus received during the three full fiscal years prior to the fiscal year in which termination occurred, multiplied by the number of full and partial years remaining in the term of the executive's employment agreement (but not less than two years nor more than three years in the case of Mr. Finkelstein, or more than two years in the case of Mr. Pearce). At June 30, 2011, the multiplier is two years for Mr. Finkelstein and 0.833 or 10 months for Mr. Pearce. Because Mr. Kartarik's employment terminated at the close of fiscal 2011, the amounts reported for Mr. Kartarik are the actual amounts he has received or will receive pursuant to the terms of his Separation Agreement with the Company. Accordingly, for Mr. Kartarik, the amount represents (i) 24 months of base pay; (ii) \$50,000 payment in lieu of officer perquisite allowance (ordinarily included as additional salary) and other company provided benefits; (iii) two years of medical and dental insurance benefits for employee and spouse; and (iv) a \$7,000 executive medical reimbursement account provided for two years plus a gross-up for related taxes. In addition, because Mr. Johnson's employment terminated at the close of fiscal 2011, the amounts reported for Mr. Johnson are the actual amounts he has received or will receive pursuant to the terms of his Separation Agreement with the Company. Accordingly, for Mr. Johnson, the amount represents (i) 12 months of base pay; (ii) automobile lease and insurance through November 1, 2011, plus a gross-up for related taxes; (iii) one year of medical and dental insurance benefits for employee and spouse; and (iv) a \$7,000 executive medical reimbursement account provided for one year, plus a gross-up for related taxes. We also entered into a post-termination Consulting Agreement with Mr. Johnson. For additional information on the Separation Agreements with Messrs. Kartarik and Johnson and the Consulting Agreement with Mr. Johnson, see "Summary of Executive Agreements" above.
- (3) Amounts represent the intrinsic value of option, SAR and restricted stock awards as of June 30, 2011 for which the vesting would be accelerated. The value entered for options and SARs is based on the difference between \$15.32, the closing price of our Common Stock on June 30, 2011, the last trading day of the fiscal year, on the NYSE, and the option or SAR exercise price. The value entered for restricted stock is the number of shares for which vesting was accelerated multiplied by \$15.32.

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- (4) See note (3) above regarding amounts for Messrs. Kartarik and Johnson. For Messrs. Finkelstein and Pearce, the amounts represent medical, dental and life insurance coverage benefits outlined in the table below:

Benefit	Finkelstein(\$)	Pearce(\$)
Medical insurance coverage(a)	336,378	105,339
Dental insurance coverage(b)	9,426	4,721
Life insurance coverage(c)	718,133	120,000
Total	1,063,936	230,060

- (a) Represents the present value of the estimated annual medical premiums for Mr. Finkelstein and his spouse for their lives. For Mr. Pearce, the amount represents the present value of the estimated annual medical premiums for him and his spouse through the age of 65.
- (b) Represents the present value of the estimated annual dental premiums for Mr. Finkelstein and his spouse for their lives. For Mr. Pearce, the amount represents the present value of the estimated annual dental premiums for him and his spouse through the age of 65.
- (c) For Mr. Finkelstein, amount represents a lump sum cash payment sufficient to make annual payments of (i) \$100,000 for reimbursement of life insurance premiums through February 2015, plus (ii) a tax gross-up amount to cover federal and state income taxes on the amount reimbursed. As described above under the Life Insurance subsection of the "Employment Agreement with Randy Pearce, President" section, for Mr. Pearce, the amount represents the extension for fiscal 2011 of an agreement to cover the cost of life insurance premiums and related tax gross-ups.

- (5) Mr. Finkelstein is entitled to retirement payments upon involuntary termination, which are described in the section titled "Pension Benefits in 2011." Those benefits are not listed again here. For Messrs. Pearce, Moen, Nelson, Kartarik, and Johnson, the amounts represent a lump sum cash payment equal to the present value of a hypothetical annuity of 240 monthly payments (the Monthly Benefit described in the section titled "Retirement Plans and Arrangements") calculated using a 4.38% rate of interest, which is equal to the yield to maturity of 30-year U.S. Treasury Notes as of June 30, 2011.

Termination Due to Death

Name	Pro Rata Bonus(1)(\$)	Accelerated Vesting of Equity Awards(2)(\$)	Medical, Dental & Life Insurance Benefits(3)(\$)	Survivor Benefit(4)(\$)
Paul D. Finkelstein	1,064,278	3,371,212	345,804	8,837,716
Randy L. Pearce	357,500	1,410,512	110,060	1,737,592
Brent A. Moen	N/A	230,881	N/A	708,228
Gordon B. Nelson	N/A	345,665	N/A	1,799,823

- (1) Pro rated bonus based on the number of days the executive was employed during the fiscal year in which termination occurred. Bonus amount pro rated is the executive's largest annual bonus received during the three full fiscal years prior to the fiscal year during which termination occurred. For presentation purposes, a full year amount is shown because termination is assumed to have occurred on the last day of the fiscal year.
- (2) Amounts represent the intrinsic value of SAR, option and restricted stock awards as of June 30, 2011 for which the vesting was accelerated. The value entered for options and SARs is based on the difference between \$15.32, the closing price of the Company's Common Stock on June 30,

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2011 on the NYSE, and the option or SAR exercise price. The value entered for restricted stock is the number of shares for which vesting was accelerated multiplied by \$15.32.

- (3) Represents medical and dental benefits outlined in the table below:

Benefit	Finkelstein(\$)	Pearce(\$)
Medical insurance coverage(a)	336,378	105,339
Dental insurance coverage(b)	9,426	4,721
Total	345,804	110,060

- (a) Represents the present value of the estimated annual medical premiums for Mr. Finkelstein and his spouse for their lives. For Mr. Pearce, the amount represents the present value of the estimated annual medical premiums for him and his spouse through the age of 65.
- (b) Represents the present value of the estimated annual dental premiums for Mr. Finkelstein and his spouse for their lives. For Mr. Pearce, the amount represents the present value of the estimated annual dental premiums for him and his spouse through the age of 65.

- (4) For Mr. Finkelstein, if his former spouse survives him, she will receive for the remainder of her life a monthly benefit equal to one-half the adjusted monthly retirement payable to Mr. Finkelstein. As described above under the "Employment Agreement with Mr. Finkelstein" section, the remaining fifty percent of Mr. Finkelstein's retirement benefit will be paid in a lump sum to his current spouse or other designated beneficiary if Mr. Finkelstein dies while still employed with the Company.

The amount shown for Mr. Finkelstein represents the present value of the sum of (i) the monthly benefit payment to his former spouse (payment period based on the Single Life Expectancy in IRS Publication 590 of his former spouse), and (ii) the lump sum retirement benefit paid to his designated beneficiary (based on the Joint Life and Last Survivor Expectancy in IRS Publication 590 of Mr. Finkelstein and his former spouse). For each of Messrs. Pearce, Moen and Nelson, the amount shown represents the present value of a hypothetical annuity of the monthly retirement benefit payable to his beneficiary for 240 months calculated using a 4.38% rate of interest, which is equal to the yield to maturity of 30-year U.S. Treasury Notes as of June 30, 2011.

