

Kandi Technologies Corp
Form S-3
February 24, 2010

As filed with the Securities Exchange Commission on February 24, 2010

Registration No. 333-_____

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-3

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

KANDI TECHNOLOGIES, CORP.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

90-0363723
(I.R.S. Employer
Identification Number)

Jinhua City Industrial Zone
Jinhua, Zhejiang Province
People's Republic of China
Post Code 321016
(86-579) 83906856
(Address, including zip code, and telephone number, including area code,
of registrant's principal executive offices)

Hu Xiaoming
Kandi Technologies, Corp.
Jinhua City Industrial Zone
Jinhua, Zhejiang Province
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Copy to:
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Approximate date of commencement of proposed sale to the public: from time to time after the registration statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	PROPOSED		PROPOSED MAXIMUM OFFERING PRICE	AMOUNT OF REGISTRATION FEE (3)
	AMOUNT TO BE REGISTERED (1)	MAXIMUM OFFERING PRICE PER UNIT (2)		
Common Stock, par value \$0.001 per share	6,897,708	\$ 4.11	\$ 28,349,579.88	\$ 2,021.33

(1) 6,897,708 shares of Common Stock, par value \$0.001 per share, of Kandi Technologies, Corp., a Delaware corporation (the “Company”), are being registered hereunder. These shares of Common Stock may be issued upon conversion of senior secured convertible notes or otherwise pursuant to the terms of the senior secured convertible notes and/or upon exercise of the warrants issued in conjunction with such notes (such aggregate amount of shares calculated by the Company as of the date of this Registration Statement based on 130% of the sum of (i) the maximum number of shares of Common Stock initially issuable upon conversion of senior secured convertible notes, (ii) the

maximum number of other shares of Common Stock initially issuable pursuant to the convertible notes and (iii) the maximum number of shares of Common Stock initially issuable upon exercise of the warrants issued in conjunction with the notes). In addition to both economic and standard antidilution adjustments, the conversion price of the notes is subject to additional adjustments described below in “Recent Developments - Description of the Securities Under the Financing - Notes - Conversion and Conversion Price Adjustments”. For purposes of the calculation of the maximum number of shares of Common Stock initially issuable upon conversion of the notes, the Company has assumed such additional adjustments will result in an adjusted conversion price of \$2.75, which represents the lowest conversion price adjustment permitted pursuant to such additional adjustment provisions in the notes. The Company further has assumed for purposes of calculating the maximum number of other shares of Common Stock initially issuable pursuant to the notes that the closing price of each trading day used in determining such number of other shares of Common Stock in accordance with the terms of the notes will equal \$4.14, which was the closing price on February 19, 2010. In accordance with Rule 416(a) under the Securities Act of 1933, as amended (the “Securities Act”), the Registrant is also registering hereunder an indeterminate number of shares that may be issued and resold resulting from stock splits, stock dividends or similar transactions.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) of the Securities Act based upon the price of \$4.11 which was the average of the high and low bid prices for the Company’s Common Stock on NASDAQ Capital Market on February 19, 2010.

(3) Computed in accordance with Section 6(b) of the Securities Act. Paid herewith.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SECTION 8(a), MAY DETERMINE.

The information in this preliminary prospectus is not complete and may be changed. We may not sell securities under this registration statement until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell any securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS
SUBJECT TO COMPLETION, DATED February 24, 2010

6,897,708 Shares of Common Stock

KANDI TECHNOLOGIES, CORP.

We are registering 6,897,708 shares of our common stock, par value \$0.001 per share (the “Common Stock”) for sale by the selling stockholders set forth herein issuable upon conversion of senior secured convertible notes or otherwise pursuant to the terms of the senior secured convertible notes and/or upon exercise of the warrants issued in conjunction with such notes. Such aggregate amount of shares calculated by the Company as of the date of this Registration Statement based on 130% of (i) the maximum number of shares of Common Stock issuable upon conversion of senior secured convertible notes issued on January 21, 2010 (the “Notes”), (ii) the maximum number of other shares of Common Stock issuable pursuant to the Notes and (iii) the maximum number of shares of Common Stock issuable upon exercise of warrants issued in conjunction with the Notes (the “Warrants”). In addition to both economic and standard antidilution adjustments, the conversion price of the Notes is subject to additional adjustments described below in “Recent Developments - Description of the Securities Under the Financing - Notes - Conversion and Conversion Price Adjustments”. For purposes of the calculation of the maximum number of shares of Common Stock initially issuable upon conversion of the Notes, the Company has assumed such additional adjustments will result in an adjusted conversion price of \$2.75, which represents the lowest conversion price adjustment permitted pursuant to such additional adjustment provisions in the Notes. The Company further has assumed for purposes of calculating the maximum number of other shares of Common Stock initially issuable pursuant to the Notes that the closing price of each trading day used in determining such number of other shares of Common Stock in accordance with the terms of the Notes will equal \$4.14, which was the closing price on February 19, 2010.

