

Press Release

S3 Investment Company Announces the Signing of a New Redwood Capital Client

The new client possesses significant market advantages in the drugstore and medical wholesale sectors

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DANVILLE, CA--(MARKET WIRE)--May 17, 2010--S3 Investment Company, Inc. (Other OTC: SIVC) today announced the signing of a new client for its wholly owned Redwood Capital subsidiary, which acts as the Chinese merchant banking advisor to its client as they pursue public listings and additional financing in the North American capital markets. The new client is a retail drugstore operator and medicine wholesale operator in western China.

Redwood Capital's new client has an integrated business chain ranging from medicine manufacturing to medicine distribution to retail sale, with a well-built brand name. The client's core product has ranked No.1 for several years in China in its category of products and has a well-built market network with more than 1,500 directly operated or franchised drugstores in just one province. It has exclusive supply rights to products for over 1,800 healthcare and medical institutions and distribution rights to healthcare and medical institutions in one major and several secondary cities. The company, headquartered in a superior geographic location with one of the largest drug materials bases in China, also has highly experienced management and professionals.

As a country with one fourth of the world population, the pharmaceutical industry is an extremely important sector of China's national economy. With the increasing demand in domestic market, China possesses one of the most rapidly developing pharmaceutical markets in the world.

S3 expects to provide additional information about this client in future news releases.

"We are pleased to announce another new Redwood Capital client and look forward to the opportunity to bring this company to the North American capital markets," said S3 Investment Company Chairman and CEO Jim Bickel. "Redwood Capital's management team continues to identify, conduct due diligence on, and bring under contract high quality client companies that are judged to have significant potential as public companies, and this new client is no exception. The pharmaceutical market in China is large, and all signs point to higher rates of growth as the demand for quality healthcare for a growing middle class increases in most areas of the country."

S3 Investment Company also recently posted its Company Information and Disclosure Statement for the period ended March 31, 2010 at www.otcmarkets.com. The filing, which reports the value of the stock payments that Redwood Capital receives from its clients' transactions, will allow S3 to maintain its "Current Information" status at the OTC Markets site.

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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