



Press Release

Source: S3 Investment Company

S3 Investment Company Announces Scheduled Re-Capitalization

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TEMECULA, CA--(MARKET WIRE)--Feb. 9, 2007--S3 Investment Company, Inc. (Other OTC: SEIH), a holding company with two subsidiaries doing business in the China market, today announced its Board of Directors has voted to effect a reverse stock split of its outstanding and authorized shares of common stock at a ratio of 1-for-150 shares. This measure may encourage investor interest and improve the marketability of the company's common stock to a broader range of investors.

The company has filed a Certificate of Amendment to Articles of Incorporation with the State of California reporting the Board's vote to change the capital structure of the company and the number of authorized shares of common stock from 9,900,000,000 to 66,000,000. The 100 million authorized shares of Preferred Stock will remain unchanged by the Amendment.

The reverse split, which is expected to become effective on Monday, February 12, 2007, will reduce the number of issued and outstanding shares of common stock from 2,400,000,000 to approximately 16,000,000.

No fractional shares of common stock will be issued in connection with the reverse split. In lieu of issuing fractional shares, the company will round the conversion figure for the new shares up to the nearest full share for each stockholder who would otherwise be entitled to receive a fractional share.

The reverse split will affect neither Series B Preferred nor Series C Preferred stock. The Series B Preferred stock is convertible into common stock on a one-for-one basis. There are currently 12 million shares of Series B Preferred stock issued and outstanding, and it is management's intention to have all Series B Preferred stock converted into common stock immediately after the reverse split has been effected.

The one million shares of Series C Preferred stock issued to Chairman/CEO Jim Bickel as security on a personal guarantee he provided for financing are expected to be cancelled once the debt to La Jolla Cove Investors has been repaid.

"This recapitalization is another step in our strategy to elevate the position of S3 in the public markets and allow the company's stock to be valued based on the revenues reported in our consolidated financial statements," stated Mr. Bickel. "We have achieved a number of very important steps in this process, including the withdrawal of our election to be regulated as a business development company, the consolidation of the financial numbers of the company to

include its subsidiary operations, and the clean-up of the most significant debt and legal liabilities of the company.

“We are firmly focused on continuing to develop a strong, performing public company with steadily improving financials into a tangible long-term return for shareholders.” Mr. Bickel added.

To sign up to receive information by email directly from S3 Investment Company when new press releases, investor newsletters, SEC filings or other information is disclosed, please visit <http://www.s3investments.com/ealert.php>.

About S3 Investment Company

S3 Investment Company, Inc. (<http://www.s3investments.com>) is a holding company with two subsidiaries doing business in the China market. S3 holds a 100% equity interest in Redwood Capital (<http://www.redwoodcapinc.com>), which assists private Chinese companies in accessing U.S. capital markets by utilizing a network of investment banking relationships, and a 51% equity interest in SINO UJE (<http://www.sinouje.com>), a non-stocking distributor of medical and industrial high-tech products to markets throughout China. SINO UJE has been granted exclusive distribution rights in China to medical and industrial products manufactured by leading companies in Europe, North America and Japan. These products are marketed to end-users, including major Chinese hospitals and private companies in a variety of fields, as well as original equipment manufacturers (OEMs), such as Phillips, Siemens and GE, that package the products with their technologies.

Any statements contained herein related to future events are forward-looking statements and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Readers are cautioned not to place undue reliance on forward-looking statements. S3 Investment Company, Inc. undertakes no obligation to update any such statements to reflect actual events.

Contact:

Gemini Financial Communications

A. Beyer

(951) 587-8072

investors@s3investments.com