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FOR IMMEDIATE RELEASE

China Precision Steel Announces Second Quarter Results for Fiscal 2007

SHANGHAI, China, February 15, 2007 – China Precision Steel (NASDAQ: CPSL), a niche precision steel processing company principally engaged in producing and selling high precision cold-rolled steel products, announced today its second quarter results for fiscal 2007.

Revenue for the second quarter 2007 increased to \$15.0 million, up from 52% from the second quarter 2006 of \$9.9 million. The increase in revenue is due to increased volume which offset the decrease in average selling price during the quarter. The decline in the average selling price is attributed to increased sales of low carbon precision steel which the Company began to sell in international markets during the quarter. Gross profit increased 22.2% to \$3.4 million in the second quarter 2007 from \$2.8 million in the comparable period a year earlier. Net income was \$2.9 million up 7.5% for the second quarter 2007 from net income in the second quarter 2006 of \$2.7 million.

Revenues from low carbon precision steel increased 105% to \$7.2 million for the quarter from \$3.5 million in the second quarter of 2006. The increase in sales was due to increased sales volume of 5,601 tons of low carbon cold-rolled steel compared to the same period a year ago. Low carbon products represented 48% of revenue for the quarter up from 35% of revenue in the second quarter 2006. Revenue generated from high carbon products for the second quarter was 52% compared to 65% in the second quarter 2006. Revenues from high end cold-rolled steel products accounted for 28% of total revenues or \$4.2 million with an average selling price of \$13,090 per ton. China Precision Steel did not sell any high end cold-rolled steel products in the second quarter 2006. International sales accounted for 10% of total sales or \$1.5 million. The Company did not have any international sales in the second quarter 2006. The increase in volume during the quarter offset the decline in average selling price per ton of 13% to \$764 from \$883 per ton in the corresponding period in 2006 which is attributed to the change in product mix.

Gross profit for the quarter was \$3.4 million for an increase of 22.2% from gross profit of \$2.8 million in the second quarter 2006. Gross margin during the quarter was 23% compared to gross margin of 28% for the comparable period a year ago.

During the quarter total expense was 3.8% or \$574,000 of revenue compared to total expense of \$476,000 or 4.8% of revenue in the second quarter 2006.

Net income for the quarter was \$2.9 million, up 7.5% from net income in the second quarter 2006 of \$2.7 million. Fully diluted earnings per share for the quarter were \$0.11 compared to fully diluted earnings per share of \$0.10 during the second quarter 2006.

Six Months Financial Results

Revenue for the first six months of fiscal 2007 increased 45% to \$25.5 million from revenue of \$17.6 million in the first six months of 2006. The increase in revenues is attributed to an increase in sales volume and an increase in average selling price. The average selling price for the period was as follows: low carbon cold-rolled steel was \$607 compared to \$520; high carbon hot-rolled steel was \$651 compared to \$644; and high carbon cold-rolled steel was \$2,535 compared to \$2,374. During the period the Company started production of high end cold-rolled steel products which had an average selling price of \$13,599. Gross margin for the first six months of fiscal 2007 was 28% compared to gross margin of 30% for the same period a year ago.

Operating income was up 32.9% to \$6.3 million for the first six months of fiscal 2007 from \$4.7 million for the same period a year ago. Net income was \$5.8 million during the period for an increase of 20.6% from net income in the first six months of 2006 of \$4.8 million. Fully diluted earnings per share during the first six months of fiscal 2007 were \$0.22 compared to fully diluted earnings per share during the first six months of fiscal 2006 of \$0.18.

About China Precision Steel

China Precision Steel is a niche precision steel processing company principally engaged in the production and sale of high precision cold-rolled steel products and provides value added services such as heat treatment and cutting medium and high carbon hot-rolled steel strips. China Precision Steel produces high precision ultra-thin (3.0 mm to 0.03 mm) cold-rolled steel products primarily for automotive components, food packaging materials, saw blades and textile needle manufacturing companies in the People's Republic of China. China Precision Steel's operation is currently located in The People's Republic of China. However, China Precision Steel intends to expand overseas into Japan, Taiwan, Korea, Thailand, the Philippines, the European Union and the United States in the future.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that

are not historical facts. Such forward-looking statements are based upon the current beliefs and expectations of China Precision Steel's management and are subject to risks and uncertainties, which could cause actual results to differ from the forward-looking statements. The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: business conditions in China, weather and natural disasters, changing interpretations of generally accepted accounting principles; outcomes of government reviews; inquiries and investigations and related litigation; continued compliance with government regulations; legislation or regulatory environments, requirements or changes adversely affecting the businesses in which China Precision Steel is engaged; cyclicity of steel consumption including overcapacity and decline in steel prices, limited availability of raw material and energy may constrain operating levels and reduce profit margins, environmental compliance and remediation could result in increased cost of capital as well as other relevant risks not included herein. The information set forth herein should be read in light of such risks. China Precision Steel does not assume any obligation to update the information contained in this press release.

