

ALPHADIRECT MANAGEMENT SERIES

MAY 28, 2020

IN FOCUS: KANDI TECHNOLOGIES GROUP, INC. (NASDAQ GS: KNDI) AND ITS GROWTH OPPORTUNITIES: SMALLER CITY RIDE SHARING PLATFORM AND FLEET SALES

This report focuses on Kandi Technologies Group, Inc. (NASDAQ GS: KNDI) and targeted high growth areas including ride sharing and the opportunity and drivers of this market.



Source: Kandi Model K23 <http://en.kandivehicle.com/>

THE ALPHADIRECT INSIGHT

Kandi Technologies positions itself as one of the pioneers of the EV industry in China. Kandi introduced its first EV in 2007 and now produces EVs through a joint venture with Geely, China's largest and fastest growing non-state-owned automaker. The company is also leveraging its business model to other high growth areas including ride sharing. The company expects that the ride sharing market in China is poised for significant growth in the coming years with China already being home to the world's largest ride-hailing market, estimated by consulting firm Bain & Co to be worth \$23 billion. Despite the recent pandemic the consulting firm expects growth to return in the 10% to 15% range in 2021. The ride-sharing alliance involves three parties: Kandi, Jinpeng and Ruibo. What is interesting about the alliance is that it will utilize a Quick Batter Exchange infrastructure in order to maximize the road time of the vehicles and lower the cost to operate the vehicle. Kandi will be a primary vehicle supplier of EVs to the venture. In this Management Series we review the opportunity and drivers of this market and how Kandi intends to utilize this venture as another growth driver for new vehicles in the China market.

KNDI Business Snapshot

Founded: 2007

Headquarters: Jinhua China

Ticker: KNDI (NASDAQ)

Stock Price: \$3.09

Market Cap: \$167.533M

Website: <http://en.kandivehicle.com/>

*As of May 27, 2020. All prices in USD.



About alphaDIRECT

alphaDIRECT Advisors is a Publishing and Investor Intelligence firm that creates and implements digital content and programs to help investors better understand a company's key drivers including industry dynamics, technology, strategy, outlook and risks as well as the impact they could have on the stock price. alphaDIRECT's expertise encompasses a variety of sectors including Clean Transportation, Emerging EnergyTech, Energy Services, Smart Buildings, Solar, Water Value Chain and Industrial. alphaDIRECT was founded by Wall Street veteran and research analyst, Shawn Severson, after seeing a significant shift in the investment industry that resulted in less fundamental research conducted on small cap companies and a significant decline in information available to all investors. alphaDIRECT's mission is to bridge that information gap and engage companies and investors in a way that opens information flow and analytical insights.

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www.alphadirectadvisors.com
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Participants

Mr. Hu Xiaoming **Chief Executive Officer** **Kandi Technologies Inc.**

Mr. Hu Xiaoming was appointed as Chief Executive Officer, President and Chairman of the Board in June 2007. Prior to joining Kandi, from October 2003 to April 2005, Mr. Hu served as Project Manager and Chief Scientist in the WX Pure Electric Vehicle Development Project. From October 1984 to March 2003, Mr. Hu held a variety of electric vehicle-related positions within the Yongkang Group and Wan Xiang Electric Vehicle Development Center. Mr. Hu has been awarded four invention patents and seven utility model patents.

Mr. Shawn Severson **Founding Partner** **alphaDIRECT Advisors**

Mr. Severson is the Founding Partner of *alphaDIRECT* Advisors, a division of EnergyTech Investor, LLC. He has over 20 years of experience as a senior research analyst covering the technology and cleantech industries. Prior to founding *alphaDIRECT* Advisors, he led the Energy, Environmental and Industrial Technologies practice at investor relations firm The Blueshirt Group. Mr. Severson was frequently ranked as a top research analyst including one of the Wall Street Journal's "Best on the Street" stock pickers and multiple awards as Starmine's top three stock pickers.

ABOUT KANDI TECHNOLOGIES

Kandi Technologies Group, Inc. (KNDI), headquartered in the Jinhua Economic Development Zone of Zhejiang Province in China, is engaged in the research, development, manufacturing, and sales of electric vehicles and related parts and components. Kandi has established itself as one of China's leading manufacturers of pure electric vehicle parts and off-road vehicles.

Kandi is structured through three primary business units. "Kandi Vehicles" produces autos, off-road vehicles like ATVs, and other EV-related components. "SC Autosports" is Kandi's U.S. distribution arm. Both of these are wholly-owned subsidiaries.

"Fengsheng Auto" is a joint venture between Kandi and Geely Group formed in 2013. Geely is China's leading automaker. Fengsheng has established itself as one of the driving forces in the development and the manufacturing of pure EV products in China. Fengsheng develops, manufactures and sells pure electric vehicle ("EV") products. Geely owns 78% of Fengsheng, while Kandi owns 22%.

More information about KNDI is available on the Company's corporate website:
www.kandivehicle.com



Mr. Hu Xiaoming, Chief Executive Officer, Kandi Technologies Group, Inc.