Termination Due to Disability

Name	Pro Rata Bonus (1)(\$)	Accelerated Vesting of Equity Awards (2)(\$)	Dental & Life Insurance Benefits (3)(\$)	Enhanced/Accelerated Retirement Benefits (4)(\$)
Paul D. Finkelstein	1,064,278	3,371,212	1,063,936	
Randy L. Pearce	357,500	1,410,512	230,060	1,713,011
Brent A. Moen	N/A	230,811	N/A	590,152
Gordon B. Nelson	N/A	345,665	N/A	1,815,739

- (1) Pro rated bonus based on the number of days the executive was employed during the fiscal year in which termination occurred. Bonus amount pro rated is the executive's largest annual bonus received during the three full fiscal years prior to the fiscal year during which termination occurred. For presentation purposes, a full year amount is shown because termination is assumed to have occurred on the last day of the fiscal year.
- (2) Amounts represent the intrinsic value of SAR, option and restricted stock awards as of June 30, 2011 for which the vesting was accelerated. The value entered for options and SARs is based on

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the difference between \$15.32, the closing price of our Common Stock on June 30, 2011 on the NYSE, and the option or SAR exercise price. The value entered for restricted stock is the number of shares for which vesting was accelerated multiplied by \$15.32.

(3)

Represents medical, dental and life insurance coverage benefits outlined in the table below:

Benefit	Finkelstein(\$)	Pearce(\$)
Medical insurance coverage(a)	336,378	105,339
Dental insurance coverage(b)	9,426	4,721
Life insurance coverage(c)	718,133	120,000
Total	1,063,936	230,060

(a)

Represents the present value of the estimated annual medical premiums for Mr. Finkelstein and his spouse for their lives. For Mr. Pearce, the amount represents the present value of the estimated annual medical premiums for him and his spouse through the age of 65.

(b)

Represents the present value of the estimated annual dental premiums for Mr. Finkelstein and his spouse for their lives. For Mr. Pearce, the amount represents the present value of the estimated annual dental premiums for him and his spouse through the age of 65.

(c)

For Mr. Finkelstein, the amount represents a lump sum cash payment sufficient to make annual payments of (i) \$100,000 for reimbursement of life insurance premiums through February 2015, plus (ii) a tax gross-up amount to cover federal and state income taxes on the amount reimbursed. For Mr. Pearce, the amount represents the lump sum cash payment of \$120,000 in substitution for a previous arrangement to cover the cost of life insurance premiums and related tax gross-ups for a ten-year period. As described above under the Life Insurance subsection of the "Employment Agreement with Randy Pearce, President" section, this benefit was extended for fiscal 2011.

(4)

For each of Messrs. Pearce, Moen, and Nelson, the amount shown represents the lump sum cash payment equal to the sum of (i) the present value of the monthly retirement benefit payable commencing six months after the period of disability begins and continuing until the executive attains age 65 (assuming that the executive does not die before reaching age 65); plus (ii) the present value of a hypothetical annuity of 240 month payments commencing at age 65 (the Monthly Benefit described in the section titled "Retirement Plans and Arrangements") calculated using a 4.38% rate of interest, which is equal to the yield to maturity of 30-year U.S. Treasury Notes as of June 30, 2011. Because Mr. Finkelstein is retirement eligible, his retirement benefits in the event of disability are the same as the adjusted retirement benefits described above under "Pension Benefits."

Change in Control

Name	Additional Equity Award(1) (\$)	Accelerated Vesting of Existing Equity Awards(2) (\$)	Life Insurance Benefits(3) (\$)	Tax Gross-Up(4) (\$)
Paul D. Finkelstein	4,596,000	3,371,212	718,133	0
Randy L. Pearce	766,000	1,410,512	120,000	0
Brent A. Moen	306,400	230,811	N/A	0
Gordon B. Nelson	612,800	345,665	N/A	0

- (1) Amounts represent the intrinsic value of unrestricted stock awards granted as of June 30, 2011, determined by multiplying the number of shares granted by \$15.32, the closing price of our Common Stock on June 30, 2011 on the NYSE. The number of shares to be awarded pursuant to the respective employment agreements is 300,000 shares for Mr. Finkelstein; 50,000 shares for Mr. Pearce, 20,000 shares for Mr. Moen, and 40,000 shares for Mr. Nelson.
- (2) Amounts represent the intrinsic value of SAR, option and restricted stock awards as of June 30, 2011 for which the vesting was accelerated. The values entered for options and SARs are based on the difference between \$15.32, the closing price of our Common Stock on June 30, 2011 on the NYSE, and the option or SAR exercise price. The value entered for restricted stock is the number of shares for which vesting was accelerated multiplied by \$15.32.
- (3) For Mr. Finkelstein, the amount represents the amount of a lump sum cash payment sufficient to make annual payments of (i) \$100,000 for reimbursement of life insurance premiums through February 2015, plus (ii) a tax gross-up amount to cover federal and state income taxes on the amount reimbursed. For Mr. Pearce, the amount represents a lump sum cash payment of \$120,000 for an extension of an arrangement to cover the cost of life insurance premiums plus the related taxes (see footnote 3(c) to the immediately preceding section).
- (4) Represents amounts payable by us to reimburse the NEOs for the amount of any excise taxes payable under Code Section 4999 ("Code Section 4999") with respect to payments and benefits disclosed in this table. If a termination were to occur after or in connection with a change in control, additional payments and benefits would be provided as described in the two following tables, and the tax gross-up calculations described below would apply. The gross-up amounts assume a 35% federal tax rate, 7.85% state tax rate and 1.45% payroll tax rate.

Involuntary Termination After Change in Control

As disclosed in the immediately preceding table, certain payments and benefits would be made available to the NEOs regardless of whether a termination of employment also occurs. This table and the table that follows it (the "Voluntary Termination After Change in Control" table) describe additional payments and benefits that would be provided under certain circumstances if an NEO's employment terminates after (generally within two years) a change in control. For presentation purposes, such a termination of employment is deemed to occur on June 30, 2011, concurrently with the change in control. The tax gross-up amounts disclosed in each of the two tables that follow reflect calculations that include payments and benefits provided under the immediately preceding table (regardless of whether there is a termination of employment in connection with the change in control) and those provided under the applicable table that follows. As such, the tax gross-up amounts in each of the following two tables are not additive to the tax gross-up amounts shown in the immediately preceding table.

Involuntary Termination Not Related to Change in Control

Name	Severance(1) (\$)	Pro-Rata Bonus(1) (\$)	Accelerated Vesting of Existing Equity Awards(3) (\$)	Medical, Dental & Life Insurance Benefits(4) (\$)	Enhanced/Accelerated Retirement Benefits(5) (\$)	Tax Gross-Up(6) (\$)
Paul D. Finkelstein	4,697,556	1,064,278	3,371,212	345,804	22,996,598	15,343,380
Randy L. Pearce	796,001	357,500	1,410,512	110,060	4,095,374	2,361,446
Brent A. Moen	1,008,624	N/A	N/A	350,090	1,669,240	1,565,490
Gordon B. Nelson	2,367,084	N/A	N/A	N/A	4,242,050	3,121,809

