

Press Release

S3 Investment Company Announces Redwood Capital Agreement with China Pharmaceutical Company for \$12 Million Raise

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DANVILLE, CA--(MARKET WIRE)--May 5, 2009--S3 Investment Company, Inc. (Other OTC: SIVC) today announced that its wholly owned subsidiary, Redwood Capital, Inc., has signed a merchant banking advisory agreement with a pharmaceutical company based in China, the purpose of which is to raise the company US\$12 million for expansion.

The Redwood Capital client is currently listed in the U.S. public markets and achieved \$34 million in revenues and more than \$7 million in after-tax net income for fiscal year 2008. If successful in raising the capital necessary for further expansion, the company is projecting that revenues and earnings will reach \$100 million and \$25 million in fiscal year 2010, respectively.

“We are pleased to report that Redwood Capital has added another strong company to its list of current clients,” stated Chairman and CEO Jim Bickel, who is currently traveling in China in support of the Redwood Capital business. “China’s pharmaceutical market is growing considerably faster than the country’s GDP growth rate, and this company is well-positioned to further accelerate revenues and earnings once it has the capital necessary to fully implement its expansion strategy.”

Mr. Bickel is in China to meet with existing Redwood Capital clients, new clients, and several potential clients that are in various stages of pre-contract due diligence, as well as to meet with Asian funds that may do business with Redwood Capital and its client companies in China.

Mr. Bickel is also visiting with Boyuan Construction Group while in China as Redwood continues to work with Boyuan on various post-listing services. Redwood Capital acted as the China merchant banking advisor in a recent transaction involving Boyuan Construction Group, which resulted in the company trading on the TSX Venture Exchange under the stock symbol BOY. Boyuan Construction is a leading builder of commercial, residential and municipal infrastructure projects in China’s fast-growing regions of the Yangtze River Delta and the city of Sanya on Hainan Island. For each successfully closed transaction, Redwood Capital receives shares of its client’s common stock. In consideration for its services in the Boyuan Construction transaction, Redwood Capital received 330,219 Acquisition Common Shares.

About S3 Investment Company, Inc.

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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