

Kandi Technologies Corp

Form S-3/A

April 09, 2010

As filed with the Securities Exchange Commission on April 9, 2010

Registration No. 333-165055

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

AMENDMENT NO. 2 TO
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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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	AMOUNT TO BE REGISTERED (1)	PROPOSED MAXIMUM OFFERING PRICE PER UNIT (2)	PROPOSED MAXIMUM OFFERING PRICE	AMOUNT OF REGISTRATION FEE (3)
Total Number of shares of Common Stock, par value \$0.001 per share, to be registered:	2,653,665	\$ 4.11	\$ 10,906,563.15	\$ 777.64

(1) 2,653,665 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. 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." 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. The Registrant will not rely on Rule 416 to cover additional securities resulting from any adjustment provision contained in the warrants issued in conjunction with the notes, including participation rights and dilutive issuance.

(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. Previously paid.

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 April 9, 2010

2,653,665 Shares of Common Stock

KANDI TECHNOLOGIES, CORP.

We are registering 2,653,665 shares of our common stock, par value \$0.001 per share (the "Common Stock") for sale by the selling stockholders set forth herein issuable, from time to time, upon conversion of senior secured convertible notes (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."

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. However, we may receive proceeds in connection with the exercise of the warrants (the "Warrants") issued in connection with our private placement as described in "Recent Developments," if they are exercised for cash. The selling stockholders will sell the shares of Common Stock 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. We will bear all costs, expenses and fees in connection with the registration of the shares of Common Stock.

Investing in our securities involves risks. See "Risk Factors" beginning on page 15.

Our Common Stock is traded on The NASDAQ Capital Market under the symbol "KNDI." The last reported price of our Common Stock on April 8, 2010 was \$4.80 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 year ended December 31			
	2009		2008	
	Units	Revenue	Units	Revenue
All-terrain Vehicles (ATVs)	6,194	\$ 3,021,352	6,022	\$ 4,981,792
Super-mini car (CoCo) (1)	2,110	8,508,451	2,125	9,140,919
Go-Kart	13,673	13,487,087	38,644	20,818,651
Mini Pick-up	1	4,365	25	45,974
Utility vehicles (UTVs)	3,509	8,478,679	2,759	4,741,704
Three-wheeled motorcycle (TT)	458	327,828	481	784,748
Total	25,945	\$ 33,827,762	50,056	\$ 40,513,788

(1) The Company had previously categorized the predecessor generation CoCo as a UTV in the 2008 Form 10-K, but has adjusted the categorization in this report to clarify year over year comparisons.

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). 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.

For the year ended December 31, 2009, sales of ATVs dropped 61% from \$4,981,793 in 2008 to \$3,021,352. UTV sales also decreased from \$13,026,428 to \$8,478,679, representing a 65% drop. Go-kart sales decreased 65% from \$20,818,650 in 2008 to \$13,487,087 for 2009. The decreases are mainly attributable to the decreased demand from the U.S market as a result of the financial crisis.

The Company had a strong fourth quarter in 2009, resulting in a 46% increase in revenues and a 73% increase in gross profits compared to the fourth quarter results of 2008, signaling a recovery in the sales of our products corresponding

with the broader global economic recovery.

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Mini-Car Products

Kandi began sales of its gas-powered Super-mini car, CoCo, in August 2008. The first generation 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 battery powered all-electric CoCo. The electric CoCo is designed to achieve a top speed of 25 mph, and will have a driving range of 80 miles on a single full charge. The Company expects significant growth in the sales of the CoCo and expects to expand the product line in the near term.

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, 2009 and 2008:

	The Years Ended of December 31			
	2009		2008	
	Sales Revenue	Percentage	Sales Revenue	Percentage
North America	3,967,536	12%	7,292,482	18%
Europe	660,476	2%	-	-
China	29,199,750	86%	32,816,168	81%
Other Regions	—	—	405,138	1%
Total	33,827,762	100%	40,513,788	100%

For the year ended December 31, 2009, sales to North America dropped significantly due to the financial crisis. The Company expanded its sales to Europe, which began producing revenue in 2009. We expect continued sales growth in this region in the future. For the year ended December 31, 2009, about 95% of sales to China are sales to Chinese export agents, who resell the Company's products to North America, Europe, and other regions.

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 seven 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 local suppliers. The most important raw material purchased is steel plate. There is only one supplier 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, 2009. 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.

Competition

The global small vehicle markets and new energy 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, 2009, Kandi had a total of 329 full time 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 additiona