- (1) For Messrs. Finkelstein and Pearce, amount shown is a lump sum payment equal to the sum of the executive's annual base salary and largest annual bonus received during the three full fiscal years prior to the fiscal year in which termination occurred, multiplied by the number of full and partial years remaining in the term of the executive's employment agreement (but not less than two years nor more than three years in the case of Mr. Finkelstein, or more than two years in the case of Mr. Pearce). At June 30, 2011, the multiplier is two years for Mr. Finkelstein and 0.833 or 10 months for Mr. Pearce. For Messrs. Moen and Nelson, amount shown is a lump sum payment equal to three times the sum of the executive's annual base salary and largest annual bonus received during the 36 months immediately preceding the change in control.
- (2) Pro rated based on the number of days the executive was employed during the fiscal year in which termination occurred. Bonus amount pro rated is the executive's largest annual bonus received during the three full fiscal years prior to the fiscal year during which termination occurred. For presentation purposes, a full year amount is shown because termination is assumed to have occurred on the last day of the fiscal year.
- (3) All stock option, SAR and restricted stock awards vest in full upon a change in control, and value to each NEO of such accelerated vesting is disclosed in the immediately preceding table. The employment agreements for Messrs. Finkelstein and Pearce each provide that if his employment is terminated by us or our successor for any reason or by the executive for good reason within two years of a change in control (or after a change in control during the remaining term of the executive's employment agreement), all option, SAR, restricted stock and restricted stock unit awards then outstanding will immediately vest in full. Under such circumstances, awards that had not yet been granted when the change in control occurred could also be accelerated for these two individuals.
- (4) For Mr. Moen, the amount represents the amount of a lump sum cash payment sufficient to make annual payments of \$65,000 for payment of life insurance, plus a tax gross-up amount to cover federal and state income taxes on the amount reimbursed (at June 30, 2011, three payments remained). As disclosed in note (3) to the immediately preceding table, the value of certain life insurance premium benefits available to Mr. Finkelstein would be accelerated upon a change in

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control, and is not repeated here. For Messrs. Finkelstein and Pearce, the amount represents medical and dental benefits outlined in the table below.

Benefit	Finkelstein (\$)	Pearce (\$)
Medical insurance coverage(a)	336,378	105,339
Dental insurance coverage(b)	9,426	4,721
Total	345,804	110,060

(a) Represents the present value of the estimated annual medical premiums for Mr. Finkelstein and his spouse for their lives. For Mr. Pearce, the amount represents the present value of the estimated annual medical premiums for him and his spouse through the age of 65.

(b) Represents the present value of the estimated annual dental premiums for Mr. Finkelstein and his spouse for their lives. For Mr. Pearce, the amount represents the present value of the estimated annual dental premiums for him and his spouse through the age of 65.

(5) For Mr. Finkelstein, who is retirement eligible, the amount represents the amount of a lump sum cash payment equal to his full Monthly Benefit (without any reduction for discounting or vesting and assuming annual 4% increases in the amount of that benefit) multiplied by the greater of (i) 240 or (ii) the joint life expectancy in months of Mr. Finkelstein and his former spouse as determined in the table of Joint Life and Last Survivorship Expectancy in IRS Publication 590. Any payments that continue beyond 240 months are reduced to 50% of the full Monthly Benefit. For Mr. Pearce, involuntary termination at any time after a change in control results in the immediate payment of a lump sum cash payment of his full retirement benefit (i.e., his Monthly Benefit multiplied by 240), without any reduction for vesting or discounting. For Messrs. Pearce, Moen, and Nelson, the amount represents a lump sum cash payment equal to his full Monthly Benefit multiplied by 240, without present value discount and with full vesting granted.

(6) Represents amounts payable by us to reimburse the NEOs for the amount of any excise taxes payable under Code Section 4999 in connection with the payments and benefits summarized in this table and the immediately preceding table. The gross-up amounts assume a 35% federal tax rate, 7.85% state tax rate and 1.45% payroll tax rate.

Voluntary Termination After Change in Control

Name	Enhanced/Accelerated Retirement Benefits(1) (\$)	Tax Gross-Ups(2) (\$)
Paul D. Finkelstein	22,996,598	11,921,734
Randy L. Pearce	4,095,374	0
Brent A. Moen	1,669,240	804,306
Gordon B. Nelson	4,242,050	1,795,711

(1)

For Mr. Finkelstein, who is retirement eligible, the amount shown represents the amount of a lump sum cash payment equal to his full Monthly Benefit (without any reduction for discounting and assuming annual 4% increases in the amount of that benefit) multiplied by the greater of (i) 240 or (ii) the joint life expectancy in months of Mr. Finkelstein and his former spouse as determined in the table of Joint Life and Last Survivorship Expectancy in IRS Publication 590. Any payments that continue beyond 240 months are reduced to 50% of the full Monthly Benefit. For Messrs. Pearce, Moen and Nelson, the amount represents a lump sum cash payment equal to his full Monthly Benefit multiplied by 240, without present value discount and with full vesting granted.

(2)

Represents amounts payable by us to reimburse the NEOs for the amount of any excise taxes payable under Code Section 4999 in connection with the payments and benefits summarized in this table and the prior table entitled "Change in Control." The gross-up amounts assume a 35% federal tax rate, 7.85% state tax rate and 1.45% payroll tax rate.

2011 Director Compensation Table

Compensation of our directors is reviewed and determined by the Board on an annual basis, with consideration given to industry comparisons of directors' compensation. A portion of director compensation will be linked to our stock performance in the form of stock options, SARs and restricted stock. Employee directors do not receive any cash or other compensation for their services as directors. The cash compensation for non-employee directors who serve during only a portion of a fiscal year is prorated.

The cash compensation for the fiscal year ended June 30, 2011, for each of our non-employee directors consisted of:

an annual retainer of \$75,000 for service as a director, plus expenses; and

an annual retainer of \$10,000 for serving as chairman of the Audit Committee.

In addition, we granted the following to each director:

7,000 shares of restricted stock, which vest ratably over 5 years.

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The following table shows, for each of the non-employee directors, information concerning annual and long-term compensation earned for services in all capacities during the fiscal year ended June 30, 2011.

Name	Fees Earned or Paid in Cash(\$)	Stock Awards (\$)(1)	Option Awards (\$)(1)	All Other Compensation (\$)(2)	Total(\$)
Rolf F. Bjelland	85,000	116,200	0	3,143	204,343
Joseph L. ("Joel") Conner	65,625	233,590	0	1,826	301,041
Thomas L. Gregory(3)	37,500	266,413	0	812	304,725
Van Zandt Hawn	75,000	116,200	0	3,143	194,343
Susan S. Hoyt	75,000	116,200	0	3,143	194,343
David B. Kunin	75,000	116,200	0	3,143	194,343
Stephen E. Watson	75,000	116,200	0	3,002	194,202

- (1) Values expressed represent the aggregate grant date fair value of stock awards granted during fiscal 2011, as computed in accordance with FASB ASC Topic 718, based on the closing stock price on the grant date. See Note 15 to our consolidated financial statements for the fiscal year ended June 30, 2011 for a description of the assumptions used in calculating these amounts.
- (2) Represents dividends paid on restricted stock awards.
- (3) In connection with Mr. Gregory's retirement from the Board at the end of his term on the date of the 2010 annual meeting of shareholders, the Board approved the accelerated vesting of Mr. Gregory's unvested restricted stock awards (13,190 shares), with the vesting occurring on the date of last year's annual meeting, October 28, 2010. The Board's decision to accelerate the vesting was based on Mr. Gregory's long period of service, exceptional commitment and many contributions to the Company. The accelerated vesting of Mr. Gregory's restricted stock awards resulted in compensation to Mr. Gregory during fiscal 2011 in the amount of \$266,413 which amount is reflected in the Director Compensation Table for our year ending June 30, 2011.

