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APPLIED DEVELOPMENT HOLDINGS LTD.

實力建業集團有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 519)

**VOLUNTARY ANNOUNCEMENT
UPDATE ON THE DECISION OF RECENT LITIGATION PROCEEDING
WITH INTERISLE**

The Court of Appeal dismissed the Appeal against InterIsle and maintained the decision of the BVI High Court, which granted the application for stay in favour of InterIsle and ordered that the parties should commence arbitration to determine the substantive outcome of the Transfer Claim. The Company believes if the Arbitration proceeds, the result of the Arbitration will effect no significant change in the terms and conditions or the progress of Dilution pursuant to the Joint Venture Agreement. Upon completion of the Dilution, Quorum will become a subsidiary of the Company.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made on a voluntary basis with reference to the Business Review in the Company's interim report 2014 in relation the hearing result of the Appeal against the decision by the BVI High Court. Unless otherwise specified, capitalized terms used herein shall have the same meanings as those defined in the Company's interim report 2014.

The Directors wish to update the shareholders of the Company and the public on the decisions on recent litigation proceeding with InterIsle Holdings Limited ("InterIsle") the Appeal against the decision by the BVI High Court in August 2013 (the "Appeal"). On 1 May 2014, BVI time, the Court of Appeal made public its decision to dismiss the Appeal against InterIsle and maintain the decision of the BVI High Court which granted the application for stay in favour of InterIsle and ordered that the parties should commence the arbitration to determine the substantive outcome of the Transfer Claim (the "Arbitration"). As advised by our counsel in the BVI, we will consider whether to proceed with the arbitration proceedings immediately OR with further litigation proceedings at the Final Court. The Company believes that if the Arbitration proceeds, the result of the Arbitration will effect no significant change in the terms and conditions or the progress of Dilution pursuant to the Joint Venture Agreement. Upon the completion of the Dilution, Quorum will

become a subsidiary of the Company.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

Made by the order of the Board, the directors of which collectively and individually accept responsibility for the accuracy of this announcement.

By order of the Board
Applied Development Holdings Limited
Hung Kai Mau, Marcus
Chairman

Hong Kong, 8 May 2014

As at the date of this announcement, the Board comprises Mr. Hung Kin Sang, Raymond, Mr. Hung Kai Mau, Marcus and Ms. Ng Kit Ling as executive Directors; Mr. Lun Tsan Kau, Mr. Su Ru Jia, Mr. Lo Yun Tai and Mr. Chan Ming Fai, Terence as independent non-executive Directors.

** for identification only*