



MAY 2007

Corporate Profile

S3 Investment Company, Inc. (OTC: SIVC) is a holding company with two subsidiaries doing business in the burgeoning China market. The company owns a 51% interest in SINO UJE, Ltd., a non-stocking distributor of high-tech western medical and industrial equipment into China and 100% ownership of Redwood Capital, Inc., which assists private Chinese companies in accessing U.S. capital markets.

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Recent News

4/26 - S3 Investment Co. Announces Promotion of Wellman Liu to the Position of Vice General Manager of SINO UJE China Operations

4/24 - S3 Investment Co. Announces Dalian Chuming Group as New Reverse Merger Client for Redwood Capital Subsidiary

4/18 - S3 Investment Co. Announces Chairman CEO Visit to Subsidiaries Operating in China

4/12 - S3 Investment Co. Announces SINO UJE Exhibit at China International Medical Equipment Fair

4/10 - S3 Investment Co. Announces SINO UJE Exhibit at China International Medical Equipment Fair

4/4 - S3 Investment Co. Announces New Reverse Merger Client for Redwood Capital Subsidiary

S3 Investment Company Announces Two New Reverse Merger Clients for Redwood Capital Subsidiary as China Operations Continue to Expand

In the month of April 2007, S3 Investment Company announced that its Redwood Capital subsidiary signed two new clients for its reverse merger services.

Redwood Capital provides an array of services to private Chinese companies, but the primary focus is to help them achieve a listing in the U.S. public markets through a reverse merger scenario. Redwood Capital utilizes an extensive network of investment banking relationships to facilitate the client's listing. The company relies on a highly experienced investment and corporate management team keenly focused on the emerging presence of qualified Chinese corporations in the global capital markets.

The first new client, Shandong Green Paper Co. Ltd., was announced on April 4, 2007. Shandong Green Paper is a leading producer of paper pulp molding products made from 100% natural raw materials that can be recycled and that decompose naturally.

The company is located in the Dezhou Commerce and Trade Development Area and owns 14 high quality, automated, integrated pulp molding production lines. Shandong Green Paper has consistently won awards in areas ranging from production quality and advanced technology to environmental sensitivity.

Shandong Green Paper products are currently sold throughout China and are exported to other Asian markets. By pursuing a listing in a U.S. public markets, Shandong Green Paper is targeting worldwide expansion distribution of its products.

"In each of its agreements with client companies, S3 receives the dual benefit of the revenues that Redwood Capital earns for services provided through the reverse merger transaction as well as the equity participation it receives in the new U.S. public company."

S3 Investment Company
CEO Jim Bickel

"We are pleased to have reached agreement with Shandong Green Paper and look forward to assisting this company through the reverse merger process," stated S3 chairman and chief executive officer Jim Bickel.

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Shandong Province is located in Northeastern China

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Greetings from the CEO

April 30, 2007

April was a very busy month for S3 management, particularly for me as I traveled to China to meet with management of our subsidiaries operating there.

As usual, the trip to China provided excellent opportunities to observe firsthand how SINO UJE and Redwood Capital are strengthening their respective positions in China's powerful economic engine. There are few places in the world that provide the enormous consumer base and selected under-served markets of China. We remain strong in our belief that SINO UJE and Redwood Capital can fully and successfully execute their business plans to the benefit of S3 and its shareholders.

The China International Medical Equipment Fair Spring 2007 Conference that I attended demonstrated the high level of interest in the Abaxis product line that SINO UJE is preparing to launch in China. Having Vladimir Ostoich, the Founder and Vice President of Government Affairs and Vice President of Marketing for the Pacific Rim for Abaxis in attendance gave us the opportunity to discuss the China market strategy for this product line. I have had the pleasure of meeting with Dr. Ostoich on several occasions, and our attendance at this event gave us another opportunity to discuss the potential of Abaxis in the China market.

Before I left for China, we announced a new reverse merger client for our Redwood Capital subsidiary, Shandong Green Paper Co. Ltd. Just after my return, we announced a second, Dalian Chuming Group Co., LTD.

A significant amount of shareholder feedback over the past two years has been about new clients for Redwood Capital, and we are pleased to be able to deliver not just one new client during the past month, but two. It is our expectation that additional new Redwood Capital clients are very close to being signed, so we hope that we are continuing to meet shareholder expectations by adding to the Redwood Capital client base.

During my most recent China trip, I was able to meet with both of the new clients, as well as receiving comprehensive updates on all aspects of Redwood Capital's operations.

