



41 MFR/PRVLR NOTIFIED 9/27/10
 COMMENTS: YES NO EPC
 OVERRULED; ATTACHED
 EXCISIONS/FOIA Hrs.
 DO NOT RE-NOTIFY RE-NOTIFY

Kandi USA, Inc.

10955 Arrow Route Suite 101, Rancho Cucamonga, CA 91730 • T: 909.941.4588 www.Kandimotos.com

May 14, 2010

Rence K. Haslett
 Trial Attorney
 Division of Compliance
 Office of the General Counsel
 U.S. Consumer Product Safety Commission
 4330 East-West Highway
 Bethesda, MD 20814

Re: ATV Action Plan of Kandi USA, Inc.

Dear Ms. Haslett:

Kandi USA, Inc. ("Kandi") is fully committed to the goal of reducing ATV-related accidents. Kandi has implemented new policies in accordance with the rules set forth by Section 232 of the Consumer Product Safety Improvement Act of 2008 (the "Act"). The actions outlined below are part of our continuing effort to promote safe and responsible use of our ATVs.

Age Recommendations

Kandi will only recommend, market, and sell ATVs for use under the age category/speed guidelines specified at Section 6 of the ANSI/SVIA 1-2007 Standard for ATVs (the "ATV Standard"). Kandi will not recommend, market, advertise, or sell adult-sized ATVs for the use of persons less than 16 years of age and Kandi will use its best efforts to ensure that its dealers comply with these requirements.

Hands-on Training

Kandi will offer free hands-on training to first-time purchasers and age-appropriate members of their immediate families through the existing ATV Safety Institute (ASI) training course.

Kandi will instruct its dealers to inform purchasers about the availability of free training and the incentive at the point of purchase and also will email purchasers



with information about registering for the training course. A toll-free phone number to contact ASI for the registration will also be provided in the owner's manual and point-of-sale materials. All registration expenses incurred to purchasers will be reimbursed once ASI receipts are presented to Kandi.

Kandi recognizes that incentives are an important factor for some purchasers who may not otherwise take the training course. After completion of the ATV Safety Institute course, the rider will qualify for an incentive worth \$100. The \$100 incentive for training will include at least \$50 in cash, with the balance offered (at the consumer's choice) as a rebate for already purchased safety equipment or a credit towards the purchase of new safety equipment.

Dealer Monitoring

Kandi requires that its dealers verify the intended ATV rider's age prior to selling an ATV to the rider or his/her guardian. Kandi warranty registration cards require the identification of the intended rider's name and date of birth to ensure that dealers do not sell Kandi's ATVs to under-aged riders.

Kandi will use its best efforts to obtain dealer compliance with the age recommendation requirements of the ATV Standard. Kandi will conduct on-site inspections of each of its authorized ATV dealers at least twice a year, with a minimum of 50 on-site inspections per year. These inspections will be conducted by means of independent, undercover investigators (also known as "secret shoppers") to ensure that these dealers follow age requirements and other safety-related practices during sales or promotional functions. Kandi will also modify the visitation criteria of its field support staff so that inspecting for dealer compliance becomes a normal function of the dealer visit.

When Kandi learns of dealers who do not abide by the age requirements of the ATV Standard, it will arrange follow-up inspections. If Kandi finds evidence of continued violations, Kandi will take remedial actions, up to and including possible termination or non-renewal of the dealer's contract with Kandi.



ATV Safety Video

Kandi will supply its dealers a "Safety Video" to be provided at the point of purchase to all retail purchasers of Kandi's ATVs. The video shall comply with all requirements described at Section H.3.b(4)(b) and paragraphs II.A and II.C of Appendix I of the 1988 ATV Consent Decree.

Safety Alert

Kandi will supply its dealers "Safety Alert" documentation to be provided at the point of purchase to all retail purchasers of Kandi's ATVs. The document will contain the same substantive safety information as the Safety Alert described at Section H.3.b(4)(c) and Appendix J of the 1988 ATV Consent Decree. This information includes: death and injury statistics for ATVs, safety rules, age recommendations, and the availability of safety training.

Advertising

Kandi will require its ATV advertising and promotional materials to conform to the regulations described in Section J.1. and Appendix K of the 1988 ATV Consent Decree, and to depict its ATVs in a manner consistent with safe and responsible use of the product. All riders shown in Kandi's advertising and promotional materials will wear helmets and full protective gear.

Kandi will use its best efforts to promote dealer compliance with the advertising requirements.

Toll-free Safety Hotline

Kandi will maintain a 24-hour toll-free hotline to respond to consumer inquiries. Kandi's hotline will strictly conform to Section H.4 of the 1988 ATV Consent Decree. ATV safety and training information will also be provided via the hotline. The hotline number will be included in advertising and promotion brochures and other print materials.



Information/Education Program

Kandi will implement the following information and education program to promote safe and responsible use of ATVs and to deter children under age 16 from operating adult-sized ATVs:

Interactive CD-ROM

Kandi will create a CD-ROM program that will convey ATV safety information in a competitive, visually exciting manner that resembles the types of interactive video simulations that pre- and young teens find entertaining. The CD-ROM will be designed to provide a new and exciting way to warn children against the use of adult-sized ATVs and to teach them about other risks associated with ATV use.

Safety Reminder

Kandi will launch a correspondence program to new ATV purchasers directed at parents. A letter to the parents incorporating safety messages and safety alerts for children will be provided at and after the point of sale.

Website

Kandi will expand its website to provide on-line access to a rendition of the CD-ROM program and other safety information, and will provide on its website a link to download the CD-ROM.

Print Ad Campaign

Kandi will advertise its safety messages and advertise the availability of its CD-ROM for at least 10 years. Kandi will advertise its safety messages bi-monthly in selected enthusiast and women's magazines and on an ATV industry trade website.

Kandi's budget for this campaign will be a minimum of \$15,000 per year for at least 10 years.



Kandi USA, Inc.

10955 Arrow Route Suite 101, Rancho Cucamonga, CA 91730 • T: 909.941.4588 www.Kandimotos.com

Distribution of Safety Materials

Kandi will create and disseminate a safety poster for posting by all Kandi dealers. This poster will feature safety and educational information containing ATV safe riding messages and encouraging correct ATV sizing and the need to take hands-on training.

Notice of Termination or Modification

Unless otherwise indicated, Kandi will maintain the above-specified actions indefinitely. Kandi will give the CPSC at least 60 days advance written notice of its intention to terminate or materially change any commitment under this Action Plan. Kandi will provide information about these activities upon reasonable requests from CPSC.

Sincerely yours,

KANDI USA, INC.,
a California corporation

By: Wangyuan Hu
Wangyuan Hu,
President