

Press Release

S3 Investment Company Comments on Financial Results Reported by Redwood Capital Client Boyuan Construction Group

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DANVILLE, CA--(MARKET WIRE)--Oct. 29, 2009--S3 Investment Company, Inc. (Other OTC: SIVC) today issued comments on recently reported financial results filed by Boyuan Construction Group, Inc., a client of S3's wholly owned Redwood Capital subsidiary, in which Boyuan Construction reported significant revenue increases over previous periods. As a result of Redwood Capital's participation as the Chinese merchant banking advisor in the reverse takeover transaction that resulted in Boyuan Construction being listed on the TSX Venture Exchange, Redwood Capital received shares of Boyuan common stock. Additional Boyuan shares have been granted to Redwood Capital as Boyuan completed additional subsequent rounds of funding.

Boyuan Construction Group, a fast-growing construction company in China of commercial, residential and municipal infrastructure projects, reported that revenue for the fourth quarter ended June 30, 2009 was \$41.1 million, up 134.9% from \$17.5 million for Q4 of FY2008. Revenue for the 12-month period of FY2009 was \$101.7 million, an increase of 81% when compared to FY2008. The significant year-over-year growth was primarily attributable to an increase in the number of successful project bids by Boyuan Construction as well as an increase in demand for construction and engineering services in the Yangtze River Delta and Sanya regions, Boyuan's core markets. Higher demand for construction and engineering services is due to ongoing urban migration and an expansion of China's middle class, which drive the need for new housing, commercial and public infrastructure projects.

Gross profit for the fourth quarter of FY2009 was \$7.4 million, representing a margin of 18% on revenue. Gross profit for the same period last year was \$3.7 million, representing a margin of 21% on revenue. Gross profit for FY 2009 increased 61.6% to \$16 million from \$9.9 million for FY2008. Income from operations for the fourth quarter of FY2009 was \$5.7 million, up 90% from \$3.0 million for Q4 FY2008. Income from operations for FY2009 was \$13.5 million, an increase of 58.8% when compared to FY2008. Net income for the fourth quarter of FY2009 was \$2.3 million, up 27% from \$1.8 million for Q4 FY2008. Net income for FY2009 was \$7.9 million, an increase of 27.4% when compared to \$6.2 million for FY2008.

Additional details of the financial results can be found in a press release issued by Boyuan Construction on October 26, 2009 and the filing itself is available via SEDAR at www.sedar.com.

“The record revenue reported by Boyuan Construction is further validation of our work to bring this company to the North American markets,” said S3 Chairman and CEO Jim Bickel. “The continued success of Redwood Capital clients also impacts the financial performance of S3, since the stock that Redwood Capital receives as compensation is included as an asset in S3's consolidated

financial statements. In the case of Boyuan Construction, S3 reported the receipt of 798,002 shares of Boyuan stock in its most recent annual report. We expect this type of compensation to continue to be a major portion of the value on the company's balance sheet, and we are working to complete additional Redwood Capital transactions in order to build this value even further."

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/investors/>.

About S3 Investment Company, Inc.

S3 Investment Company, Inc. (<http://www.s3investments.com>) and its Redwood Group International subsidiary are focused on facilitating the success of two subsidiaries operating in the China market. Redwood Capital, Inc. assists private Chinese companies in accessing the North American capital markets by utilizing a network of investment banking relationships to achieve reverse merger transactions. For more information, please visit <http://www.redwoodcapinc.com>. Redwood Medical, Inc. assists companies seeking to import and distribute Western medical technologies and products into the China market.

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.

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