

Press Release

S3 Investment Company Announces the Formation of Redwood Private Equity Fund

Redwood Asia Fund LP is expected to facilitate faster capital response to client financing needs and greater participation in clients' future growth

Issued Wednesday, May 26 at 9:33 am ET

DANVILLE, CA--(GLOBE NEWSWIRE)--May 26, 2010--S3 Investment Company, Inc. (Other OTC: SIVC) and its wholly owned Redwood Capital subsidiary today announced the formation of the Redwood Asia Fund LP, a private equity fund that is expected to facilitate faster capital response to the financing needs of Redwood Capital clients and greater participation in clients' future growth.

The Redwood Asia Fund LP is a growth capital, draw down, private equity fund focused primarily in the opportunities in the greater China region, including Mongolia. The fund plans to engage high growth, small and medium enterprises (SMEs) for investment. These SMEs must meet certain existing growth criteria through rapid organic growth or defined strategic acquisitions and the potential to becoming a public company through either an Initial Public Offering (IPO) or Alternative Public Offering (APO). These parameters generally include an exceptional growth record, potential for commanding a leading market share in their business, experienced top level management, auditable financials, and catalyst for future growth. The principal areas of interest are: building products, business services, energy, technology/media, consumer products, environmental services, education, food and beverage, waste and recycling, and water and water services.

By creating a private equity fund, Redwood will have leverage by reducing the time it takes to close deals and obtaining more clientele in the process, which will enhance each client's ability to focus on growth and give Redwood a more complete overall solution to its client's needs.

The fund will allow Redwood the ability to expand our financing activities beyond the current scope, giving it the opportunity to seek out multiple projects with a higher potential return. The fund also gives Redwood an additional path to help its Chinese clients with creating a more solid time table for an APO/IPO event.

“The formation of a private equity fund is something that Redwood Capital has been exploring for quite some time, and we are very pleased to announce this milestone to our shareholders,” said S3 Investment Company Chairman and CEO Jim Bickel. “Any process that allows redwood Capital to potentially close more deals in a shorter timeframe is obviously a significant advantage, and we are also enthusiastic about the possibility of having a larger stake in our clients' future success.

“We expect to announce the appointment of a highly qualified Managing Director for the fund in the near term.”

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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