

## **KANDI TECHNOLOGIES INTRODUCES KD-08 MINI SUB-COMPACT CAR TO HIGH PRAISE AT ZHEJIANG PROVINCE EXHIBITION; ALSO FORECASTS SHARP INCREASE IN FULL YEAR '07 REVENUES AND EARNINGS**

### **Company Sees Continued Strength Of New ATV And Go Kart Product Introductions And Increased Special Vehicle Sales As Key Contributors to '07 Growth**

JINHUA, ZHEJIANG PROVINCE, CHINA—Oct. 25, 2007 -- Kandi Technologies, Corp (OTC:KNDI.PK), an emerging US traded PRC-based leader in small vehicle production, including ATV's, golf carts and approximately 15% of the world Go-Kart market, said today that the first public showing of its KD-08 super-mini car at the Zhejiang Province Car Exhibition two weeks ago was the highlight of the exhibition and drew wide praise from the public and government officials for its trendy design, proven performance, safety and energy-saving features, as well as its environmentally friendly low emission levels. Aimed at meeting the transportation needs of middle-class consumers in the PRC, initial pricing of the highly economical KD-08 is expected to be approximately \$4,000 (USD).

The company noted that while ATV and Go Kart sales were expected to be the principal contributors to growth in 2007 and 2008, in 2008 it anticipates a growing contribution from car sales as it initiates mass production in this new product category.

### **Second Half Outlook: 2007 Full Year Revenues Expected To Grow To Nearly \$40 Million, Earnings In Excess Of \$5 million.**

The company said that the growth being experienced in all key product categories should push full year 2007 revenues, excluding possible car sales this year, to approximately \$39 million. This compares with revenues in 2006 of approximately \$14.5 million, an increase of more than 150%, as the company continues to broaden its product range, introduce new vehicles and grow production to an estimated 50,000+ vehicles by the end of this year.

The company also noted that, as explained in its report on 2007 first half results, part of the orders originally scheduled in Q3 were pushed forward to June ahead of a reduction in the export tax rebate. As a consequence, it expects revenues in the third quarter ended September 30, 2007 to be slightly lower than the record \$11.2 million reported in the second quarter, but significantly ahead of results in

the third quarter last year. The company said that actual results for the quarter will be filed in the second week of November. Additionally, the company anticipates somewhat higher expenses in the second half relating in part to the cost of going public as well as increased marketing expense and the rising cost of certain raw materials, especially steel. However, at the same time, the company anticipates full year gross profit margins growing to more than 20%, compared with 17.9% in 2006, as well as a decrease in operating expenses as a percentage of sales, due to the steep growth it is experiencing in revenues. Reflecting these and other factors, including the company's tax exempt status in 2007, full year net income in 2007 also is expected to grow substantially to in excess of \$5 million, as compared with reported net income in 2006 of \$1.1 million.

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## About the Company

Kandi Technologies, Inc. (formerly Stone Mountain Resources, Inc) is a PRC (China)-based vehicle machinery producer, concentrating on three areas of small vehicle production: Go-Karts, Special Purpose Vehicles and Casual Purpose Vehicles. At present, it is among the leading producers of Go-Karts in the world, with an estimated 15% share of market and a goal of doubling this share, in large part by becoming the leading producer of this increasingly popular recreational product in China. Focusing on the country's rapid economic development, Kandi also sees an increasing need for transportation vehicles for specific purposes, in particular mini-size pesticide spraying vehicles and mini-service vehicles. The company produces a wide and growing range of All Terrain Vehicles (ATVs) which it believes represent the highest quality vehicles of this type in China, aimed at the export market as well as the rapidly growing market in the PRC. The Company also is focused on the development of fashionable, energy saving mini-cars. It has produced mini-cars that have completed the trial stage and is now preparing to start mass production. It expects to begin to export these cars to the American market, followed by sales in China when the domestic market is more mature. Kandi is a US full reporting company whose shares are traded under the symbol KNDI.

The company's products can be viewed at <http://www.kandivehicle.com>.

## Information Regarding Forward-Looking Statement

Except for historical information contained herein, the statements in this Press Release are forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve known and unknown risks and uncertainties, which may cause our actual results in future periods to differ materially from forecasted results. These risks and uncertainties include, among other things, product demand, market competition, and risks inherent in our operations. These

and other risks are described in our filings with the Securities and Exchange Commission.

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