

For Immediate Release

Continental Aerospace Technologies™ Announces Strategic Partnership With VerdeGo Aero™ To Develop Hybrid- Electric Aerospace Powertrains

Oshkosh, Wisconsin, July 22, 2019 — Continental Aerospace Technologies™ (Continental®), an AVIC International (HK) LTD (HKEX: 232.HK) company and VerdeGo Aero™ Inc., a Florida technology company, have announced a strategic partnership for the development of hybrid-electric aerospace powertrain systems.

VerdeGo Aero™ is developing its Integrated Distributed Electric Propulsion (IDEP™) concept to provide powertrain systems for electric aircraft capable of fulfilling demanding commercial missions. VerdeGo Aero™ is bringing its hybrid-electric expertise to the strategic partnership to combine with the expertise Continental® has in highly reliable powerplants for the global aerospace market. Founded in 1905, Continental® is recognized as a leader in engine design, certification, and manufacturing for general aviation. Over the years, Continental® established itself as the industry technological leader for AvGas and Diesel cycle engines, introducing turbo-charging, fuel injection, balanced fuel injectors, liquid cooling, Full Authority Digital Engine Control (FADEC), and many other innovations for general aviation engines.

"This strategic partnership continues Continental®'s long history of innovation and expands beyond general aviation into emerging commercial markets requiring hybrid-electric propulsion. Continental®, as always, remains at the forefront of innovation and intends to lead the aerospace market through its next breakthrough. Since our birth, over 115 years ago, we continuously innovate to be the first choice in general aviation," said Rhett Ross, President & CEO of Continental Aerospace Technologies™.

VerdeGo Aero™ is developing IDEP™ hybrid-electric systems designed for VTOL aircraft with maximum takeoff weights up to 7,500lb. Continental® is optimizing a Jet-A fueled engine for hybrid power generation, enabling a more efficient IDEP™ system to be developed. The resulting partnership yields a global solution for the next generation of innovative aircraft designs.

"Off the shelf turbine and piston engines bring significant compromises when applied to hybrid-electric powertrains. The ability to work with Continental® to develop an optimal solution for our IDEP™ systems is a game-changer for commercial applications requiring endurance and power," said Eric Bartsch, CEO of VerdeGo Aero™.

VerdeGo Aero™ IDEP™ systems, using Continental® engines, will offer a hybrid-electric solution that is quieter, more fuel efficient, more economical, and more scalable than hybrid systems using turbine generators; while providing significantly more reliability, endurance, and mission capability than battery-electric propulsion options.

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"While some fully battery-electric flight is possible today, hybrid solutions provide a larger design space with higher installed specific energy. In an industry that is all about weight, this will be a key to early success" said Pat Anderson, CTO of VerdeGo Aero™.

This strategic partnership provides a new option that is optimal for the needs of new aircraft designs being developed for Urban Air Mobility, cargo transportation, large drones, VTOL vehicles, and EMS markets.

"Our high power, low noise hybrid-electric propulsion systems will revolutionize short-distance aviation," said Erik Lindbergh, VerdeGo Aero™'s Executive Chairman.

VerdeGo Aero™ will act as the point of contact for new aircraft manufacturers inquiring about hybrid electric powertrain systems covered under this strategic partnership while Continental® will act as the point of contact for inquiries from its existing customer base.

Backgrounder

Founded in 1905, Continental® is recognized as the forerunner in engine manufacturing for general aviation. Over the years, Continental® established itself as the industry technological leader, introducing turbo-charging, fuel injection, balanced fuel injectors, liquid cooling, Full Authority Digital Engine Control (FADEC), and many other innovations for general aviation engines.

Today, Continental® announces its fourth family of piston engines, among the current lineup of both certified and experimental, allowing for continued operations of legacy and current production airframes:

- **PRIME™ Certified Engine Line:** is a family of certified engines, direct replacement for LYCOMING®* engine installations. Already selected by Piper Aircraft® to power the Pilot 100, Pilot 100i trainer aircraft (and will be offered as an alternative on Piper® Archer LX and TX aircraft). Installed on Piper Aircraft® under the original TC of the aircraft. Performance enhancing STC's also soon available for various airframes. **PRIME™** engines are aggressively priced to enhance customer value proposition. The **PRIME™** family benefits from Continental's experience over 114 years in building OEM aviation engines. **PRIME™** engines offer reliability, performance, and durability required by fleet operators, with power options ranging from 185–195 HP.
- **Continental® Certified Legacy AvGas Line:** is a family of AvGas burning engines ranging from 90 to 375 HP. (Cessna®152/C170/C172/C182/C206/C207/TTX, Columbia® 300/400 series, Mooney® 20R, Acclaim®, Piper® Malibu/PA-28, Arrow Turbo®, Seneca®, Beechcraft® Bonanza/Baron, and Cirrus® SR20/SR22/SR22T).
- **TITAN™ Experimental Engine Line:** is recognized by home aircraft builders as the ideal fit for airframes such as the Vans® kits, Zenith®, Just Aircraft®, TopCub®, and other leading experimental aircraft.
- **Jet-A Fueled Engine Line:** Continental® is also the undisputed leader in Jet-A fueled engines, with the widest product range (including seven different engines, offering a power output of 135 to 300 HP), over 6,000 engines delivered to the field and more than 7,000,000 hours in service. These engines are the primary choice of airframe manufacturers for their Jet-A offering: Piper Aircraft®, Robin Aircraft®, and Glasair®. Retrofit solutions are also available for popular airframes such as the Cessna® C172 Skyhawk, Piper® PA-281 and Diamond® DA-40/-42.
- **PRIME™ FAA-Approved PMA Parts:** as an OEM manufacturer, offers a full range of FAA-Approved PMA parts. The Continental **PRIME™** family of products is specifically designed for Lycoming®* engines and is manufactured in our modern manufacturing sites to the same exacting standards used for Continental® parts. Continental® stands behind the **PRIME™** family of products and offers a comprehensive industry leading warranty on all **PRIME™** products and extremely attractive pricing.
- **Accessories:** Continental® also designs, manufactures, and distributes key accessories for general aviation power solutions such as fuel systems, ignition systems (formerly known as "Bendix® magnetos"), alternators and turbos for Jet-A engines, and Full Authority Digital Engine Control (FADEC) systems for both gasoline and Jet-A engines.
- **Services:** Over the years, Continental® has also built a service offering for aircraft operators and owners. These services include engine overhauls at the Continental® factory service center (Continental®, **TITAN™**, and LYCOMING®* engines), factory overhauls for Continental® AvGas engines, shock inspections, fleet overhaul programs, Jet-A burning engine retrofits, airframe and power plant maintenance (Beechcraft®, Cessna®, Diamond®, and Piper®), PT6 turbines overhauls and repairs, and avionics and interiors installation and services.

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Continental Motors Group, Ltd. of Hong Kong, China, doing business as Continental Aerospace Technologies™, is a subsidiary of AVIC International Holding (HK) LTD, a publicly traded company on the Hong Kong stock exchange (HKEX ticker: 232). Its mission is to provide advanced gasoline and Jet-A piston engine products, spare parts, engine and aircraft services, avionics equipment and repairs for the general aviation marketplace. Continental® is an international operation employing approximately 675 team members in the USA, Germany, and China. More information can be found at www.continental.aero.

AVIC International Holding (HK) Limited is a Hong Kong-based investment holding company engaged in aviation, property, textile and trading businesses. The Company operates two business segments. The Aviation segment is engaged in the development, manufacturing, and support of advanced power system solutions for general aviation aircraft. The Property Development and Investment segment is engaged in the development of residential and commercial properties.

VerdeGo Aero™ was founded in 2017 by Erik Lindbergh and a team of electric and hybrid-electric aerospace experts to develop technologies for the emerging Urban Air Mobility market and other adjacent next-generation VTOL aircraft markets. VerdeGo Aero™'s team has significant expertise in hybrid aerospace propulsion, battery electric manned aircraft, noise reduction, and conceptual design of next generation VTOL aircraft and their powertrain systems. VerdeGo Aero™ is focusing both on its IDEP™ powertrain hardware as well as engineering services and contract R&D programs in support of its customers' aircraft development programs. VerdeGo Aero™ is based in Daytona Beach, FL.

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- I. Projected financial performance of the Company;
- II. Completion of, and the use of proceeds from, the sale of the shares being offered hereunder;
- III. The expected development of the Company's business, projects and joint ventures;
- IV. Execution of the Company's vision and growth strategy, including with respect to future M&A activity and global growth;
- V. Sources and availability of third-party financing for the Company's projects; (
- VI. Completion of the Company's projects that are currently underway, in development or otherwise under consideration;
- VII. Renewal of the Company's current customer, supplier and other material agreements; and
- VIII. Future liquidity, working capital, and capital requirements. Forward-looking statements are provided to allow potential investors the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment.

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