



Press Release

Source: S3 Investment Company

S3 Investment Company Remains Bullish on the China Market and Comments on Reporting Status

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DANVILLE, CA--(MARKET WIRE)--Feb. 2, 2009--S3 Investment Company, Inc. (Other OTC: SIVC) today issued further comments on deal conditions in the China market and the impact of the \$586 billion stimulus plan recently launched by China's central government.

"We are pleased to see that the first quarter is already showing signs of recovery in the market psychology as a result of the positive impact of the stimulus package in China," stated Redwood Capital's Director of Research, Matthew Totty. "Fourth quarter was dismal in the marketplace in regards to raising capital for Chinese companies, but we're already seeing much more interest in the first quarter and things could be much better by summer barring some unseen economic event. Most funds have a clearer picture of their financials now that fourth quarter is over and we expect a positive second quarter.

"Most of our deals at Redwood were delayed as a result of the market conditions, but the companies themselves continue to prosper, and we have one project up for exchange approval within the next several weeks. We will provide details of the deal following approval, but we're extremely pleased with our progress."

China's steel output rose 7.4 percent last month, in contrast to sharp drops in neighbor Japan, which saw crude steel output tumble to its lowest in nearly a decade. Production in China may further increase in the coming months as it is one of the few countries expected to show a small growth in output this year, while global output is seen falling by 7 to 8 percent.

"Despite a global economic slowdown, China's economy is still expected to grow in the coming quarters, and the stimulus plan is providing strength to domestic driven companies, which is our focus. We remain extremely optimistic and bullish on China for 2009 and 2010 and we are being approached daily by companies looking to raise capital in need of support of the demand for their products and services," stated Jim Bickel, CEO of Redwood and its parent, S3 Investment Company.

"We have many exciting opportunities in front of us at this time, which require substantial capital to fulfill, so we will withdraw the S-1 filing until the market improves, while continuing to fully report our financials in order to limit our expenses and focus resources and capital on the closing of our current deals. Once market conditions improve, we can resume the S-1 filing process. Until then, we feel it is best to continue to voluntarily disclose our financials, reduce unnecessary expenses, and emphasize closing the deals at hand."

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.

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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