

Press Release

S3 Investment Company Announces Filing with OTC Disclosure Service

CEO comments on the value of Redwood Capital stock holdings in March 31 consolidated financials

Issued Friday, June 12, 9:19 am ET

DANVILLE, CA--(MARKET WIRE)--Jun. 12, 2009--S3 Investment Company, Inc. (Other OTC: SIVC) today announced that its consolidate financial statements for the period ended March 31, 2009 have been posted to the Pink Sheets OTC Disclosure and News Service. The financial statements can be viewed by looking up the company's stock trading symbol at www.pinksheets.com.

Jim Bickel, CEO of S3 Investments, Inc., commented on the financials, saying, "First, we are pleased to have another quarter filed with the Pink Sheets OTC Disclosure and News Service. We are committed to continuing to report through this channel and expect to have all of the required steps in place shortly to achieve the 'Current Information' designation.

"The first quarter of the 2009 calendar year was a very busy one, with our Redwood Capital subsidiary assisting with the successful close the transaction involving Boyuan Construction Group, as well as moving other existing and prospective Redwood Capital clients forward.

"One factor that impacted the value of S3's assets in the financial statements is the requirement that Redwood Capital's stock holdings from closed transactions must be 'marked to market' at each reporting date. That means that regardless of the true value of the stock based on an accurate valuation of the client company, S3 must value the security at the closing trading price of the stock as of the last day of the reporting period, in this case March 31, 2009.

"As of that date, the stock of Redwood Capital client Energroup Holdings Corporation was very volatile and was trading at \$0.51 per share. For comparison purposes, ENHD closed on June 11th at \$2.30 per share. At that price, the asset value of Redwood's holdings would be significantly higher, so we do expect future quarterly financials to reflect a greater value of Redwood's stock holdings. As a result of the drop in ENHD stock value, S3 must also report a very large unrealized loss at the end of the March 31 quarter.

"S3 has clearly made progress since the beginning of 2009 with the closing of the Boyuan Construction RTO transaction and the signing of new Redwood Capital clients. While there certainly are positives in the March 31 financials, we expect the next quarterly filing to more accurately reflect the value of Redwood Capital's holdings, with an improved value for our ENHD stock and potentially the receipt of additional stock from completed client transactions."

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.

Contacts

For S3 Investment Company
Gemini Financial Communications, Inc.
(951) 677-8073
investors@s3investments.com