The following table shows, for each of our non-employee directors, the aggregate number of stock and option awards outstanding as of June 30, 2011:

Name	Aggregate Stock Awards Outstanding as of 06/30/11 (#)	Aggregate Option Awards Outstanding as of 06/30/11 (#)
Rolf F. Bjelland	16,918	12,250
Joseph L. ("Joel") Conner	14,112	0
Van Zandt Hawn	16,918	12,250
Susan S. Hoyt	16,918	12,250
David B. Kunin	16,918	12,250
Stephen E. Watson	16,606	7,000

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information about our common stock that may be issued under all of our stock-based compensation plans in effect as of June 30, 2011.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders(1)	2,140,778	\$ 29.39	5,656,699(2)
Equity compensation plans not approved by security holders	0		0
Total	2,140,778	\$ 29.39	5,656,699

(1) Includes stock options granted under the Regis Corporation 2000 Stock Option Plan as well as shares granted through stock options, stock appreciation rights and restricted stock units under the Long Term Plan. Information regarding the stock-based compensation plans is included in Notes 1 and 15 to the Consolidated Financial Statements.

(2) The Company's Long Term Plan provides for the issuance of a maximum of 6,750,000 shares of the Company's common stock through stock options, stock appreciation rights, restricted stock, or restricted stock units. As of June 30, 2011, 862,094 unvested restricted stock shares were outstanding under the Long Term Plan, which are not reflected in this table. However, the remaining 4,208,724 common shares available for grant under the Long Term Plan (which are available for grant as restricted stock shares or units, as well as stock options or stock appreciation rights) are included in the number of securities remaining available for future issuance under equity compensation plans as disclosed in this table. As of June 30, 2011, there were also 1,140,442 and 307,533 common shares available for issuance under the Stock Purchase Plan and the Regis Corporation Franchise Contributory Stock Purchase Plan, respectively.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our officers and directors, and persons who own more than 10% of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC. Such officers, directors and shareholders are required by the SEC's regulations to furnish us with copies of all such reports.

To our knowledge, based solely on a review of copies of reports filed with the SEC during the fiscal year ended June 30, 2011, all applicable Section 16(a) filing requirements were complied with.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Curtis Squire, Inc. ("CSI"), a Kunin family investment company, a majority of whose voting stock is owned by Myron Kunin, our former Vice Chairman and former member of our Board of Directors, rents certain artworks to us in return for which we compensate certain of our employees who devote time to CSI business and we furnish office space and equipment for use by CSI. The parties have agreed that the reasonable value of this arrangement to each party is \$250,000 per year. Other reportable transactions in which we participated in fiscal year 2011 include the following: We paid \$219,038 to Beautopia, LLC, which is owned by CSI and David Kunin, a member of our Board of Directors, for hair care products purchased in the ordinary course of business. We paid Timothy Kunin, a son of Myron Kunin and a brother of David Kunin, \$306,994 for subscriptions to magazines for our salons. We have also paid \$139,698 to Stylist Wear, Inc. for capes and towels purchased in the ordinary course of business. Neil Finkelstein, a brother of Paul Finkelstein receives commissions from purchases made by the Company from Stylist Wear, Inc. We have verified that the cost of the magazine subscriptions, as well as the capes and towels is competitive with that charged by other providers of such items. We have purchased from the Northwestern Mutual Life Insurance Company certain life and disability insurance policies on the lives of certain of our employees and officers. We paid aggregate premiums of \$3,346,398 for these insurance policies. Michael Finkelstein, a son of Paul Finkelstein, our Chairman and Chief Executive Officer, is a registered insurance agent and received commissions of \$156,281 related to these insurance policies paid for by us. We have determined that the amounts paid for these insurance policies are competitive with amounts that would be paid for similar products from other companies.

Pursuant to the terms of the Audit Committee Charter, the Audit Committee is required to review and approve related party transactions with our General Counsel; however, we have not adopted formal policies or procedures for this review and approval process. Accordingly, while the Audit Committee reviewed and approved each of the transactions described above, no particular policies or procedures were followed in connection with such review and approval.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of August 30, 2011, the ownership of our Common Stock by each shareholder who is known by us to own beneficially more than 5% of our outstanding shares, by each director and director nominee, by each executive officer and former executive officer identified in the Summary Compensation Table, and by all current executive officers and directors as a group. Except as indicated below, the parties listed in the table have the sole voting and investment power with respect to the shares indicated. Unless otherwise indicated, the address for each person or entity named below is c/o Regis Corporation, 7201 Metro Boulevard, Edina, Minnesota 55439.

Name of Beneficial Owner or Identity of Group	Number of Shares Beneficially Owned(1)	Percent of Class
FMR LLC(2)	8,415,835	14.5%
BlackRock, Inc.(3)	4,784,779	8.3%
Dimensional Fund Advisors LP(4)	3,843,777	6.7%
Robeco Investment Management, Inc.(5)	3,757,849	6.5%
Franklin Resources, Inc.(6)	2,990,700	5.2%
Paul D. Finkelstein	230,901	*
Rolf F. Bjelland	47,767	*
Joseph L. ("Joel") Conner	14,112	*
Van Zandt Hawn	36,151	*
Susan S. Hoyt	36,128	*
David B. Kunin	31,510	*
Michael J. Merriman	0	*
Stephen E. Watson	19,204	*
Randy L. Pearce	122,702	*
Brent A. Moen	20,945	*
Gordon B. Nelson	46,407	*
Mark Kartarik	45,717	*
Bruce Johnson	51,277	*
All current executive officers and directors as a group (thirteen persons)	772,150	1.34%

*

less than 1%

(1)

Includes the following shares not currently outstanding but deemed beneficially owned because of the right to acquire them pursuant to options exercisable within 60 days: 4,400 shares by Mr. Finkelstein; 1,240 shares by Mr. Pearce; 2,493 shares by Mr. Moen; 840 shares by Mr. Nelson; 840 shares by Mr. Kartarik (exercisable through September 28, 2011, which is 90 days after Mr. Kartarik's termination date); and 840 shares by Mr. Johnson (exercisable through September 28, 2011, which is 90 days after Mr. Johnson's termination date). Excludes shares not currently outstanding but subject to the right of acquisition pursuant to SARs exercisable within 60 days because the exercise prices for exercisable SAR awards exceeded the fair market value on August 30, 2011, and therefore any exercise of a SAR award would result in 0 shares being issued to the exercising executive or director.

(2)

Based on information in a Schedule 13G/A filed by FMR LLC on June 10, 2011. FMR LLC reported sole voting power over 0 shares, shared voting power over 0 shares, sole dispositive power over 8,415,835 shares and shared dispositive power over 0 shares. Includes 144,220 shares issuable upon conversion of convertible notes (based on a conversion rate of 64.6726 shares for each \$1,000 principal amount of notes). The address for FMR LLC is 82 Devonshire Street, Boston, MA 02109. Fidelity Management & Research Company, a wholly owned subsidiary of FMR LLC, is the

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beneficial owner of all shares as a result of acting as an investment adviser to various investment companies registered under the Investment Company Act of 1940. One investment company, Fidelity Small Cap Value Fund, owned 3,845,824 shares, or 6.7%. Edward C. Johnson 3d, the Chairman of FMR LLC, and FMR LLC each have the sole power to dispose of the 8,415,835 of the shares.

