

Press Release

## **S3 Investment Company Provides Update on Subsidiary Business in China with Report from Redwood Capital Project Manager**

*The information is also included in Redwood Capital's newly launched marketing publication*

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DANVILLE, CA--(MARKET WIRE)--Aug. 12, 2009--S3 Investment Company, Inc. (Other OTC: SIVC) today provided an update on the business of its wholly owned Redwood Capital subsidiary through a recent report by Project Manager John Bai. Mr. Bai's report was also included in a new marketing and communication publication that Redwood Capital has launched to increase awareness of its services in the growing China market.

In the report, Mr. Bai commented on a second round of funding completed for Redwood client Boyuan Construction Group, Inc., which is publicly traded on Canada's TSX Venture Exchange under the symbol BOY. Redwood Capital acted as the Chinese merchant banking advisor for the Boyuan Construction Group in a reverse takeover transaction which resulted in the company being listed on the TSX Venture Exchange. The second round funding for Boyuan Construction Group, 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, consisted of a private placement offering with gross proceeds of CDN\$6,474,000. The net proceeds raised by the offering will be used to fund new construction projects and for general working capital purposes. The first round of financing, completed earlier this year, generated gross proceeds of \$4.1 million.

Mr. Bai said, "We are extremely pleased that this second round of funding for Boyuan Construction Group has been completed. Staged funding is a strategy that Redwood Capital will continue to employ as conditions in the global capital markets dictate. Flexibility and finding creative solutions to market challenges are part of what allows Redwood Capital to continue to grow its business even during a one of the most difficult periods in the history of global financial markets. The success of the reverse takeover transaction for Boyuan Construction Group is a strong testament to the model used by Redwood Capital on behalf of its clients."

Mr. Bai also commented on economic conditions in China and how they are impacting the business of Redwood Capital. "The economy in China is improving, and we are seeing an increase in interest by funds from other parts of the world who are seeking to invest in Chinese companies. Many experts believe that China is leading the world out of economic recession, and we are already seeing the impact on China's businesses. Private Equity funds from around the world are showing an interest in publicly listed companies, which was not the case previously. The robust nature of the China economy is clearly a factor in this new level of interest.

"These conditions present an excellent opportunity for Redwood Capital, since more Chinese companies are looking to raise capital in order to participate in the resurging economy in China," he added.

Mr. Bai's report included an invitation for interested companies in the China market to contact Redwood Capital for a discussion of the services that the company provides.

Redwood Capital included the comments from Mr. Bai in a newsletter that is distributed to hundreds of key financial and corporate contacts in China and other global markets. The newsletter is distributed electronically on a monthly basis and includes market analysis, a review of recent milestones achieved by Redwood Capital and its clients, as well as additional news that impacts Redwood Capital and its operations.

"The Redwood Capital newsletter has become an effective marketing tool for Redwood Capital, and we will continue to seek opportunities to utilize this publication to expand awareness of the company and its services in the China market," stated Jim Bickel, chairman and CEO of S3 Investment Company.

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 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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