– Financial Tables Follow –

China Precision Steel, Inc.
Condensed Consolidated Balance Sheets

	December 31, 2006 (Unaudited)	June 30, 2006
Assets		
Current assets		
Cash and equivalents	\$1,173,975	\$186,955
Accounts receivable		
Trade	9,383,527	13,399,003
Other	25,575	69,913
Inventory	14,491,575	6,283,910
Deposits	79,236	75,575
Advances to suppliers	7,549,582	3,138,759
Total current assets	32,703,470	23,154,115
Property and equipment		
Property and equipment, net	18,363,959	8,664,417
Construction-in-progress	13,671,544	13,752,954
	32,035,503	22,417,371
Total assets	\$64,738,973	\$45,571,486
 Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$6,423,862	\$1,801,466
Advances from customers	4,778,897	1,859,773
Other taxes payables	680,282	862,914
Current income taxes payable	1,496,104	
Deferred income taxes payable	1,455,636	1,535,204
Amounts due to directors	2,240,599	5,896,943
Current portion of long-term debt	9,841,091	8,918,939
Notes payable	14,132,427	9,862,672
Total current liabilities	41,048,898	30,737,911
 Long-term debt, net of current portion shown above	 6,128,599	 3,152,415
 Stockholders' equity:		
Preferred stock: \$0.001 per value, 8,000,000 shares authorized, no shares outstanding at December 31, 2006 or June 30, 2006	-	
Ordinary stock: \$0.001 par value, 62,000,000 shares authorized, 26,981,916 issued and outstanding at December 31, 2006 and June 30, 2006	26,982	26,982
Additional paid-in capital	1,373,018	1,373,018
Accumulated other comprehensive income	1,400,568	745,583
Retained earnings	14,760,908	9,535,577
Total stockholders' equity	17,561,476	11,681,160
Total liabilities and stockholders' equity	\$64,738,973	\$45,571,486

China Precision Steel, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended:		Six Months Ended:	
	December 31,	December 31,	December 31,	December 31,
	2006	2005	2006	2005
Revenues				
Sales revenues	\$15,007,582	\$9,902,359	\$25,510,930	\$17,605,248
Cost of goods sold	11,594,852	7,109,245	18,394,950	12,287,788
Gross profit	3,412,730	2,793,114	7,115,980	5,317,460
Operating expenses				
Selling expenses	64,693	20,296	104,390	42,378
Administrative expenses	498,737	445,927	684,925	510,400
Depreciation and amortization expense	10,845	10,174	21,262	18,645
Total operating expenses	574,275	476,397	810,577	571,423
Income from continuing operations	2,838,455	2,316,717	6,305,403	4,746,037
Other income (expense)				
Other revenues		318,774	-	318,774
Interest and finance costs	(114,743)	(206,464)	(318,082)	(352,662)
Total other income (expense)	(114,743)	112,310	(318,082)	(33,888)
Net income from continuing operations before income tax	2,723,712	2,429,027	5,987,321	4,712,149
Provision for (benefit from) income tax				
Current	(34,057)		895,313	
Deferred	389,604		(85,405)	
Total income tax expense	355,547		809,908	
Net income before discontinued operations	2,368,165	2,429,027	5,177,413	4,712,149
Net income from discontinued operations	519,879	258,601	639,072	112,582
Net income	\$2,888,044	\$2,687,628	\$5,816,485	\$4,824,731
Basic and diluted earnings per share				
From continuing operations	\$0.09	\$0.09	\$0.19	\$0.17
From discontinued operations	\$0.02	\$0.01	\$0.03	\$0.01
Total	\$0.11	\$0.10	\$0.22	\$0.18
Basic and diluted weighted average shares outstanding				
	26,981,916	26,981,916	26,981,916	26,981,916
The Components of comprehensive income:				
Net income	\$2,888,044	\$2,687,628	\$5,816,485	\$4,824,731
Foreign currency translation adjustment	557,213	76,402	654,985	405,877
Comprehensive income	\$3,445,257	\$2,764,030	\$6,470,970	\$5,230,608

China Precision Steel, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	For the Six Months Ended:	
	December 31,	December 31,
	2006	2005
Cash flows from operating activities		
Net Income	5,816,485	4,824,149
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation	617,405	403,630
Less income from discontinued operations - Oralabs, Inc	(639,072)	(112,582)
Net changes in assets and liabilities:		
Accounts receivable, net	4,059,814	(3,558,798)
Inventories	(8,207,665)	(2,315,178)
Advances to suppliers	(4,410,823)	(774,381)
Deposits	(3,661)	
Accounts payable and accrued expenses	4,622,396	(266,168)
Advances from customers	2,919,124	646,278
Deferred income taxes	(85,405)	
Current income taxes	937,307	
Other taxes payable	(152,086)	285,493
Net cash provided by (used in) operating activities	5,473,819	(866,975)
Cash flows from investing activities		
Purchases of fixed assets including construction in progress	(10,212,328)	(7,012,465)
Net cash (used in) investing activities	(10,212,328)	(7,012,465)
Cash flows from financing activities		
Advances from directors, net	(3,237,243)	931,984
Long-term loan proceeds	3,898,336	
Notes payable proceeds	3,850,654	4,190,030
Capital and restructuring contributions	558,797	
Net cash provided by financing activities	5,070,544	5,122,014
Effect of exchange rate	654,985	402,716
Net increase (decrease) in cash	987,020	(2,354,710)
Cash and cash equivalents, beginning of year	186,955	3,133,326
Cash and cash equivalents, end of year	1,173,975	778,616