



Press Release

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S3 Investment Company Releases August Newsletter Highlighting Progress Toward Completion of Financial Filings and Fully Reporting Status

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DANVILLE, CA--(MARKET WIRE)--Aug. 20, 2008--S3 Investment Company, Inc. (Other OTC: SIVC) and its wholly owned Redwood Capital subsidiary, which assists private Chinese companies in accessing the U.S. capital markets through reverse mergers into public companies, today issued the company's August 2008 investor newsletter, which highlights the progress of work to complete the financial reports necessary to apply for reinstatement to the Over-the-Counter Bulletin Board (OTCBB) market and other recent events related to the company.

A PDF version of the August newsletter can be viewed on the company's website at <http://www.s3investments.com/media/news/>.

The reports that are expected to be completed include annual reports with audited financials for the 2006, 2007 and 2008 calendar years. The company expects to have the reports completed and ready to file in the month of September 2008.

The newsletter also reviews the return of S3 Chairman and Chief Executive Officer Jim Bickel from his most recent trip to China and provides an update to the schedule of Redwood Capital reverse merger transactions that are expected to close before the end of the 2008 calendar year. Mr. Bickel traveled to China in July to participate in meetings with existing Redwood Capital clients, to meet with additional prospective clients, and to prepare Redwood's pipeline of prospective clients for 2009. Face-to-face meetings in China with the Redwood Capital management team, as well as with the management teams of Redwood's client companies, are considered integral to the process of moving each transaction forward. In the update, Mr. Bickel stated that he expected one reverse merger transaction to close in or around September and the other is anticipated to close in the October-November timeframe. The company expects to further update that timeline in the coming weeks.

Another newsletter article highlights a recent announcement regarding the successful settlement of a legal action that S3 brought against a financial services firm that had represented the company under a consulting agreement. Specific terms are confidential, but S3 received a cash payment as part of the settlement. In addition to the cash payment, fees due from S3 to the financial services company under terms of the consulting agreement between the two parties were eliminated as were warrants that were to be granted by S3 as part of the agreement.

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

S3 Investment Company, Inc. (<http://www.s3investments.com>) is a holding company with two subsidiaries doing business in the China market. S3 holds a 100% equity interest in Redwood Capital (<http://www.redwoodcapinc.com>), which assists private Chinese companies in accessing U.S. capital markets by utilizing a network of investment banking relationships to achieve reverse merger transactions, and a 51% equity interest in SINO UJE (<http://www.sinouje.com>), a non-stocking distributor of medical and industrial high-tech products to markets throughout China.

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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