

## **CANGO Auto View: Riding a building investment momentum, smart vehicles herald the future of mobility**

SHANGHAI, July 2, 2021 /[PRNewswire](#)/ -- With the evolving landscape of the global automotive industry, Cango Inc. (NYSE: CANG) ("Cango" or the "Company") is issuing a bi-monthly industry insight called "CANGO Auto View" to bring readers, drivers and passengers up to speed with what's on offer in the automobile market, what trends are emerging, and what holes need to be plugged.

Below is an article from the Company's 3rd edition for February 2021.

The capital world has summed it up best: Tesla is an iPhone on wheels.

With the iPhone and smartphones in general, the world has seen countless revolutions in business and investment success stories, with fortunes amassed overnight. And as a metaphor, the "iPhone on wheels" can be read three ways – first, cars will transform from luxury items to fast consumables, second, as with Tesla, the auto industry will enter the new energy era, and finally, the maturing of smart vehicles will usher in an era of smart mobility that encompasses the entire auto industry.

In November 2020, the General Office of the State Council issued the *New Energy Vehicle Industry Development Plan 2021-2035*, according to which, pure EVs will have become mainstream in terms of new car sales by 2035. Growing from annual sales of less than 10,000 vehicles to more than one million, China's smart vehicle industry is heading towards the medium and advanced phases of development, setting off another boom in the capital market.

As a matter of fact, since 2014, China's smart vehicle brands have frequently raised funds, and many internet-era celebrity entrepreneurs have been harboring a "carmaking dream." Over the years, emerging carmakers have raised funds in billions, constantly setting new records. In 2020, US-listed Nio, Li Auto and Xpeng, for the first time, saw a significant rise in their stock prices and exponential growth in market value.

On the other hand, in relation to Tesla's ambitious goal to deliver 500,000 vehicles every year, (Tesla delivered close to 320,000 vehicles over the first three quarters of 2020 globally,) emerging carmakers have scored impressively. Take November 2020 for example, Nio delivered 5,291 vehicles, Li Auto 4,646 and Xpeng 4,224. It was an amazing feat, especially in a year severely impacted by the pandemic. As 2020 turned into 2021, the price of Tesla Model Y was reduced by more than 150,000 yuan, leading to a phenomenal 100,000 orders being placed on a single day.

More importantly, smart vehicles are triggering changes in the industry. Brand, manufacturing, channel, technology, finance, logistics, consumption and lifestyle choices are all undergoing multidimensional shifts, which will, in turn, are driving strong investment momentum.

### **Mobility platform services**

Based on CPCA data, Chinese indigenous brands are the main driver in domestic smart vehicle sales. Even though the 4S model is still the primary auto sales model at the moment. Many local brands in China are engaging in extensive sales model innovation and investment and have invested in a large number of new models such as auto supermarket, brand experience store, service center and community store. Moreover, while setting up new offline outlets, a lot of smart vehicle manufacturers are expanding online collaborations with e-merchants such as Meituan, JD and Tmall and exploration of multiple sales formats including online appointment, offline experience, partnership system and online direct sales.

In addition, the mobility market is one of the most important sales channels for smart vehicles. As the mobility market expands further, more and more smart vehicle manufacturers are investing in incubating their own auto mobility platforms. According to incomplete statistics, over recent years, automakers have set up a large number of mobility companies including 01zhuanche, CAO CAO, SAIC Mobility, T3 Go, OLE, Youpeng CX and Ruqi Mobility.

Behind the carmakers' investment in building mobility platforms, their logic for auto sales is similar to that of traditional taxi leasing companies, namely, larger scale and better standardization. In particular, platforms providing clearly defined services and covering multiple cities across the nation will become an important choice in the future for new energy carmakers in digesting production capacity.

Of course, sales volume aside, with the entire auto industry undergoing changes, the identity of a pure-play carmaker will no longer meet the company's development needs. Transforming into mobility service providers is the main direction for auto companies, and how to deploy in the mobility field is an important step in the

transformation.

It is worth noting that after the previous years' rapid expansion, China's shared mobility industry has been faced with many hurdles amid a lack of coordinated development with urban planning and regulatory policies. Fewer funding activities were reported in 2020, even though the overall funding scale exceeded 10 billion yuan. Having been continuously tested by the market, almost all the main mobility platforms currently in the market feature unique business logic and breakthrough ideas as well as strong capital, heavy traffic and secured OEMs, as they await the next big bang.

On the other hand, the continuously deepening collaboration between carmakers and mobility platforms has extended into manufacturing. On November 16, 2020, the D1, which was jointly designed and developed by DiDi and BYD, was officially released. As the first electric car in China created specifically for shared mobility, the D1 has fully factored in the needs of drivers, passengers, asset companies and operating companies in its exteriors and interiors, software and hardware configuration, performance and safety, and cost of purchase and use. In other words, all its pain points have been soothed one by one.

According to DiDi founder and CEO Cheng Wei, the D1 is the first vehicle that charges by kilometer instead of by the entire vehicle. The D1's design was based on enhancing the utilization rate of the vehicle and fully considered the "mileage cost" of the vehicle, that is, the cost of the vehicle from the moment it leaves the factory to the end of its life, which includes cost per kilometer and depreciation of parts.

With a new distribution channel, a new consumption model and new financial products, this collaboration by DiDi may have just paved the way for a sustainable "OEM + mobility platform" model. The next explosive growth for mobility platforms is worth looking forward to.

### **About Cango Inc.**

Cango Inc. (NYSE: CANG) is a leading automotive transaction service platform in China connecting dealers, financial institutions, car buyers, and other industry participants. Founded in 2010 by a group of pioneers in China's automotive finance industry, the Company is headquartered in Shanghai and engages car buyers through a nationwide dealer network. The Company's services primarily consist of automotive financing facilitation, car trading transactions, and after-market services facilitation. By utilizing its competitive advantages in technology, data insights, and cloud-based infrastructure, Cango is able to connect its platform participants while bringing them a premium user experience. Cango's platform model puts it in a unique position to add value for its platform participants and business partners as the automotive and mobility markets in China continue to grow and evolve. For more information, please visit: [www.cangoonline.com](http://www.cangoonline.com).

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