

Press Release

S3 Investment Company Comments on Continued Success of Redwood Capital Client

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DANVILLE, CA--(MARKET WIRE)--Aug. 26, 2009--S3 Investment Company, Inc. (Other OTC: SIVC) today commented on the continued success of the most recent client of its wholly owned Redwood Capital subsidiary to have entered the North American capital markets. Boyuan Construction Group, Inc., which is publicly traded on Canada's TSX Venture Exchange under the symbol BOY, recently reported that it had signed new agreements for two separate construction projects with a total aggregate value of US \$21.8 million. In July 2009, Boyuan Construction Group announced three new commercial construction project agreements with a total value of US \$33.6 million.

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. Boyuan Construction Group 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.

"Much of the business of our Redwood Capital subsidiary is oriented around choosing the right clients -- ones that we believe will ultimately be successful in the North American public markets -- and in the relatively short time since Boyuan Construction Group became publicly traded on the TSX Venture Exchange, it has signed numerous new construction project agreements representing significant dollar values," said Jim Bickel, chairman and CEO of S3 Investment Company. "Given the stock positions that Redwood Capital receives as part of its compensation for successfully closed transactions, the ongoing operational performance of all its clients, including Boyuan Construction Group, is paramount to the value proposition for Redwood Capital and, by extension, S3 Investment Company."

Boyuan Construction Group has completed two rounds of financing to fund new construction projects and for general working capital purposes. The first private was a placement financing announced concurrent to its reverse takeover transaction and listing on the TSX, which generated gross proceeds of \$4.1 million. The second was a subsequent private placement offering with gross proceeds of CDN\$6,474,000.

"As Redwood Capital sources new clients through our network in China, we will continue to hold Boyuan Construction Group up as an example of the success that Redwood Capital clients can achieve by accessing the North American capital markets," added Mr. Bickel.

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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