



Press Release

Source: S3 Investment Company

S3 Investment Company Issues Comments on Conditions in the China Market

Issued Wednesday December 3, 9:03 am ET

Stimulus package expected to boost growth in China's economy

DANVILLE, CA--(MARKET WIRE)--Dec. 3, 2008--S3 Investment Company, Inc. (Other OTC: SIVC) today issued comments on conditions in the China market and the \$586 billion stimulus plan recently launched by China's central government. Despite a global economic slowdown, China's economy is still expected to grow in the coming quarters, and the stimulus plan is expected to provide additional capital on domestic projects and spur consumer spending.

“On November 9th, Beijing initiated the stimulus package, which is planned to boost growth through heavy spending over the next two years on construction, tax cuts and aid to the poor. About \$586 billion is to go into housing, infrastructure and post-earthquake reconstruction in China over the next two years, which Redwood will benefit directly as many of our clients benefit. There will also be significant cuts in company tax and banks will be allowed to lend more to projects involving rural development and technical innovation. The government also promised a shift to a ‘moderately easy’ monetary policy. All of the current clients of Redwood will benefit from this stimulus package and we’re excited for our investors,” stated Jim Bickel, CEO of Redwood and its parent, S3 Investment Company.

“Despite slower rates of growth, China’s economy still recorded a 9% increase in the last quarter, and the government stimulus program should help to maintain strong growth,” commented Matthew Totty, Director of Research for Redwood Capital. “We maintain a very positive outlook on China domestic driven companies. We believe that China’s economic future is very bright and look forward to closing the transactions we now have in process as well as expanding the pipeline of clients for our Redwood Capital subsidiary. Despite the U.S. market, we are still closing deals and funding companies in China this quarter.

“The U.S. stock market is also showing signs of a bottom, and although there is still much uncertainty out there, we believe the market bottom is intact, and we probably will hold above the recent 7500 low on the Dow and move higher in the first quarter, the support at this level goes back 10 years,” stated Mr. Totty. “We believe the market being at this level is clearly a buying opportunity in our opinion and our business has been relatively unscathed by the financial crisis. We look forward to closing many deals in 2009 bringing the company to profitability.”

S3's wholly owned Redwood Capital subsidiary specializes in providing private and public capital for Chinese companies through the simultaneous listing on a North American stock market and PIPE (Private Investment in Public Equity) financing. Its services are designed to prepare, assist and manage client companies through the various stages of the process of an initial public offering or a reverse merger into a publicly traded shell, concurrent capital funding, a progression to a major North American market listing, and multiple Registered Follow-On Offerings for additional growth capital.

S3 has filed a Registration Statement on Form S-1 with the Securities and Exchange Commission. The filing is part of the company's efforts to become fully reporting and file for a listing on the Over-the-Counter Bulletin Board market. The S-1 Registration Statement includes annual reports with audited financials for the 2007 and 2008 fiscal years. After the Form S-1 Registration Statement becomes effective, the company expects to file its periodic quarterly and year-end financial statements in the required timeframes to maintain fully reporting status.

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

S3 Investment Company, Inc. (<http://www.s3investments.com>) and its wholly owned Redwood Capital subsidiary are focused on assisting 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>.

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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