



Nominating & Corporate Governance Committee Charter of the Harbin Electric Board of Directors

Approved by the Board of Directors and effective as of February 17, 2006

Charter

This Charter documents the purpose, authority, composition, and responsibilities of the Nominating & Corporate Governance Committee (the "Committee") of the Board of Directors (the "Board") of Harbin Electric Company ("Harbin Electric"). From time to time, this Charter shall be amended, published, distributed, filed, or reported as considered appropriate by the Board or as may be required by applicable laws or rules of various regulatory agencies, such as the listing standards promulgated by the NASDAQ Stock Exchange (the "NASDAQ").

Purpose and Authority

The Board has appointed this Committee to assist and advise the Board with respect to:

1. Identifying individuals qualified to become members of the Board;
2. Recommending to the Board the director nominees for the next annual meeting of shareholders;
3. Evaluating the overall functioning and performance of the Board and its committees; and
4. Developing and overseeing a set of corporate governance guidelines for Harbin Electric.

Composition

The Committee shall be comprised of three or more directors as determined from time to time by the Board.

Qualifications

Each member of the Committee must meet the qualifications of an "independent director" as defined by the appropriate Regulatory Agency and NASD Rule 4200. The Chairman and each other member of the Committee shall be appointed by the Board and shall serve until such member's successor is appointed and qualified or until such member's earlier resignation or removal. Any member of the Committee may be removed, with or without cause, by a majority vote of the Board.

Meetings



The Committee shall meet at least one time annually. For the transaction of business at any meeting of the Committee, a majority of the members shall constitute a quorum. If the Committee Chairman is not present at a Committee meeting, the members of the Committee may designate a Chair by a majority vote of the Committee membership. Minutes of each meeting shall be kept and the Secretary or Assistant Secretary of Harbin Electric shall maintain all Minutes of the Committee.

Annual Committee Review

The Committee shall annually perform a review and evaluation of the adequacy of the Charter and of the performance of the Committee and its members under the Charter and report its conclusions to the Board. The Committee shall determine whether any changes to the Charter are advisable or any corrective actions should be undertaken to correct any deficiencies or weaknesses noted in the review and evaluation. The Committee shall present any amendments to the Charter or corrective actions that the Committee considers necessary or appropriate to the Board for its approval.

Duties and Responsibilities

General responsibilities of the Committee will be consistent with Harbin Electric's Bylaws, as amended, and will include, but are not limited to, the following. The Committee shall:

1. Based upon its evaluations, recommend to the Board whether existing Board members should be nominated for new terms or replaced and whether more or fewer members are appropriate;
2. Assist the Board in establishing criteria to select new directors and recommend to the Board a process for orientation of new Board or committee members;
3. Oversee the search for individuals qualified to become members of the Board and recommend to the Board director nominees to be presented for approval at the annual meeting of shareholders. In identifying candidates for membership on the Board, the Committee shall take into account all factors it considers appropriate, which may include strength of character, mature judgment, career specialization, relevant technical skills, diversity and the extent to which the candidate would fill a present need on the Board;
4. Consider nominees for directors recommended by Harbin Electric's shareholders consistent with the provisions of Harbin Electric's Bylaws, as amended;
5. Establish standards for the functioning of the Board and evaluate the overall functioning and performance of the Board, its committees and management;
6. Review the committee structure of the Board and recommend for its approval directors to serve as members of each committee. The Committee shall review and make recommendations with respect to committee membership annually and shall recommend additional committee members to fill vacancies as needed;



7. Approve, or recommend to the Board the approval of, the annual fees and other compensation associated with Board membership and the memberships of the various committees of the Board, taking into account Harbin Electric's performance, relative shareholder return, compensation received by similar positions at similarly situated companies, and compensation and incentives awarded for these memberships at Harbin Electric in the past;
8. Develop and recommend to the Board for its approval a set of corporate governance guidelines consistent with Harbin Electric's Bylaws, as amended. The Committee shall review the guidelines annually, or more frequently as circumstances dictate, and recommend changes to the Board as necessary;
9. Report to the Board after each Committee meeting;
10. Retain, at Harbin Electric's expense, and terminate: 1) any search firm and any legal, accounting, or other outside advisors that it considers necessary or appropriate to assist with the identification of director candidates, and to approve the firm's fees and retention terms; and 2) any legal, accounting or other outside advisors to advise the Committee on any corporate governance matters within the scope of the Committee's duties and responsibilities, that it deems necessary in the performance of its duties; and
11. Call upon the office of Harbin Electric's Secretary for administrative support and background and procedure information regarding corporate governance matters when necessary and considered appropriate.