The selling stockholders identified in this prospectus, or their pledgees, donees, transferees or other successors-in-interest, may offer the shares from time to time through public or private transactions at prevailing market prices, at prices related to prevailing market prices or at privately negotiated prices. We will not receive any proceeds from the sale of the shares of Common Stock or Warrants. However, we may receive proceeds in connection with the exercise of the Warrants, if they are exercised for cash. The selling stockholders will sell the shares of Common Stock and Warrants in accordance with the “Plan of Distribution” set forth in this prospectus. The selling stockholders will bear all commissions and discounts, if any, attributable to the sales of shares of Common Stock and Warrants. We will bear all costs, expenses and fees in connection with the registration of the shares of Common Stock and Warrants.

Investing in our securities involves risks. See “Risk Factors” beginning on page 11.

Our Common Stock is traded on The NASDAQ Capital Market under the symbol “KNDI.” The last reported price of our Common Stock on February 19, 2010 was \$4.14 per share.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of the prospectus. Any representation to the contrary is a

criminal offense.

The date of this prospectus is _____ , 2010

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You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information that is different from that contained in this prospectus. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted. The information in this prospectus is complete and accurate only as of the date of the front cover regardless of the time of delivery of this prospectus or of any sale of shares. Except where the context requires otherwise, in this prospectus, the words “Company,” “Kandi,” “we,” “us” and “our” refer to Kandi Technologies, Corp., a Delaware corporation.

PROSPECTUS SUMMARY

This summary highlights selected information from this prospectus. It does not contain all of the information that is important to you. We encourage you to carefully read this entire prospectus and the documents to which we refer you. The following summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this prospectus.

Our Company

Kandi Technologies, Corp., founded in 2003 and headquartered in Zhejiang Province, The Peoples Republic of China, (the PRC), achieved a listing on NASDAQ in March, 2008 with the symbol: KNDI. Kandi is one of China's leading producers of all terrain recreational vehicles, including go-karts, where it has been China's number one exporter. Kandi has increased its focus on fuel efficient vehicles, including the all-electric mini-car, the Kandi COCO. The Company has also begun to shift its sales away from the export market to the growing domestic Chinese market. Kandi believes that its mini-cars will become the Company's largest revenue and profit generators. The Company's products can be viewed at <http://www.chinakandi.com> ..

General

Kandi's products include off-road vehicles (which includes ATVs, UTVs, and go-karts), motorcycles and mini-cars.

	The Years Ended of December 31			
	2008		2007	
	Sales Revenue	Costs	Sales Revenue	Costs
Off-Road Business	\$ 39,654,296	\$ 30,263,909	\$ 33,434,662	\$ 26,294,696
Motorcycle Business	3,297	4,227	-	-
Mini-Car Business	856,195	651,732	-	-
Total	\$ 40,513,788	\$ 30,919,868	\$ 33,434,662	\$ 26,294,696

Off-Road Vehicles

In 2003 Kandi began mass production of go-karts. The Company is now one of the leading manufacturers of go-karts in the People's Republic of China (PRC), producing approximately 15% of China's global exports of this popular recreational vehicle. Kandi produces a wide range of go-karts, from the 90cc class to the 1,000cc class in cylinder displacement. Kandi also produces four-wheeled all-terrain vehicles (ATVs) and specialized utility vehicles (UTVs), which are ATVs special-fitted for agricultural and industrial use.

Motorcycle Products

In late 2008, Kandi began sales of its newest motorcycle, the three-wheeled "TT," which was designed for enhanced safety and comfort, while maintaining the convenience and fuel efficiency of a motorcycle. The Company expects significant growth in the sales of the TT and expects to expand the product line in the near term.

Mini-Car Products

Kandi began sales of its gas-powered super-mini car (“CoCo”) in August 2008. The first generation of CoCo was designed for local neighborhood driving, with a 250cc single cylinder, 4-stroke water-cooled engine with a top speed of 25 mph, achieving 60 mpg. In 2009, the Company launched the electric CoCo, a stylish mini-car which runs on electrical power. The electric CoCo is designed to achieve a top speed of 25mph, and will have a driving range of 80 miles on a single full charge. The Company expects to sell 50% of the electric CoCo it produces in China, with the rest exported to markets in North America.