- (3) Based on information in a Schedule 13G/A filed by BlackRock, Inc. on February 28, 2011, BlackRock, Inc. reported sole voting power over 4,784,779 shares, shared voting power over 0 shares, sole dispositive power over 4,784,779 shares and shared dispositive power over 0 shares. The address for BlackRock, Inc. is 40 East 52nd Street, New York, NY 10022. BlackRock, Inc. is a parent holding company and holds the sole power to vote or dispose of shares held by its subsidiaries BlackRock Japan Co. Limited, BlackRock Institutional Trust Company, N.A., BlackRock Fund Advisors, BlackRock Asset Management Australia Limited, BlackRock Advisors, LLC, BlackRock Investment Management, LLC, BlackRock (Luxembourg) S.A., and BlackRock International Ltd (collectively, the "BlackRock Subsidiaries"). None of the BlackRock Subsidiaries own more than 5% of our outstanding shares of common stock.
- (4) Based on information in a Schedule 13G filed by Dimensional Fund Advisors LP ("Dimensional") on February 11, 2011, Dimensional reported sole voting power over 3,754,195 shares, shared voting power over 0 shares, sole dispositive power over 3,843,777 shares and shared dispositive power over 0 shares. The address for Dimensional is Palisades West, Building One, 6300 Bee Cave Road, Austin, Texas, 78746.
- (5) Based on information in a Schedule 13G/A filed by Robeco Investment Management, Inc. ("Robeco") on February 14, 2011. Robeco reported sole voting power over 1,671,137 shares, shared voting power over 37,690 shares, sole dispositive power over 3,757,849 shares and shared dispositive power over 0 shares. The address for Robeco is 909 Third Ave., New York, NY 10022. Robeco is the beneficial owner of all shares as a result of acting as an investment adviser.
- (6) Based on information in a Schedule 13G filed by Franklin Resources, Inc. ("Franklin") on February 4, 2011, Franklin reported sole voting power over 2,876,700 shares, shared voting power over 0 shares, sole dispositive power over 2,990,700 shares and shared dispositive power over 0 shares. The address for Franklin is Palisades One Parker Plaza, Ninth Floor, Fort Lee, NJ 07024-2938.

ITEM 2
RATIFICATION OF APPOINTMENT OF INDEPENDENT
REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has selected PricewaterhouseCoopers LLP, certified public accountants and independent registered public accounting firm, as our independent registered public accounting firm for the fiscal year ending June 30, 2012. Although not required, the Board wishes to submit the selection of PricewaterhouseCoopers LLP for shareholders' ratification at the annual meeting. If the shareholders do not so ratify, the Audit Committee will reconsider its selection.

Representatives of PricewaterhouseCoopers LLP are expected to be present at the annual meeting, will have the opportunity to make a statement if they desire, and are expected to be available to respond to appropriate questions.

Upon the recommendation of the Audit Committee of the Board, the Board unanimously recommends a vote FOR ratification of the appointment of PricewaterhouseCoopers LLP.

Audit Fees

Aggregate audit fees billed for professional services rendered by PricewaterhouseCoopers LLP were \$2,300,200 for the year ended June 30, 2011, and \$2,041,184 for the year ended June 30, 2010. Such fees were primarily for professional services rendered for the audits of our consolidated financial statements as of and for the years ended June 30, 2011 and 2010, limited reviews of our unaudited condensed consolidated interim financial statements, statutory audits of certain of our subsidiaries, and accounting consultations required to perform an audit in accordance with generally accepted auditing standards.

Audit-Related Fees

Aggregate audit-related fees billed for professional services rendered by PricewaterhouseCoopers LLP were \$154,178 for the year ended June 30, 2011 and \$223,050 for the year ended June 30, 2010. The audit related fees as of the years ended June 30, 2011 and 2010, were for assurance and related services related to employee benefit plan and advertising funds audits, and discussions concerning financial accounting and reporting standards. The audit related fees for the year ended June 30, 2011 also included services for the exploration of strategic alternatives.

Tax Fees

Aggregate income tax compliance and related services fees billed for professional services rendered by PricewaterhouseCoopers LLP were \$1,454,636 for the year ended June 30, 2011 and \$1,369,063 for the year ended June 30, 2010. The tax fees for the years ended June 30, 2011 and 2010 were for tax compliance, consulting and planning-related professional services.

All Other Fees

In addition to the fees described above, aggregate fees of \$1,800 and \$1,500 were billed by PricewaterhouseCoopers LLP during the years ended June 30, 2011 and 2010, respectively, for fees related to a research tool that we access through PricewaterhouseCoopers LLP.

Audit Committee Pre-Approval Policies and Procedures

The Audit Committee has approved the engagement of PricewaterhouseCoopers LLP to perform auditing services for the current fiscal year ending June 30, 2012, based upon an engagement letter submitted by PricewaterhouseCoopers. In accordance with Company policy, any additional audit or non-audit services must be approved in advance. All of the professional services provided by PricewaterhouseCoopers LLP during the years ended June 30, 2011, and June 30, 2010, were approved or pre-approved in accordance with policies of our Audit Committee.

AUDIT COMMITTEE REPORT

The Audit Committee reports to and assists the Board in providing oversight of the financial management, independent auditors and financial reporting procedures of Regis. Each member of the Audit Committee is "independent" within the meaning of applicable NYSE listing standards. The Audit Committee has adopted a written charter describing its functions, which has been approved by the Board.

Our management is responsible for preparing our financial statements and the overall reporting process, including our system of internal controls. Our independent auditors, PricewaterhouseCoopers LLP, are responsible for auditing the financial statements and our system of internal controls over financial reporting and expressing opinions thereon.

In this context, the Committee has met and held discussions with management and the independent auditors. Management represented to the Committee that our consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the Committee has reviewed and discussed the consolidated financial statements with management and the independent auditors. The Committee discussed with the independent auditors matters required to be discussed by the applicable rules of the Public Company Accounting Oversight Board (PCAOB).

In addition, the Committee has received the written disclosures and the letter from the independent accountant required by applicable requirements of the PCAOB regarding the independent accountant's communications with the Committee concerning independence, and has discussed with the independent auditors the independent auditors' independence.

The Committee discussed with our independent auditors the overall scope and plans for their audit. The Committee meets with the independent auditors, with and without management present, to discuss the results of their examinations, the evaluations of our internal controls, and the overall quality of our financial reporting.

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board that the audited financial statements be included in our Annual Report on Form 10-K for the year ended June 30, 2011, for filing with the SEC. The Committee also has recommended to the Board the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2012.

Rolf F. Bjelland, Chair
Joseph L. ("Joel") Conner
Van Zandt Hawn
Stephen Watson
Members of the Audit Committee

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ITEM 3

APPROVAL OF ADVISORY VOTE ON COMPENSATION OF NAMED EXECUTIVE OFFICERS

We are providing shareholders with the opportunity to vote at the Annual Meeting on the following advisory resolution regarding the compensation of our Named Executive Officers as described in this Proxy Statement (commonly referred to as "Say-on-Pay"):

"RESOLVED, that the shareholders of Regis Corporation approve, on an advisory basis, the compensation paid to the Company's Named Executive Officers as disclosed in the "Compensation Discussion and Analysis" section, and compensation tables and narrative discussion contained in the "Executive Compensation" section in this Proxy Statement."

