



News Release

NEW SHAREHOLDERS FOR REDTONE MOBILE TO GROW COMPANY'S MVNO BUSINESS

Shareholding change is part of REDtone Group's rationalization strategy

Kuala Lumpur, Tuesday (January 3, 2012) – Two new shareholders have come onboard REDtone Mobile Sdn Bhd (REDtone Mobile), a unit that offers MVNO (Mobile Virtual Network Operator) services within REDtone International Bhd (REDtone).

As part of a share sale agreement (SSA) between REDtone Technology Sdn Bhd (REDtone Technology) and Teh Beng Hock and Tee Yew Yaw, Teh and Tee will each hold 32.5% stake in REDtone Mobile with REDtone Technology reducing its shareholding to 35% from 100%. REDtone Technology is a wholly-owned subsidiary of REDtone, a data and broadband service provider.

The move to bring in new shareholders for REDtone Mobile is part of REDtone's business rationalization strategy as the group seeks to focus on businesses where it's strong in.

Teh and Tee are shareholders of Elepoint Sdn Bhd, the largest Celcom re-seller for the corporate segment in Malaysia.

REDtone Group CEO Lau Bik Soon said that new shareholders for REDtone Mobile were necessary to sharpen the company's focus and competitive advantage to make its MVNO services more appealing.

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"Teh and Tee have more than 15 years of experience and a deep understanding of the mobile business in the country. Together with REDtone's expertise in the SMB/SME (small and medium-sized business/small and medium-sized enterprise) segment, we believe it's a strong partnership that will be able to take the company to a new level of growth.

"The 'new' REDtone Mobile will be more vibrant with better distribution channels to extend the reach of its services, and with more appealing offerings," Lau said in a statement to the media today while adding that REDtone expects the company to be profitable moving forward.

He said that a new management will take over REDtone Mobile with immediate effect. A new and highly experienced CEO will also come on board the company.

"We will now be able to better focus on growing our data and broadband business where we expect it to be the major contributor to the group's profit and revenue by FY2012," he said.

As an MVNO, REDtone Mobile rides on Celcom's digital network to offer mobile services to its customers who are primarily from the SME segment. REDtone launched its MVNO services in 2009 and since then, has invested over RM3 million into the business.

The current issued and paid-up share capital of REDtone Mobile is RM500,000. Upon completion of the SSA, it will be increased to RM850,000 where the new shareholders will subscribe for 350,000 ordinary shares of RM1 each in the company. REDtone Mobile will also repay REDtone Technology a net outstanding advance of RM1.9 million.

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Besides divesting its stake in the mobile business, REDtone has in place numerous other initiatives to strengthen its performance and turn the group around into a profitable one. These include further growing its profitable data and broadband business, working with other telco providers on joint projects that can leverage on its strength as a WiFi network builder and commercializing its proprietary technologies.

In China where its Shanghai operations are doing well, REDtone is looking to expand its customer loyalty pre-paid card business.

About REDtone International Bhd

REDtone was listed on the Malaysian Exchange Of Securities Dealing & Automated Quotations (MESDAQ), now known as ACE Market, in January 2004. As the better alternative communications service provider and the broadband expert for offices, the Multimedia Super Corridor (MSC) status company aims to provide better technology and performance, better value, better customer service and better applications and solutions to its customers.

REDtone offers high speed Internet services, data solutions and discounted voice over IP services. The company is known for its in-house R & D capabilities and its home-grown technological innovations have won many awards in Malaysia and abroad.

In addition to Malaysia, REDtone operates in China as well.

More about REDtone available at www.redtone.com

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For further information, please contact BG Tay at Tel: (03) 7725 1908 or 012-202 5898;

email: bgnexuspr@pd.jaring.my