

Press Release

S3 Investment Company Issues Statement on New Contract Announced by Redwood Capital Client

Boyuan Construction awarded commercial contract project valued at US \$23.3 million

Issued Wednesday, May 5, 11:54 am ET

DANVILLE, CA--(MARKET WIRE)--May 5, 2010--S3 Investment Company, Inc. (Other OTC: SIVC) today commented on a \$23.3 million contract awarded to Boyuan Construction Group, Inc., a client of its wholly owned Redwood Capital subsidiary. Redwood Capital acted as the Chinese merchant banking advisor to Boyuan Construction when it became listed on Canada's TSX Venture Exchange. As part of its compensation for its services, Redwood Capital received shares of Boyuan common stock, and the stock that Redwood Capital holds contributes to S3's asset valued as reflected in its consolidated financial reports.

Boyuan Construction, a fast-growing construction company in China of commercial, residential and municipal infrastructure projects, announced on May 3, 2010 that it had initiated the building of the \$23.3 million commercial project, a 35-story, 115,000 square meter building to be developed in the city of Weifang, in China's Shandong province. The project is expected to be completed by the fourth quarter of 2012. When completed, the building will represent the tallest ever constructed by Boyuan. As a Class 1 general contractor, Boyuan is licensed to construct buildings up to 40 stories tall.

Boyuan has signed five major contracts in Shandong since entering the market in September 2009. With the most recent contract award, Boyuan's aggregate value of contracts signed thus far in Shandong is \$94 million.

Shandong is one of China's most economically diversified provinces with high concentrations of manufacturing as well as oil and gas production activities. Weifang, one of Shandong's principal cities, has a population of 8.5 million people.

“Boyuan Construction continues to win contract awards for significant projects in China's construction market, and this company's ongoing success is a testament to the hard work of its management and staff,” said S3 Investment Company Chairman and CEO Jim Bickel. “Redwood Capital prides itself in choosing the most qualified companies as candidates for listings in the North American capital markets, and it is safe to say that Boyuan's post-listing performance has validated our confidence that this company would be successful as a public company. We look forward to continued success for Boyuan and are pleased to count ourselves among the company's satisfied shareholders.”

Boyuan Construction, which is currently trading on the TSX Venture Exchange under the symbol BOY and its debentures under the symbol BOY.DB, also recently announced that the company had

received conditional approval to graduate from the TSX Venture Exchange and list its common shares and debentures on the Toronto Stock Exchange (TSX). Final approval is subject to Boyuan meeting certain conditions and requirements.

Mr. Bickel recently met with the Chairman of Boyuan Construction Group during a trip to China in support of S3's operating subsidiaries, including Redwood Capital.

The value of the stock payments that Redwood Capital receives from its clients' transactions is reflected in the company's consolidated financial reports posted at www.otcmarkets.com.

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.

Contacts

S3 Investment Company

Investor Relations

951-200-4107

investors@s3investments.com