

CANGO Auto View: New infrastructure building - a basic foundation for smart vehicles

SHANGHAI, July 16, 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.

For smart vehicles, the density of charging stations and battery swap stations in cities is undoubtedly one of the important elements for development. The existence of sufficient charging stations will immediately ease users' after-purchase concerns.

Public information shows that thanks to strong policy guidance, 2015 saw a huge capital influx, and companies started frantic expansion in order to secure funding. However, poor operation and receding capital left many companies treading the fine line between profit and loss. At the same time, a small user base made it difficult to achieve scale as measured by traffic volume. Investment institutions, therefore, became more cautious. According to initial statistics, funding for charging stations in 2019 was reduced by about 50% from that of 2016.

Since 2020, the siphon effect caused by new infrastructure building and continuous improvement of operating models have been attracting new players onto the new energy vehicle charging station track. It is evident that a small number of leaders will soon receive a new round of massive funding, and enhancing profitability through optimizing operations will be the key to stimulating a new round of funding.

At present, there are only a handful of platforms that are still vital and continuing to expand through funding. Many companies have announced withdrawal from the charging station market and perished in the darkest moment before dawn.

One successful company is TELD. A wholly-owned subsidiary of TGOOD, it is mainly engaged in the construction and operation of new energy vehicle charging networks and value-added internet services. Established in 2016 with joint investment from TGOOD and China Development Bank International Investment Ltd., it announced in January 2020 that it had received 1.35 billion yuan in strategic investment from multiple funds and enterprises.

Alpark is another success story. Established in 2015, it provides three-in-one solutions and product services for parking, driving and charging, and has since launched Alpark City smart urban parking management system, Alpark One smart parking garage management system, Alpark Sky Eye, Alpark APP and other series of products.

Its development is also more aligned with the capital logic of the internet platform. Since receiving the A round of funding in 2017, it has also obtained investment from well-known investment institutions including Gaorong Capital and CICC Capital, and has completed in 2020 a total of four rounds of funding (C, C+, D and D+).

On the other hand, while the charging station model is ripe for exponential growth, other models have been developing rapidly as well. In August 2020, Nio set up Wuhan Weineng Battery. Users no longer need to buy any battery pack during car purchase. They can instead choose to rent battery packs of different capacities based on their actual usage needs and pay monthly service fees. And they can enjoy the same battery swap and flexible battery upgrading services as users who have purchased battery packs.

Wuhan Weineng Battery lost no time in announcing that it had obtained investment of 200 million yuan. CATL had initiated this investment, and Guotai Junan Securities and Hubei Science and Technology Investment Group had followed. Another round of investment exceeding 100 million yuan was led by Guotai Junan Securities with followers including CATL, FutureX Capital, Three Gorges Capital Holdings Co., Ltd. and other investment institutions.

In addition, Volkswagen has come up with the idea of a mobile charging robot. At the end of 2019, it went public with this idea for the first time and produced a prototype one year later. It also expressed the wish to soon replace charging infrastructure with innovative solutions since electric vehicles are rapidly becoming popular. "With this robot," said Mark Möller, Head of Development at Volkswagen Group Components, "we can turn almost every parking garage into an electric one without having to burden ourselves with any complicated renovation of the electric power infrastructure."

It is safe to say that with the continuous development of smart vehicles, the continuous increase of their market

share and their rapid adoption by consumers, outstanding enterprises will burst upon the scene for different scenarios, different habits and different fields. Changes of varying degrees are likely to take place in consumption, application, aftermarket, channels, new materials and other areas, bringing with them more and more opportunities for innovation.

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.

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