

23rd January 2008

Update on China

Trading Update China and Financing

The Board of Directors of Antonov plc ('the company') is pleased to announce that the company is making considerable progress in China. The cooperation with Loncin is developing according to plan and the financial and other commitments are being met on time.

In order to be fully prepared for the Joint Venture between Antonov and Loncin, an Antonov WOFE (wholly owned foreign enterprise) is being established in China and an additional funding facility of € 10 million has been secured to finance Antonov's contribution to the JV. This is an extension to the facility announced on the 9th August 2007 with Quivest.

Negotiation continues on the details of the Joint Venture, but under the Heads of Terms agreed with Loncin, the Joint Venture will be funded by both parties in proportion to the JV shareholding. It is intended that this be close to a 50:50 split but with Loncin having the majority holding. Total initial capitalisation is expected to be between €20m and €30m which will be used to invest in setting up an automatic transmission manufacturing plant in Chong Qing, PRC. The JV will receive a licence for the Antonov patents and Antonov will receive a royalty on each unit sold in addition to any dividend due in respect of its shareholding in the JV. Initial sales will be targeted at Chinese domestic car makers but the intention is to export in the longer term. The initial production capacity is planned at 200,000 units per annum.

It is expected that the Joint Venture will be formed once Antonov have completed the prototype vehicles and Loncin have completed the detailed production planning and costing. These are due to be complete in May 2008.

As previously stated, the Joint Venture is a key element in Antonov's commercial strategy to maintain direct involvement in the application of its technology. This enables Antonov to have closer control over its intellectual property rights in order to reduce risk and generate better returns compared with a pure licensing business model.

The new WOFE will also provide a stronger organizational basis for the Chinese activities backing up by the newly structured European operation concentrated in a new central facility in Warwick (UK) from January 2008.

Antonov, via the new Quivest facility and also via funds available from other investors, now has a total available facility in excess of EUR27 million.

Quivest is a substantial shareholder of the Company; consequently, pursuant to the AIM Rules for Companies, the agreement of the extended credit facility is classed as a related party transaction. In accordance with the AIM Rules for Companies,

the independent directors of the Company have considered the terms of the transaction and, having consulted with Dawnay, Day Corporate Finance, being the Company's Nominated Adviser, are satisfied that those terms are fair and reasonable insofar as the Company's shareholders are concerned.

John Moore, Chief Executive Officer, commented:

'I am very happy we are getting commercial projects on track being backed by an efficient concentrated organization on one place with all facilities required. Furthermore the agreed funding for the Joint Venture gives us strong position in our negotiations with Loncin. The JV will give us the opportunity to have a large degree of control over our technology in the production stage as well, enabling us to be an even stronger player in China.'

Enquiries

Should you have any queries please contact:

John Moore, CEO, Antonov plc +44 1842 768320

Jos Haag, Director, Antonov plc +31 651 561 767

David Rae, Dawnay, Day Corporate Finance +44 207 509 4570

Shane Dolan, Biddicks +44 207 448 1000