The following table shows the breakdown of Kandi’s revenues from its customers by geographical markets based on the location of the customer during the fiscal years ended December 31, 2008 and 2007:

	The Years Ended of December 31					
	2008			2007		
	Sales Revenue	Units	Percentage	Sales Revenue	Units	Percentage
North America	\$ 7,292,482	9,010	18%	\$ 23,889,263	33,446	72%
Europe	-	-	-	6,264,492	8,246	19%
China	32,816,168	40,545	81%	2,783,342	3,665	8%
Other Regions	405,138	501	1%	497,565	458	1%
Total	\$ 40,513,788	50,056	100%	\$ 33,434,662	45,815	100%

Sales and Distribution

Kandi’s sales are made through third-party distributors, which distribute Kandi’s products to local wholesalers and retail dealers. Worldwide, Kandi sells its products through six main independent distributors for off-road vehicles.

Components and Parts, Raw Materials and Sources of Supply

Kandi manufactures the frames of its vehicles and assembles the vehicles in its factory in Jinhua, China. Other components and parts, such as engines, shock absorbers, electrical equipment and tires, are purchased from numerous suppliers. The principal raw materials used by Kandi are steel plate, aluminum, special steels, steel tubes, paints, and plastics, which are purchased from several suppliers. The most important raw material purchased is steel plate. There were six suppliers who accounted for more than 5% of the Company’s purchases of major components and parts and principal raw materials during the fiscal year ended December 31, 2008. Kandi does not have and does not anticipate having any difficulty in obtaining its required materials from suppliers and considers its contracts and business relations with the suppliers to be satisfactory.

Seasonality

Kandi’s motorcycle and off-road vehicle businesses have historically experienced some seasonality. However, this seasonality has not generally been material to our financial results.

Competitive Strengths

The global small vehicle markets are highly competitive. Competition in such markets is based upon a number of factors, including price, quality, reliability, styling, product features and warranties. As a relatively new entrant into the market, many of our competitors are more diversified and have financial and marketing resources that are substantially greater than those of Kandi.

Employees

As of December 31, 2008, Kandi had a total of 562 employees. None of our employees are represented by any collective bargaining agreements.

Environmental and Safety Regulation

Emissions

The United States Environmental Protection Agency (“EPA”) and the California Air Resources Board (“CARB”) have adopted emissions regulations applicable to Kandi’s products. CARB has emissions regulations for ATVs and off-road vehicles which the Company already meets. In October 2002, the EPA established new corporate average emission standards effective for model years 2006 through 2012 for non-road recreational vehicles, including ATVs and off-road vehicles.

Kandi’s motorcycles are also subject to EPA and CARB emission standards. Kandi believes that its motorcycles have always complied with these standards. The CARB regulations required additional motorcycle emission reductions in model year 2008 which the Company met. The EPA adopted the CARB emission limits in a January 2004 rulemaking that allows an additional two model years to meet these new CARB emission requirements on a nationwide basis.

Kandi’s products are also subject to international laws and regulations related to emissions in places where it sells its products outside the United States. Europe currently regulates emissions from certain of the Company’s ATV-based products, motorcycles, and mini-cars and the Company meets these requirements. Canada’s emission regulations for motorcycles are similar to those in the U.S. In December 2006 Canada proposed a new regulation that would essentially adopt the U.S. emission standards for ATVs and off-road vehicles. These regulations are expected to become effective in 2009.

Kandi believes that its off-road vehicles, motorcycles and mini-cars have always complied with applicable emission standards and related regulations in the United States and internationally. Kandi is unable to predict the ultimate impact of the adopted or proposed regulations on Kandi and its business.

Use regulation

State and federal laws and regulations have been promulgated or are under consideration relating to the use or manner of use of Kandi’s products. Some states and localities have adopted, or are considering the adoption of, legislation and local ordinances which restrict the use of ATVs and off-road vehicles to specified hours and locations. The federal government also has restricted the use of ATVs and off-road vehicles in some national parks and federal lands. In several instances this restriction has been a ban on the recreational use of these vehicles. Kandi is unable to predict the outcome of such actions or the possible effect on its business. Kandi believes that its business would be no more adversely affected than those of its competitors by the adoption of any pending laws or regulations.

Product Safety and Regulation

Safety Regulation

The federal government and individual states have promulgated or are considering promulgating laws and regulations relating to the use and safety of Kandi’s products. The federal government is the primary regulator of product safety. The Consumer Product Safety Commission (“CPSC”) has federal oversight over product safety issues related to ATVs and off-road vehicles. The National Highway Transportation Safety Administration (“NHTSA”) has federal oversight

over product safety issues related to on-road motorcycles.

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In August 2008, the Consumer Product Safety Improvement Act (the “Act”) was passed. The Act includes a provision that requires all manufacturers and distributors who import into or distribute ATVs in the United States to comply with the ANSI/SVIA safety standards which were previously voluntary. The Act also requires the same manufacturers an