Our executive compensation programs are based on our belief that attracting, retaining and motivating talented executives is critical to the maintenance of our competitive advantage in the haircare industry and to the achievement of the business goals set by the Board. Accordingly, our executive compensation programs are designed to reward executives for achievement of our pre-determined financial and business goals, while also aligning our executives' interests with those of our shareholders. We believe that we best achieve these goals by providing our executives with a mix of compensation elements that incorporate cash and equity, as well as short-term and long-term components, and that are tied to our business goals, all as described above in the Compensation Discussion and Analysis section (CD&A) of this Proxy Statement.

For a comprehensive description of our executive compensation program, philosophy and objectives, including the specific elements of executive compensation that comprised the program in fiscal 2011, please refer to the CD&A, as well as the Summary Compensation Table and other executive compensation tables (and accompanying narrative disclosures) that follow the CD&A, beginning on page 17.

This advisory vote will not affect any compensation already paid or awarded to our NEOs and will not be binding on the Board or the Compensation Committee. However, the Compensation Committee will review and carefully consider the outcome of the vote. If there are a significant number of negative votes, the Compensation Committee will seek to understand the concerns that influenced the vote and consider them in making future executive compensation decisions.

Upon recommendation of the Compensation Committee of the Board, the Board unanimously recommends a vote FOR the approval of the compensation of our Named Executive Officers.

ITEM 4
SELECTION OF ADVISORY VOTE ON FREQUENCY OF FUTURE ADVISORY VOTES
ON EXECUTIVE COMPENSATION

We are providing our shareholders with an opportunity to select, on an advisory basis, the frequency of future advisory votes on the compensation of our NEOs (commonly referred to as "Say-on-Pay Frequency"). Shareholders may vote to recommend that future advisory Say-on-Pay votes be held every year, every two years or every three years, or abstain from voting on this matter entirely. After careful consideration of the various supporting arguments, as well as the advantages and disadvantages of each frequency alternative, the Board currently believes that submitting future advisory votes on the compensation of our NEOs to our shareholders every year is appropriate. The Board's current position is based primarily on the following factors:

compensation decisions are made annually, and shareholders should have an opportunity to vote on such decisions on a real-time basis;

executive compensation is an important aspect of corporate governance on which shareholders should have a regular opportunity to share their views; and

an annual Say-on-Pay vote provides the highest level of accountability and direct communication with our shareholders on this important corporate governance topic.

The advisory vote on the frequency of future advisory votes on executive compensation will not be binding on the Board or the Nominating and Corporate Governance Committee. However, the Board will review and carefully consider the outcome of the vote when selecting the frequency for holding future advisory votes on the compensation of our NEOs.

Upon recommendation of the Nominating and Corporate Governance Committee, the Board unanimously recommends a vote for "1 YEAR" as the frequency of future advisory votes on executive compensation.

PROPOSALS OF SHAREHOLDERS

Shareholders who intend to present proposals and director nominees at the 2012 Annual Meeting, and who wish to have such proposals included in our Proxy Statement for the 2012 Annual Meeting, must be certain that such proposals are received by our Corporate Secretary, 7201 Metro Boulevard, Edina, Minnesota 55439, not later than June 6, 2012. Such proposals must meet the requirements set forth in the rules and regulations of the SEC in order to be eligible for inclusion in the Proxy Statement for our 2012 Annual Meeting.

For any proposal that is not submitted for inclusion in our 2012 Proxy Statement, but is instead sought to be presented directly at the 2012 Annual Meeting, we must receive notice of such proposal not later than July 29, 2012 and not earlier than June 29, 2012, provided that in the event that the date of the 2012 Annual Meeting is more than 30 days before or more than 70 days after the anniversary date of the 2011 Annual Meeting, notice by the shareholder must be delivered not earlier than the close of business on the 120th day prior to the 2012 Annual Meeting and not later than the close of business on the later of the 90th day prior to the 2012 Annual Meeting or the 10th day following the day on which public announcement of the date of such meeting is first made by us. Notices of intention to present proposals at our 2012 Annual Meeting should be addressed to our Secretary, 7201 Metro Boulevard, Edina, Minnesota 55439.

ANNUAL REPORT TO SHAREHOLDERS AND FORM 10-K

Our Annual Report to Shareholders and Form 10-K, including financial statements for the year ended June 30, 2011, is available on our website at www.regiscorp.com. If requested, we will provide shareholders with copies of any exhibits to the Form 10-K upon the payment of a fee covering our reasonable expenses in furnishing the exhibits. Such requests should be directed to Eric A. Bakken, our Secretary, at our address stated herein.

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS

Important Notice Regarding the Availability of Proxy Materials for the Shareholders Meeting to be held on October 27, 2011.

The Notice and Proxy Statement and Annual Report on Form 10-K are available at www.eproxyaccess.com/rgs.

GENERAL

The Board knows of no other matter to be acted upon at the meeting. However, if any other matter is properly brought before the meeting, the shares covered by your proxy will be voted thereon in accordance with the best judgment of the persons acting under such proxy.

Your vote is very important no matter how many shares you own. You are urged to read this Proxy Statement carefully and, whether or not you plan to attend the Annual Meeting, to promptly submit a proxy:

By telephone or through the Internet in accordance with the instructions on the enclosed **GOLD** proxy card, or

By signing, dating and returning the enclosed **GOLD** proxy card in the postage-paid envelope.

If you have any questions or require any assistance with voting your shares, please contact our proxy solicitor:

Innisfree M&A Incorporated

Stockholders May Call Toll-Free: (877) 750-5837
Banks and Brokers May Call Collect: (212) 750-5833

By Order of the Board

Eric A. Bakken
Secretary

October 3, 2011

**INFORMATION CONCERNING PARTICIPANTS
IN THE COMPANY'S SOLICITATION OF PROXIES**

The following tables ("Directors and Nominees" and "Officers and Employees") set forth the name and business address of our directors and nominees, and the name, present principal occupation and business address of our officers and employees who, under the rules of the Securities and Exchange Commission, are considered to be "participants" in our solicitation of proxies from our shareholders in connection with our 2011 Annual Meeting of Shareholders.

Directors and Nominees

The principal occupations of our directors and nominees who are considered "participants" in our solicitation are set forth under the section above titled "Item 1 Election of Directors" of the Proxy Statement. The name and business addresses, and address of the organization of employment, of our directors and nominees are as follows:

Name	Business Address
Rolf F. Bjelland	c/o Regis Corporation, 7201 Metro Boulevard, Edina, Minnesota 55439
Joseph L. Conner	Bellisio Foods, 525 S. Lake Avenue, Duluth, MN 55802
Paul D. Finkelstein	Regis Corporation, 7201 Metro Boulevard, Edina, Minnesota 55439
Van Zandt Hawn	Goldner Hawn Johnson & Morrison Incorporated, 3700 Wells Fargo Center, 90 South Seventh Street, Minneapolis, MN 55402-4128
Susan S. Hoyt	c/o Regis Corporation, 7201 Metro Boulevard, Edina, Minnesota 55439
David B. Kunin	Beautopia LLC, 3939 E. 46th Street, Minneapolis, MN 55406-3906
Michael J. Merriman	c/o Regis Corporation, 7201 Metro Boulevard, Edina, Minnesota 55439
Stephen Watson	c/o Regis Corporation, 7201 Metro Boulevard, Edina, Minnesota 55439

Officers and Employees

The principal occupations of our executive officers and employees who are considered "participants" in our solicitation of proxies are set forth below. The principal occupation refers to such person's position with Regis, and the business address for each person is Regis Corporation, 7201 Metro Boulevard, Edina, Minnesota 55439.

