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AMENDMENT TO ATV ACTION PLAN

The ATV Action Plan of LUYUAN, INC. (hereinafter "FIRM")
(Firm Name)

approved by the U.S. Consumer Product Safety Commission ("CPSC") on August 2009
(Date Approved by CPSC)

is amended as follows:

> The section entitled "Dealer Monitoring" is hereby stricken and replaced with the section entitled "Dealer Monitoring Requirements" set forth below on pages 2 through 4.
>
> ALL OTHER TERMS AND CONDITIONS OF THE ATV ACTION PLAN REMAIN IN FULL FORCE AND EFFECT.

IN WITNESS WHEREOF, this AMENDMENT, consisting of 4 pages, has been signed and initialed by a senior corporate officer with knowledge of the company's intent to execute the Firm's ATV Action Plan.

The AMENDMENT is effective this 8 (Day) day of 2 (Month) 2011.

LUYUAN, INC.
FIRM

Gang Yi Zy
Signature

President 2/8/2011
Title Date

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DEALER MONITORING REQUIREMENTS

1. Scope and Components of Monitoring Program

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

FIRM will use its "best efforts"[3] to ensure that its dealers comply with:

- the user age recommendation requirements of the ATV Standard;
- the requirements related to notifying ATV purchasers about the availability and importance of free, hands-on ATV training and the monetary incentive for taking such training; and
- the requirements relating to providing the ATV Hang Tag, the ATV Owner's Manual, the ATV Safety Video, and the ATV Safety Alert to ATV purchasers at the point of purchase.

FIRM 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, by means of independent, undercover investigators (also known as "secret shoppers") to ensure that these dealers comply with the above-listed requirements and other safety-related practices during sales or promotional functions. FIRM will also modify the visitation criteria of its field personnel so that inspecting for dealer compliance with the above-listed requirements becomes a normal function of routine dealer visits.

2. Notice and Training Program

Within fifteen (15) days of learning of a dealer's non-compliance with the above-listed requirements from the CPSC staff or by one of FIRM'S independent investigators,[4] FIRM will:

- notify the dealer of its non-compliance;

[3] "Best Efforts" shall include, among other things, an obligation to require, to the extent permissible under federal and state law, compliance by FIRM'S dealers, agents, or representatives with the terms of this ATV Action Plan in future contracts entered into with dealers, agents, or representatives, and, where possible and within a reasonable time, modification of existing contracts with dealers, agents, or representatives to impose this duty.

[4] Within fifteen (15) days of learning of a dealer's non-compliance with the above-listed requirements from a third party (such as another dealer or distributor), FIRM will notify the dealer of the reported non-compliance and arrange an undercover, on-site inspection of the dealer to determine whether the dealer is complying with the above-listed requirements. If FIRM discovers a violation during this inspection, FIRM will initiate the notice and training procedures outlined in this section.

- inform the dealer of the operative facts reported by the CPSC staff or the independent investigator (such as the name of the salesperson and the model(s) of the ATV(s) allegedly recommended during the inspection); and
- demand a cure of the reported violation(s).

In addition, within thirty (30) days after notifying the dealer of its non-compliance, FIRM will provide on-site training to all dealership personnel who are involved in the sale of ATVs. The training will include, but not be limited to, information concerning the above-listed requirements, the need for compliance with them, and the potential enforcement actions (including termination and non-renewal of the dealership agreement) that the dealer may incur if non-compliance continues. A record of the training effort will be made by FIRM and provided to CPSC staff during bi-annual reporting (as described in the "Reporting" section below).

3. Follow-up Monitoring and Enforcement for Repeated Non-Compliance

Within sixty (60) days after completing the above-referenced training for a non-compliant dealer, FIRM will conduct an undercover, on-site, follow-up inspection of the dealer to determine whether the dealer is complying with the above-listed requirements. If this follow-up inspection reveals evidence of continuing violations, FIRM will take remedial action against the dealer, up to and including possible termination or non-renewal of the dealership agreement with FIRM.[5] If FIRM elects not to terminate the dealer's contract, remedial actions will at a minimum include additional undercover on-site inspections of the dealer. If these additional inspections reveal an additional violation, FIRM will terminate or decline to renew the dealer's contract. In each instance, FIRM will inform the CPSC Office of Compliance and Field Operations in advance of any remedial action or disposition, and it will provide the CPSC staff a reasonable opportunity to comment on such action or disposition before it occurs.

4. Reporting

FIRM will report the results of its dealer monitoring program to the CPSC staff on a bi-annual basis, with reports due to the CPSC's Office of Compliance and Field Operations on February 1 and August 1 of each year. These reports should include a list of non-complying dealerships, the date of inspection, and all training or enforcement actions taken by FIRM, along with dates of all follow up activities and remedial actions. FIRM should maintain a list of all dealerships inspected each year in spreadsheet format, and this spreadsheet shall be provided promptly to the CPSC staff upon its request. The CPSC staff will maintain the confidentiality of these reports in accordance with applicable laws. The CPSC staff also reserves the right to request additional information from FIRM regarding the results of FIRM'S dealer monitoring program.

[5] The nature of the enforcement action will be determined on a case-by-case basis, and FIRM will consider factors such as the applicable state and local laws, the circumstances of the reported violations, the length of time between reported violations, any intervening inspections in which the dealer was reported to be in compliance with the above-listed requirements, and the strength of the evidence supporting termination.

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5. Notice to Dealers

FIRM will notify its dealers in writing of its dealer monitoring program within fifteen (15) days of the effective date of this Action Plan. The notice will remind dealers of their ongoing obligations to comply with the above-listed requirements and the consequences of non-compliance, including, but not limited to, the assessment of administrative costs for FIRM'S monitoring of the dealer and possible termination or non-renewal of the dealership agreement. FIRM will provide the CPSC's Office of Compliance and Field Operations an advance copy of the notice.