

## UPDATE NOTE

### CANGO INC.

## Asset Coverage Meets AI Infrastructure: Cango Secures \$75.5M to Accelerate Distributed AI Pivot

### SUMMARY

**Capital Commitment Completed: Institutional Funding and Insider Alignment Reinforce Strategic Conviction.** Cango has closed the previously announced US\$10.5 million Class B equity investment from EWCL, while Chairman Xin Jin and Director Chang-Wei Chiu have signed agreements to invest an additional US\$65 million, bringing total incremental capital commitment to approximately US\$75.5 million. This capital injection meaningfully enhances liquidity and reinforces management's long-term alignment with the company's transformation roadmap. In our recently published industry report, *The Bitcoin Mining Industry: From High-Beta Exposure to Asset-Based Mispricing*, we argued that balance-sheet strength and asset coverage are becoming the primary valuation anchors in a lower-volatility Bitcoin regime. The completion of this financing directly strengthens that asset-backed foundation.

**Treasury Optimization Executed: Deleveraging Improves Risk Structure and Strategic Optionality.** The company recently completed the sale of 4,451 Bitcoin for approximately US\$305 million in equivalent value, using the proceeds to partially repay a Bitcoin-collateralized loan. This move reflects disciplined capital allocation rather than reduced mining conviction. By lowering leverage and converting a portion of BTC holdings into liquidity, Cango enhances financial flexibility during its strategic transition. As highlighted in our industry framework, valuation dispersion among miners increasingly reflects differences in balance-sheet durability and downside protection, not simply hashrate growth. The strengthened capital structure provides the necessary runway to fund AI compute expansion without overextending operational risk.

**Technical Leadership Installed: Former Zoom Infrastructure Executive Jack Jin to Lead AI Platform Buildout.** Cango's AI roadmap is now entering a more execution-focused phase with the appointment of Jack Jin as Chief Technology Officer of its AI business line. Mr. Jin previously served on the infrastructure team at Zoom, where he architected and deployed large-scale GPU clusters supporting LLM inference and multi-tenant orchestration systems. His background in scalable GPU infrastructure and distributed compute management directly aligns with Cango's objective to build a modular, globally distributed AI inference platform. In parallel, the company has established EcoHash Technology LLC in Dallas as the operational hub for its AI initiatives. This combination of technical leadership and dedicated operating entity materially de-risks execution and differentiates Cango's approach from miners merely signaling AI optionality.

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### KEY DATA

Exchange: NYSE  
Ticker: CANG  
Current Price: \$0.88  
52-Week Range: \$0.87-\$2.10  
Average Volume (3M): 0.98M  
Shares Outstanding (MM): 342M  
Market Capitalization (\$MM): \$302M  
Fiscal Year-End: December

### FINANCIALS

In US\$M	FY23A	FY24	FY25E	FY26E
Revenue	240	110	668	850
EBIT	-10	25	-119	187
GAAP Net Income	-5	41	-249	179

### PRICE PERFORMANCE



**Thematic Continuity: Asset Coverage Plus Compute Diversification as Structural Repricing Drivers.** Our recent industry report concluded that as Bitcoin volatility compresses and institutional capital deepens its presence, mining equities will be increasingly valued on asset coverage, balance-sheet resilience, and risk-adjusted cash-flow stability rather than legacy high-beta frameworks. The completed financing, treasury optimization, and formal installation of technical leadership collectively reinforce that structural thesis. By strengthening its asset base while advancing a distributed AI inference strategy under experienced infrastructure leadership, Cango positions itself not merely as a leveraged proxy to Bitcoin, but as a hybrid asset-backed compute platform. In a repricing environment driven by resilience rather than volatility, this distinction becomes increasingly material.

## ABOUT THE ANALYSTS

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### **Chujie (Jack) Sun, CFA**

Senior Research Analyst

Chujie (Jack) Sun is a Senior Research Analyst at Gelonghui Research. Since 2017, Jack has served as the Investment Analyst in China Alpha Fund Management (Hong Kong) Limited, TMT Analyst in First Shanghai Group, and TMT Analyst at Gelonghui Research. Focusing on TMT sector, Chinese companies listed in the US, Hong Kong, and etc., and he specializes in both buy-side and sell-side equity research. Jack holds a B.A. in Economics from Ohio State University (Columbus) and an M.S. in Finance from City University of Hong Kong.

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Senior Research Analyst

Yuecong (Marco) Zhang is a Senior Research Analyst at Gelonghui Research. Marco previously held the position of Senior Research Analyst at Watertower Research, Executive Director at Valuable Capital Group's Investment Banking Department, Vice President at Guosen Securities (HK), and Senior Associate at Roth Capital Partners, where he completed more than 35 transactions, including IPOs, follow-on offerings, and M&A, with a total transaction value of more than US\$3.5 Billion+ for mid-cap companies from China and the US. During his time at Roth, he led six NASDAQ and NYSE IPOs for Chinese clients, with a total transaction value of more than US\$260 Million. Marco holds a B.S. in Financial Management from North China Electric Power University and an M.S. in Applied Finance from Pepperdine University.

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