

S3 Investment Company

43180 Business Park Drive, Suite 202 • Temecula CA 92590

Phone: 951-587-3618 • Fax: 951-587-8866

www.s3investments.com • investors@s3investments.com



OTC BB:SEIH

June 2005 Newsletter

China Welcomes S3 Investment Company CEO

In early May, S3 Investment Company's CEO, Chris Bickel, journeyed to China to support the company's SINO UJE and Redwood Capital portfolio investments in expanding revenues, which in turn increases portfolio value for S3 Investments.

Bickel commented: "This has been our overarching goal for the company since current management came in eight months ago. While we have created real value in our portfolio where none had previously existed, growing that value is still our primary focus."

During his trip to China, Bickel participated in a market conference call with investors to discuss the company's recently filed 10-Q Quarterly Report with financial results.

Bickel also stated: "The trip to China has been fruitful. We met with Redwood's first client, Dalian Fushi, in anticipation of executing a definitive agreement for Redwood's investment banking and other associated services, as well as finalizing Dalian Fushi's audit, which is required for the reverse merger process in the United States. We also spent time in the Dalian Fushi factory, in order to gain better knowledge of their production capabilities and met with key personnel.

"Beyond Dalian Fushi, we made progress with several potential new clients for Redwood Capital. The facility and factory inspections are the final elements of our internal due diligence and investigation process for prospective clients. We are confident that several will become gold-standard clients for Redwood Capital.

In addition to Redwood Capital business, Bickel held a number of meetings on behalf of SINO UJE

continued on next page...

Profile: Dalian Fushi Bimetallic Manufacturing Company, Ltd.

In 1993 Dalian Fushi Bimetallic Manufacturing began production of copper-clad aluminium wires and copper-clad steel wires for use in the electrical power and electronic industries as replacement for the pure copper wires in order to conserve copper and yield better performance and handling. The production process is subject to strict quality control system and has attained the ISO9001 certificate. It is the largest of its kind in China. In addition to the local market, at the present time Dalian Fushi exports its products to Europe and Korea. Client satisfaction with full commitment to quality and delivery time is the company's policy.

As Redwood Capital's first investment banking

continued on next page ...

April Profit For SINO UJE

S3 Investment Company is pleased to report that portfolio investment company SINO UJE, Ltd., achieved over \$48,000 in net profit for the month of April and expects continued profitability and revenue growth in future months.

SINO UJE, a distribution company that exclusively sells and services western designed and manufactured high-tech products to the China market, received orders and booked sales for a number of suppliers in April and continues to expand its reach into new markets.

Chris Bickel, Chairman and CEO of S3 Investment Company, commented, "SINO UJE has achieved two consecutive months of significant profits, and we expect that May's numbers should be as good or better. SINO is expected to be profitable every month from here on out, with continued growth as we work to increase the top and bottom lines." ✦

China Trip

...continued from front page

suppliers, including GreCon, Process Sensors Corporation, Aeris, PlastControl, and Ulrich.

"We are pleased with the revenue growth we have seen from our Chinese operations in the relatively short period since S3 Investments acquired them, and we expect to see continued increases in both revenues and bottom-line profits," Bickel commented. "By meeting face-to-face with current customers and clients, as well as pursuing opportunities with additional potential customers, both SINO UJE and Redwood are expected to foster long-term revenue expansion and greater

value for S3 Investment Company.

"SINO UJE continues to outperform our stated expectations for 2005, and we expect Redwood Capital investment to begin generating revenues from its investment banking business within the next 30 days. With all significant liabilities inherited from past management now mitigated and no expected need to raise additional capital through equity transactions, management is looking forward to increased asset value when we file our annual report in September," Bickel concluded. ✦

Conference Call

On May 16, S3I's CEO, Chris Bickel, held a conference call while on the China trip. Incorporated in his presentation was a summary of the company's recently filed 10Q Quarterly Financial Report, with comments on the write-down of the Securesoft Systems investment and how the company believes that through negotiations now underway, Securesoft may generate revenue for the company without any overhead costs or additional investment required. He also discussed management's strong commitment to shareholders and management's intention to

continued on page 3...

Profile

...continued from front page

client, Dalian Fushi is a private company located in Liaoning province that generated almost \$16 million (USD) in 2004 revenues and, with increased capacity, projects over \$50 million for 2005.

The initial agreement called for Redwood to manage a reverse merger of the company into a public U.S. company and obtain funding in U.S. capital markets through an initial Private Investment in Public Equity (PIPE) followed by a listing on a U.S. national market and a subsequent secondary registered offering.

Dalian Fushi is the market leader in China, with over 50% of the domestic supply of wire and cable widely used in network signal transmission, cable TV and distribution lines. This includes Local Area Networks (LANs) and access networks, telephone cable lines, patch cord for electric components, power supply systems, sliders and electrified railroads.



"The company's three to four-year goal is to be the worldwide market leader in supply of copper covered wire products," commented Chris Bickel, Chief Executive Officer of S3 Investment Company.

With the progress made so far, there is no reason to believe they will not achieve that goal.

The company is a subsidiary of the Dalian Fushi Group Company, LTD, which was set up in 1985. Fushi Group has several subsidiaries: Dalian JinDun Trading Co.,LTD, Dalian Fushi Bimetal-

lic Manufacturing Co.,LTD, Dalian Xinboer Mineral Water Co.,LTD, Dalian Fushi Trade Co.,LTD, Dalian Fushi Hotel, Dalian Fushi Art School, Dalian Litai Car Fixing Co., LTD.

