

Press Release

S3 Investment Company Posts December 2009 Investor Newsletter with Review of Calendar Year Accomplishments

Publication also reviews recent quarterly filings that reported net income for the period ended September 30, 2009

Issued Monday, Dec. 21, 11:07 am ET

DANVILLE, CA--(MARKET WIRE)--Dec. 21, 2009--S3 Investment Company, Inc. (Other OTC: SIVC) today announced that the company has posted the December edition of its shareholder newsletter, which includes a review of the 2009 calendar year and the accomplishments of the company's Redwood Capital subsidiary.

A PDF version of S3's December 2009 newsletter can be viewed on the company's website at <http://www.s3investments.com/media/news/>.

Among Redwood Capital's 2009 calendar year accomplishments reviewed in the newsletter is the completion of a reverse-takeover transaction involving Boyuan Group, Inc., a Redwood Capital client. As a result of the acquisition and concurrent financing, which was announced in early March, Boyuan Construction's common shares became listed on Canada's TSX Venture Exchange under the symbol BOY. Its participation in the Boyuan RTO transaction initially earned Redwood Capital 330,219 shares of Boyuan common stock. Additional common stock was issued to Redwood Capital in July when another round of financing on behalf of Boyuan Construction Group was completed.

Another Redwood Capital transaction, this one completed in October on behalf of China Infrastructure Construction Corporation, is included in the year-in-review feature. The USD\$10 million equity offering was twice as large as the amount originally planned and was initiated in order to allow China Infrastructure Construction Corporation to build on its strength as one of Beijing's major ready-mix concrete suppliers. Redwood Capital received both cash and stock compensation for its work on the China Infrastructure Construction Corporation transaction.

The newsletter reviews a number of other positive developments related to the company and its subsidiaries from calendar 2009, including S3 filing periodic consolidated financial statements and as a result, achieving "Current Information" status at the Pink Sheets OTC Disclosure and News Service; the formation of a new Redwood Medical subsidiary; an agreement securing the first product to be distributed by Redwood Medical in China; and the announcement of additional Redwood Capital client engagement agreements.

Both the year-in-review and a separate newsletter article highlight S3's consolidated financial report for the period ended September 30, 2009 showed the generation of net income for the period and reports the paying off of notes payable, resulting in additional forgiveness of company debt. The report's narrative includes management's expectation that both revenues and gross profit will

increase in the 2nd quarter of the current fiscal year. The company also reported that as of September 30, 2009, it had net working capital of \$925,500 and cash of \$35,485 compared to net working capital of \$183,203 and cash of \$169,583 at June 30, 2009.

“The December newsletter provides us a platform to point out how well S3’s Redwood Capital subsidiary has performed during the 2009 calendar year, especially considering the meltdown of the financial markets in late 2008,” said S3 Investment Company Chairman and CEO Jim Bickel. “Achieving what it did under those conditions is a tremendous accomplishment for Redwood Capital, and we believe that it is positioned to achieve even more next year. Add to that the formation of Redwood Medical, and we expect that S3’s operations in China will have a very successful 2010. Beyond our operations, bringing S3’s financial information current and reaching ‘Current Information’ through the Pink Sheets system was another priority and we are pleased to have achieved that goal during 2009 as well.

“All told, we have great expectations for 2010 and hope that our shareholders are as excited about the possibilities as we are,” added Mr. Bickel.

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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