

Press Release

S3 Investment Company Summarizes Subsidiary Stock Holdings as Part of Company Assets

Value of subsidiary stock positions reaches approximately \$4 million

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DANVILLE, CA--(MARKET WIRE)--Jan. 25, 2010--S3 Investment Company, Inc. (Other OTC: SIVC) today announced the current stock holdings of its wholly owned Redwood Capital subsidiary, which appear on the company's consolidated financial reports that are posted on the Pink Sheets OTC Disclosure and News Service. The totals include all common stock shares currently held, regardless of whether they are currently free trading. The value of those shares fluctuate based on the daily trading price of each respective stock.

Redwood Capital assists private Chinese companies in accessing the North American capital markets by utilizing a network of investment banking relationships to achieve reverse merger transactions and in accessing additional funding through equity offerings. As part of the compensation for its services, Redwood Capital receives client company stock, which forms the basis for the company's asset portfolio.

As of S3's last filed financial report, for the period ended September 30, 2009, the majority of Redwood Capital's holdings were in the form of the common stock of three recent client companies, Energroup Holdings Corporation, listed on the Over-the-Counter Bulletin Board under the symbol ENHD; Boyuan Construction Group, listed on Canada's TSX Venture Exchange under the symbol BOY; and China Infrastructure Construction Corporation, listed on the Over-the-Counter Bulletin Board under the symbol CHNC.

The ENHD position of 327,278 shares has a current value of \$1,112,745.20 based on the closing price of \$3.40 on Friday, January 22, 2010.

The BOY position of 691,203 shares has a current value of \$2,267,145.84 based on the closing price of \$3.28 on Friday, January 22, 2010.

The CHNC position of 92,468 shares has a current value of 559,431.40 based on the closing price of \$6.05 on Friday, January 22, 2010. CHNC recently traded as high as \$7.50, which would put the value of the position at almost \$700,000.

Taken together, the total value of these stock positions was approximately \$4 million, as of the close of trading on Friday, January 22, 2010.

"Despite very challenging market conditions in 2009, Redwood Capital was able to participate in the close of two additional client transactions, adding significant value to its stock holdings," stated

S3 Investment Company Chairman and CEO Jim Bickel. “No one has to wonder if the S3 business model is working – the proof is in the value of the assets held by Redwood Capital, and as additional client transactions are closed, we expect the asset value to continue to grow. While the value of the holdings will change based on trading price of the client’s stock on any given day, we believe that all of our recent clients are strong companies that will continue to grow as they did in 2009. As they reach their respective operations milestones and their revenues increase, the value of our holdings may become even more valuable.”

“The asset value already shown on our consolidated financials, as well as the value we expect to be created in our Redwood Medical subsidiary, forms the basis for a legitimate per share valuation for S3 stock, which we believe would be significantly higher than where our stock currently trades,” Mr. Bickel added.

As noted in S3’s financials posted at www.pinksheets.com, a portion of the Redwood Capital stock holdings may be used as collateral or otherwise committed. These shares will continue to be owned by the company until they are required to be surrendered in lieu of cash or other compensation. For more details, please see the financial filings.

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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