Name	Principal Occupation
Eric A. Bakken	Executive Vice President, General Counsel and Business Development
Paul D. Finkelstein	Chairman of the Board of Directors and Chief Executive Officer
Mark Fosland	Senior Vice President, Finance and Investor Relations
Andy Larew	Director, Finance-Investor Relations
Brent A. Moen	Senior Vice President and Chief Financial Officer
Randy L. Pearce	President

Information Regarding Ownership of Regis Securities by Participants

The number of shares of our common stock held by our directors and named executive officers as of September 1, 2011 is set forth under the "Security Ownership of Certain Beneficial Owners and Management" section of the Proxy Statement. The following table sets forth the number of shares beneficially owned as of September 1, 2011 by our other employees who are "participants."

Name	Shares of Common Stock Beneficially Owned
Eric A. Bakken	54,484 shares
Mark Fosland	26,245 shares
Andy Larew	0

Shares of our common stock owned of record by each of our directors, named executive officers and other participants are beneficially owned by such person.

Information Regarding Transactions in Regis Securities by Participants

The following table sets forth information regarding purchases and sales of our securities by each of the participants listed above under "Directors and Nominees" and "Officers and Employees" during the past two years. Unless otherwise indicated, all transactions were in the public market or pursuant to our equity compensation plans and none of the purchase price or market value of those shares is represented by funds borrowed or otherwise obtained for the purpose of acquiring or holding such securities.

Shares of Common Stock Purchased or Sold (9/1/09 - 9/1/11)

Name	Date	# of Shares	Transaction Description	
Eric A. Bakken	4/26/2010	(429)	Disposition	Surrender of shares for tax withholding
	4/27/2010	(169)	Disposition	Surrender of shares for tax withholding
	4/30/2010	7,400	Acquisition	Grant of restricted stock
	4/30/2010	(1,024)	Disposition	Surrender of shares for tax withholding
	5/3/2010	(85)	Disposition	Surrender of shares for tax withholding
	4/25/2011	(216)	Disposition	Surrender of shares for tax withholding
	4/26/2011	(217)	Disposition	Surrender of shares for tax withholding
	4/27/2011	(170)	Disposition	Surrender of shares for tax withholding
	4/28/2011	7,400	Acquisition	Grant of restricted stock
	5/2/2011	(1,523)	Disposition	Surrender of shares for tax withholding
	Various	472	Acquisition	Shares issued as dividend reinvestments on restricted stock
	Various	335	Acquisition	Purchases of stock under employee stock purchase plan
Rolf F. Bjelland			Acquisition	Exercise of stock option
	3/17/2010	5,000		
	3/17/2010	(5,000)	Disposition	Open market sale
	4/30/2010	7,000	Acquisition	Grant of restricted stock
	4/30/2010	25,000	Acquisition	Exercise of stock option
	4/30/2010	(25,000)	Disposition	Open market sale
	4/29/2011	7,000	Acquisition	Grant of restricted stock
	5/4/2011	(2,000)	Disposition	Open market sale
	Various	261	Acquisition	Shares issued as dividend reinvestments on restricted stock
	Various		Acquisition	Grant of restricted stock
Joseph L. Conner	8/24/2010	7,000		
	4/28/2011	7,000	Acquisition	Grant of restricted stock
	Various	112	Acquisition	Shares issued as dividend reinvestments on restricted stock
Paul D. Finkelstein			Disposition	Open market sale
	11/3/2009	(145)		
	11/4/2009	(120,964)	Disposition	Open market sale
	4/26/2010	(1,471)	Disposition	Surrender of shares for tax withholding
	4/27/2010	(606)	Disposition	Surrender of shares for tax withholding
	4/30/2010	19,300	Acquisition	Grant of restricted stock
	4/30/2010	(3,500)	Disposition	Surrender of shares for tax withholding
	5/3/2010	(254)	Disposition	Surrender of shares for tax withholding
	5/11/2010	69,200	Acquisition	Stock option exercise
	5/11/2010	(87,358)	Disposition	Open market sale
	4/25/2011	(599)	Disposition	Surrender of shares for tax withholding
	4/26/2011	(603)	Disposition	Surrender of shares for tax withholding
	4/27/2011	(1,814)	Disposition	Surrender of shares for tax withholding
	4/28/2011	(1,486)	Disposition	Surrender of shares for tax withholding
	5/2/2011	(4,810)	Disposition	Surrender of shares for tax withholding
	5/2/2011	(16,306)	Disposition	Open market sale
	5/12/2011	(9,898)	Disposition	Open market sale
	Various	1,517	Acquisition	Shares issued as dividend reinvestments on restricted stock

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Shares of Common Stock Purchased or Sold (9/1/09 - 9/1/11)

Name	Date	# of Shares	Transaction Description	
Mark Fosland			Disposition	Surrender of shares for tax withholding
	4/26/2010	(239)		
	4/27/2010	(101)	Disposition	Surrender of shares for tax withholding
	4/30/2010	5,000	Acquisition	Grant of restricted stock
	4/30/2010	(570)	Disposition	Surrender of shares for tax withholding
	5/3/2010	(101)	Disposition	Surrender of shares for tax withholding
	5/11/2010	(1,500)	Disposition	Open market sale
	4/25/2011	(114)	Disposition	Surrender of shares for tax withholding
	4/26/2011	(115)	Disposition	Surrender of shares for tax withholding
	4/27/2011	(85)	Disposition	Surrender of shares for tax withholding
	4/28/2011	5,600	Acquisition	Grant of restricted stock
	5/2/2011	(815)	Disposition	Surrender of shares for tax withholding
	Various	171	Acquisition	Dividend equivalents for restricted stock awards
Van Zandt Hawn			Acquisition	Grant of restricted stock
	4/30/2010	7,000		
	5/12/2010	(2,702)	Disposition	Open market sale
	4/28/2011	7,000	Acquisition	Grant of restricted stock
	5/6/2011	3,415	Acquisition	Open market purchase
Susan S. Hoyt	Various	261	Acquisition	Shares issued as dividend reinvestments on restricted stock
			Acquisition	Exercise of stock option
	3/17/2010	10,000		
	3/17/2010	(13,793)	Disposition	Open market sale
	4/30/2010	7,000	Acquisition	Grant of restricted stock
David B. Kunin	4/28/2011	7,000	Acquisition	Grant of restricted stock
	Various	261	Acquisition	Shares issued as dividend reinvestments on restricted stock
			Acquisition	Grant of restricted stock
	4/30/2010	7,000		
	4/30/2010	(2,400)	Disposition	Open market sale
Andy Larew	10/26/2010	1,000	Acquisition	Exercise of stock option
	4/28/2011	7,000	Acquisition	Grant of restricted stock
	Various	261	Acquisition	Shares issued as dividend reinvestments on restricted stock
Brent A. Moen			Disposition	Surrender of shares for tax withholding
	4/26/2010	(239)		
	4/27/2010	(101)	Disposition	Surrender of shares for tax withholding
	4/30/2010	5,000	Acquisition	Grant of restricted stock
	4/30/2010	(901)	Disposition	Surrender of shares for tax withholding
	5/3/2010	(100)	Disposition	Surrender of shares for tax withholding
	5/17/2010	(1,804)	Disposition	Open market sale
	4/25/2011	(114)	Disposition	Surrender of shares for tax withholding
	4/26/2011	(115)	Disposition	Surrender of shares for tax withholding
	4/27/2011	(85)	Disposition	Surrender of shares for tax withholding
	4/28/2011	5,600	Acquisition	Grant of restricted stock
	5/2/2011	(484)	Disposition	Surrender of shares for tax withholding
	5/3/2011	(815)	Disposition	Surrender of shares for tax withholding
	Various	263	Acquisition	Shares issued as dividend reinvestments on restricted stock
	Various	1,149	Acquisition	Purchases of stock under employee stock purchase plan