Shawn Severson: Good Afternoon, Mr. Xiaoming Hu, and thank you for taking the time to speak with us again today. The last time we spoke, we addressed general topics about Kandi, including your products, future growth plans and competition. Today our focus will be on your EV ride-sharing alliance and how it can drive growth. Last time, you mentioned that the ride-sharing program is one of Kandi's most exciting business opportunities. As the primary vehicle supplier to the alliance, you hope to supply 300,000 government accredited EVs to alliance members within five years. As a three-party partnership, can you give us a little bit more color about the role of the other two partners, Jinpeng and Ruibo?

Hu Xiaoming: Thanks, Shawn. It is great to be back. As you stated, the ride-sharing alliance involves three parties: Kandi, Jinpeng and Ruibo. Ruibo is currently the largest ride-sharing company in China that has Quick Battery Exchange infrastructure and they have received a ride-sharing service platform license from the government. Ruibo will operate the ride-share project. Meanwhile, Jinpeng will use its dealer resources to expand the alliance. Jinpeng has more than 2,000 dealers in third- and fourth-tier cities, which is an extensive dealer network. As one of the EV pioneers in China, Kandi will be the primary vehicle supplier to the program.

Shawn Severson: Thank you, Mr. Xiaoming. Can you tell us how you will recruit drivers to join the program? Also, can you discuss the advantages with this alliance and how it can benefit drivers?

Hu Xiaoming: At present, most pure EVs in the ride-sharing industry use charging mode, which requires a long time to "refuel". The long charging time keeps the

cars off the road for a good part of the working day, basically eliminating one of two shifts. Operating only one shift means a single driver must cover the entire monthly costs by himself. In contrast, our EVs will utilize battery swap mode, enabling the car to work two shifts a day. The monthly costs can be shared by two drivers, which saves them money and reduces their work burden.

Shawn Severson: Will the alliance own all the batteries, so that a potential driver can be offered to pay less for the car itself?

Hu Xiaoming: The cars will be owned by the alliance and drivers will only have to pay a monthly rental fee, thus there is no car purchase taking place.

Shawn Severson: Evidently, the quick battery exchange only takes 90 seconds, which seems very effective. How many EVs can a QBEX station support? And how many QBEX stations are required for an average tier 3 and tier 4 city?

Hu Xiaoming: That's a good question, Shawn. The 90 seconds is for the full "come-and-go" gas station-style for exchange. This effectively solves the problems of long charging time and low operating efficiency. In addition, we carefully maintain our batteries, this increases the service life greatly reduces the operating costs, ensuring the sustainability of the entire program. To your question, each quick battery exchange station can support over 200 vehicles per day, and each tier 3 and tier 4 cities will have one or two stations at least.

Shawn Severson: Thank you, Mr. Xiaoming. Last question about the ride-sharing alliance. Can you explain the revenue model?

Hu Xiaoming: The components of revenue consist of a monthly car rental fee, platform revenue and the OEM repurchase revenue. Because the alliance is composed of an EV manufacturer, ride-sharing operator, operating platform provider, energy supplier, etc., each will get revenue based on their business. That is to say, the revenues for the EV manufacturer comes from the sales of EVs; revenue for the online ride-sharing operator and operating platform provider come from the rents and platform usage fees; and revenue for the energy supplier are derived from the use of the quick battery exchange. Kandi will make money by selling our EVs.

Shawn Severson: Will the ride-sharing alliance be your major business focus for the near future? Also, starting from Yongkang City, how fast can you expand into other major cities?

Hu Xiaoming: There are thousands of third- and fourth-tier cities in China, and our business model is suitable for implementation in these cities. This is a huge business opportunity for us. We are confident that we will become stronger and bigger in this field. The first half of the year was affected by the epidemic, but in the second half of the year our model will be proven, and we should develop steadily.

Shawn Severson: Can you speak about Kandi's overall growth plan and what part

of your business do you think will generate the highest revenue for Kandi in next 2-3 years?

Hu Xiaoming: Last year we started investigating opportunities in "intelligent travel", such as smart balance vehicles, electric scooters, etc. We discovered that this is a huge opportunity, considering that those products require efficient motors, as well as safe and reliable battery packs. Our Scrou subsidiary and Jinhua have started mass production of these motors and battery packs in order to further achieve product diversification. We will increase our investment into this power technology and aim to become an industry leader in the next two or three years. We believe this will also bring considerable benefits to the company.

Shawn Severson: Thank you very much for your time today. We believe investor will have a better understanding of the company and we look forward to speaking with you again soon.

Hu Xiaoming: My pleasure, Shawn and thank you as well.

SHAWN SEVERSON FOUNDING PARTNER

Mr. Severson founded *alphaDIRECT* Advisors, a division of EnergyTech Investor, LLC in 2016 after seeing a significant communication and information gap developing between small and micro-cap companies and the financial community. Mr. Severson has over 20 years of experience as a senior research analyst covering the technology and cleantech industries. Previously, he was Managing Director at the Blueshirt Group where he was the head of the Energy, Environmental and Industrial Technologies practice. Prior to the Blueshirt Group, Mr. Severson was at JMP Securities where he was a Senior Equity Research Analyst and Managing Director of the firm's Energy, Environmental & Industrial Technologies research team. Before joining JMP, he held senior positions at ThinkEquity, Robert W. Baird (London) and Raymond James. He began his career as an Equity Research Associate at Kemper Securities. He was frequently ranked as a top research analyst including one of the Wall Street Journal's "Best on the Street" stock pickers and multiple awards as Starmine's top three stock pickers.



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