The Dalian Fushi headquarters is located between Dalian Development Zone and Jinzhou District at 999 Wuyi Road. It occupies 4,000 square meters with a building area of 3,000 square meters. The registered capital is 1.17 hundred million RMB(\$15million U.S.D).

The Fushi Group's philosophy is simple and effective: *We always think the customer is the first concern, high quality and best service. Advanced technology, advanced equipment, high professionalism: That's Fushi.* ✦

Call

...continued from page 2

purchase common stock in the near future.

Also discussed were the details of the Professional Traders settlement, and how the transaction was necessary for the company to continue operations.

"While we have not specifically earmarked the funds we expect to receive back as part of the settlement, we have set forth our intention to use any additional capital we receive to strengthen our subsidiary holdings and will also consider a buyback of S3 Investments stock in the future," Mr. Bickel stated after the conference call.

"The conference call was an opportunity to review both the accomplishments we have realized and challenges we have encountered over the past months. Management believes that we can now focus all of our attention on the growth of our revenue generating investments, virtually unencumbered by any additional liabilities inherited from past management. We hope that those who were able to participate in the call have a better understanding of the company's plan to return value to its shareholders," commented Bickel. ✦

Contact Us

General

S3 Investment Company
43180 Business Park Drive, Suite 202
Temecula CA 92590
Phone 951-587-3618
Fax 951-587-8866
Website: www.s3investments.com
E-mail: investors@s3investments.com

Investor Relations

Gemini Financial Communications
Andrew Beyer 951-587-8072

GE Medical Systems Orders From SINO UJE

TEMECULA, Calif., May 24, 2005 - S3 Investment Company (OTCBB: SEIH) today announced that portfolio investment company, SINO UJE, Ltd., has received an order directly from GE Medical Systems for an Ulrich GmbH & Co. injector system. Ulrich (<http://www.ulrich-ulm.de/eng/start.html>) is a world leader in the design and manufacture of injector systems for medical imaging applications.

The order represents an important milestone for SINO UJE as half of all injector orders in China are placed through the CT or MRI original equipment manufacturers (OEM) directly. By receiving this order from a major equipment manufacturer, SINO UJE has established a foothold in the half of the injector market not previously accessed through its distribution network in China.

"Ulrich injector systems are used to deliver contrast agents to patients just prior to CT or MRI exams. The contrast agents help facilitate higher resolution images of the patients when they undergo these examinations. The vast majority of CT or MRI examinations are made with the help of contrast agents. GE is the strong market leader in China for medical imaging systems and specifically CT and MRI machines," commented Chris Bickel, chairman and chief executive officer for S3 Investments.

"Half of all contrast agent injector systems are sold through the OEMs that in turn deliver the injector system together with the CT or MRI machine to the hospital. Obtaining access to this channel for Ulrich sales is critical to allow SINO UJE to address this 50% of the market. ✦

About The Company

S3 Investment Company (OTCBB:SEIH) is a closed-end investment company whose primary focus is to provide equity and mezzanine debt to small and mid-sized companies, particularly in the software and technology markets.

The Company intends to build an investment portfolio of existing revenue-generating companies that is designed to provide its investors with an appreciation of SEIH stock as well as the potential of dividends received from the spin-out of portfolio investment companies into their own public vehicles.

S3 Investment Company Announces New Sales of Product Line for Sino UJE

S3 Investment Company announced on April 28, 2005, that its portfolio investment company SINO UJE, Ltd., has achieved new sales for supplier Process Sensors Corporation, a leading manufacturer of state-of-the-art moisture gauges and sensors. As a result of its successful marketing efforts, fifteen orders for gauges were received this week by SINO UJE from the Chongqing Tobacco Factory, the 8th leading producer of tobacco in China.

Process Sensors Corporation (PSC) has been a SINO UJE exclusive supplier since November 2004, and while SINO UJE has closed a number of sales since that time, the latest order is the largest single order thus far.

SINO UJE Managing Director Li Jun commented, "We are pleased to report this sale of PSC gauges and expect additional growth in this market, as well as for other customers in paper, plastics, textiles and food processing industries. The quality and effectiveness of PSC products has facilitated our efforts to this point and we expect that this satisfaction will lead to additional orders from the Chongqing Tobacco Factory.

"There are a large number of companies in China's tobacco industry, and SINO UJE expects to be successful in its ongoing marketing of PSC's gauges to numerous customers, added Mr. Li.

Tim Carey, Vice President of Process Sensors Corporation, stated, "We at Process Sensors are very pleased to now be a supplier to the Chongqing Tobacco Factory. We will work hard to earn their trust and respect. Process Sensors is grateful to be associated with SINO UJE. Our products are represented in a professional and technically correct manner in China through SINO UJE."

About Process Sensors Corporation

Process Sensors Corporation (PSC) www.processsensors.com is a leading manufacturer of state-of-the-art moisture gauges and sensors, providing the most accurate and reliable moisture measurement available for quality control in manufacturing processes for industries worldwide. Process Sensors Corporation has become the world's number one manufacturer of on-line NIR moisture sensors.

Process Sensors' manufacturing facility is located in Milford, Massachusetts. They have distribution throughout Europe by Process Sensors-United Kingdom as well as distribution for Asia and Australia by Process Sensors International and Eastern Europe by Process Sensors-Polska. In addition, PSC has agents and distributors located throughout the world. ✦

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: The statements which are not historical facts contained in this advertisement are forward-looking statements that involve certain risks and uncertainties including but not limited to risks associated with the uncertainty of future financial results, additional financing requirements, development of new products, governmental approval processes, the impact of competitive products or pricing, technological changes, the effect of economic conditions and other uncertainties detailed in the Company's filings with the Securities and Exchange Commission.