Shares of Common Stock Purchased or Sold (9/1/09 - 9/1/11)

Name	Date	# of Shares	Transaction Description	
Randy L. Pearce			Disposition	Surrender of shares for tax withholding
	4/26/2010	(874)		
	4/27/2010	(284)	Disposition	Surrender of shares for tax withholding
	4/29/2010	(253)	Disposition	Surrender of shares for tax withholding
	4/30/2010	10,900	Acquisition	Grant of restricted stock
	4/30/2010	(2,088)	Disposition	Surrender of shares for tax withholding
	5/3/2010	(368)	Disposition	Surrender of shares for tax withholding
	4/25/2011	(568)	Disposition	Surrender of shares for tax withholding
	4/26/2011	(941)	Disposition	Surrender of shares for tax withholding
	4/28/2011	10,900	Acquisition	Grant of restricted stock
	5/2/2011	(3,699)	Disposition	Surrender of shares for tax withholding
Various	900	Acquisition	Shares issued as dividend reinvestments on restricted stock	
Various	251	Acquisition	Purchases of stock under employee stock purchase plan	
Stephen Watson			Acquisition	Grant of restricted stock
	4/30/2010	7,000		
	4/28/2011	7,000	Acquisition	Grant of restricted stock
	Various	239	Acquisition	Shares issued as dividend reinvestments on restricted stock

Miscellaneous Information Concerning Participants

Other than as set forth in this Appendix A or the Proxy Statement, none of the participants or their associates (i) beneficially owns, directly or indirectly, any shares or other securities of Regis or any of our subsidiaries or (ii) has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon at the annual meeting other than, with respect to each director nominee, such nominee's interest in election to the Board. In addition, except as set forth below, neither we nor any of the participants listed above has been within the past year a party to any contract, arrangement or understanding with any person with respect to any of our securities, including, but not limited to, joint ventures, loan or option arrangements, puts or calls, guarantees against loss or guarantees of profit, division of losses or profits or the giving or withholding of proxies.

Other than as set forth in this Appendix A or the Proxy Statement, neither we nor any of the participants listed above or any of their associates have or will have (i) any arrangements or understandings with any person with respect to any future employment by us or our affiliates or with respect to any future transactions to which we or any of our affiliates will or may be a party or (ii) a direct or indirect material interest in any transaction or series of similar transactions since the beginning of our last fiscal year or any currently proposed transactions, or series of similar transactions, to which we or any of our subsidiaries was or is to be a party in which the amount involved exceeds \$120,000.

YOUR VOTE IS IMPORTANT

Please take a moment now to vote your shares of Regis Corporation
common stock for the upcoming Annual Meeting of Shareholders.

PLEASE REVIEW THE PROXY STATEMENT

AND VOTE TODAY IN ONE OF THREE WAYS:

1. **Vote by Telephone** Please call toll-free in the U.S. or Canada at **1-866-214-3793**, on a touch-tone telephone. If outside the U.S. or Canada, call **1-215-521-1348**. Please follow the simple instructions. You will be required to provide the unique control number printed below.

OR

2. **Vote by Internet** Please access <https://www.proxyvotenow.com/rgs>, and follow the simple instructions. Please note you must type an **s** after http. You will be required to provide the unique control number printed below.

You may vote by telephone or Internet 24 hours a day, 7 days a week.

Your telephone or Internet vote authorizes the named proxies to vote your shares in the same manner
as if you had marked, signed and returned a GOLD proxy card.

OR

3. **Vote by Mail** If you do not wish to vote by telephone or over the Internet, please complete, sign, date and return the proxy card in the envelope provided, or mail to: Regis Corporation, c/o Innisfree M&A Incorporated, FDR Station, P.O. Box 5155, New York, NY 10150-5155

g TO VOTE BY MAIL, PLEASE DETACH PROXY CARD HERE AND SIGN, DATE AND RETURN IN THE POSTAGE-PAID
ENVELOPE PROVIDED g

The Board of Directors recommends that you vote **FOR** each of the following director nominees:

1. ELECTION OF DIRECTORS.

- Nominees:**
- (01) Rolf F. Bjelland
 - (02) Joseph L. Conner
 - (03) Paul D. Finkelstein
 - (04) Van Zandt Hawn
 - (05) Susan S. Hoyt
 - (06) Michael J. Merriman
 - (07) Stephen E. Watson

FOR ALL **WITHHOLD FOR ALL** **FOR ALL EXCEPT**

INSTRUCTIONS: To withhold authority to vote for any individual nominee(s), mark the **For All Except** box above and write the number(s) of the excepted nominee(s) in the space provided:

The Board of Directors recommends you vote **FOR** the following proposals:

2. Ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm.

FOR **AGAINST** **ABSTAIN**

3. Approval of an advisory vote on the compensation of our named executive officers (a **Say-on-Pay Vote**).

FOR **AGAINST** **ABSTAIN**

The Board of Directors recommends you vote **1 YEAR** on the following proposal:

4. An advisory vote on the frequency of future Say-on-Pay Votes.

1 YEAR **2 YEARS** **3 YEARS** **ABSTAIN**

NOTE: The proxies are authorized to vote, in their discretion, on any other matters as may properly come before the annual meeting.

Date: _____, 2011
 Signature _____
 Signature (if held jointly) _____
 Title(s) _____

NOTE: Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. If a corporation, please sign in full corporate name, by authorized officer. If a partnership, please sign in partnership name by authorized person.

PLEASE VOTE TODAY!

SEE REVERSE

SIDE FOR THREE EASY WAYS TO VOTE.

q TO VOTE BY MAIL, PLEASE DETACH PROXY CARD HERE AND SIGN, DATE AND RETURN IN THE POSTAGE-PAID
ENVELOPE PROVIDED q

GOLD PROXY

REGIS CORPORATION

ANNUAL MEETING OF SHAREHOLDERS OCTOBER 27, 2011

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Paul Finkelstein and Eric Bakken, and either of them, proxies for the undersigned, with full power of substitution, to represent the undersigned and to vote as directed on the reverse side of this proxy card all of the shares of the Common Stock of Regis Corporation (the Company) which the undersigned is entitled to vote at the annual meeting of shareholders of the Company to be held on October 27, 2011, and at any adjournments or postponements thereof.

This proxy will be voted as directed herein. If no direction is given, this proxy will be voted FOR each of the director nominees and each of proposals 2 and 3, will be voted 1 YEAR on proposal 4, and will be voted in the discretion of the proxies on any other matters as may properly come before the annual meeting and any adjournments or postponements thereof. This proxy revokes any previously executed proxy with respect to all proposals.

YOUR VOTE IS VERY IMPORTANT PLEASE VOTE TODAY.

(Continued, and to be signed and dated on the other side)

QuickLinks

APPENDIX A