

**ANNUAL MEETING OF SHAREHOLDERS OF SMARTHEAT INC.
TO BE HELD ON NOVEMBER 18, 2009 (China time)**

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR ALL OF THE
PROPOSALS**

The undersigned shareholder of SmartHeat Inc. a Nevada corporation (the "Company"), acknowledges receipt of the Notice of Annual Meeting of Shareholders and Proxy Statement, dated October 9, 2009, and hereby constitutes and appoints Jun Wang and Zhijuan Guo, or either of them acting singly in the absence of the other, with full power of substitution in either of them, the proxies of the undersigned to vote with the same force and effect as the undersigned all shares of the Company's Common Stock which the undersigned is entitled to vote at the 2009 Annual Meeting of Shareholders to be held on November 18, 2009, and at any adjournment thereof, hereby revoking any proxy or proxies heretofore given and ratifying and confirming all that said proxies may do or cause to be done by virtue thereof with respect to the following matters:

The undersigned hereby instructs said proxies or their substitutes:

1. Elect as Directors the nominees listed below:

- (1) Jun Wang (4) Arnold Staloff
(2) Weiguo Wang (5) Xin Li
(3) Wenbin Lin

Withhold authority for the following:

- Jun Wang Arnold Staloff
 Weiguo Wang Xin Li
 Wenbin Lin

2. Approve the ratification of Goldman Parks Kurland Mohidin, LLP as the Company's accountant for fiscal year 2009.

FOR **AGAINST** **ABSTAIN**

Note: The proxies are authorized to vote in accordance with their judgment on any matters other than those referred to herein that are properly presented for consideration and action at the Annual Meeting.

PLEASE MARK, SIGN AND DATE THIS PROXY CARD AND PROMPTLY RETURN IT IN THE ENVELOPE PROVIDED.

(SIGNATURE)

(DATE)

Please sign exactly as you name appears hereon. Joint owners should each sign. Executors, administrators, trustees, guardians or other fiduciaries should give full title as such. If signing for a corporation, please sign in full corporate name by a duly authorized officer.