From the most updated information I was able to glean from my personal visit to China and from the performance of our subsidiary operations there, I have never been more confident of the potential of these companies. We expect that their growth will fuel improved financial results in S3 in future quarters. I will again reiterate that our primary focus is to create increased value and tangible return for S3 shareholders. We hope that shareholders will continue to be pleased with our progress and will not hesitate to contact our Investor Relations representatives with any comments or questions.

**Best regards,
Jim Bickel - Chief Executive Officer**

S3 Subsidiary SINO UJE Promotes Wellman Liu to Vice General Manager of China Operations

The Board of Directors of S3's SINO UJE subsidiary has promoted Wellman Liu to the position of vice general manager of SINO UJE China operations. In this new position, Mr. Liu will assist SINO UJE general manager Li Jun in managing the sales and general business of SINO UJE's China operations, especially as the company continues to expand its distribution with new product lines, including Abaxis, Inc. and For Life GmbH. The medical division, industrial division and Guangzhou offices of SINO UJE's China operations will now report directly to Mr. Liu.

"Wellman Liu has proven himself to be a very effective manager, both in his years with SINO UJE and through his extensive successful work experience before joining the company, and we are pleased to give him an even greater degree of responsibility in the expansion of SINO UJE operations in China," stated Jim Bickel, chief executive officer of S3 Investment Company.

"We expect Mr. Liu, working with Li Jun, to provide critical leadership as SINO UJE continues to grow revenues and increase its impact on S3's bottom line," Mr. Bickel added.

Mr. Liu graduated with a degree in International Business Law from the University of International Business & Economics in Beijing.

Mr. Liu's work experience includes key management positions in several companies, including SINO UJE. As the Industrial Department Manager for SINO UJE since March of 2004, Mr. Liu was responsible for identifying new market opportunities and assisting Mr. Li with operations and legal affairs. Mr. Liu was highly successful in leading his team to capture two-thirds of the market share of mainland China for one industrial product line and fostering excellent relationships with influential OEM customers. Previously, Mr. Liu served as marketing manager for Shanghai Machinery & Equipment Import & Export Co. Ltd. where he was responsible for developing short- and long-term strategies and acted as head of an administrative team to supervise operations and legal affairs. In this role, he also interfaced with government agencies and authorities on behalf of the corporation. From 1996 to 2000, Mr. Liu was marketing manager for the Nanchang Foreign Trade Corporation. In this position, he established and executed a business development plan to maximize market penetration. Mr. Liu also acted as agent for leading brands of cosmetics and mineral water.

S3 Investment Co. Subsidiary SINO UJE Exhibits at China International Medical Equipment Fair

S3 Investment Company subsidiary, SINO UJE, attended and exhibited at the China International Medical Equipment Fair Spring 2007 Conference, which ran from April 10-13 at the Dalian World Expo Center in Xinghai Square in Dalian, China.

The conference enjoys strong support among its key customers including GE, Johnson & Johnson, Kodak, Siemens, Roche, Hitachi, Toshiba, Aloka, Sony, Olympus, Zeiss, Erbe, Datex-Ohmeda, Pentax, Samsung, Fuji, Shimadzu, Agfa, and Drager, as well as leading Chinese manufacturers like Wandong Medical, Neusoft and Mindray.



A major focus of the exhibit at the conference was the introduction of the product line of new supplier Abaxis, Inc., a publicly traded company that develops, manufactures and markets portable blood analysis systems for use in patient-care setting to provide clinicians with rapid blood constituent measurements.

China International Medical Equipment Fair organizers state that the Chinese market for medical equipment and supplies was estimated at \$2.6 billion (USD) in 2005. This market continues to boom, with continued investment from overseas along with substantial domestic production. Imports have grown rapidly in recent years, passing the \$2 billion mark in 2003, dominated by expensive high-end products. A large and aging population, an increasing standard of living and expectations of continuing healthcare standards, together with the current low penetration of domestic



SINO UJE Staff Explains Abaxis Product Line

medical devices, combine to make China a huge and attractive import market. Chinese government initiatives aimed at creating a better operating environment are making the China market more conducive to overseas suppliers.

"This conference is part of our comprehensive efforts to successfully introduce Abaxis to the medical industry in China. We expect the Abaxis product line to be an excellent revenue producer for SINO UJE and contribute to an improving bottom line for S3," commented Jim Bickel, CEO of S3.



SINO UJE General Manager Li Jun with Vladimir Ostoich, Founder, VP of Government Affairs and VP of Marketing for the Pacific Rim for Abaxis

S3 Investment Company Subsidiary Operations



51% EQUITY INTEREST

www.sinouje.com



100% EQUITY INTEREST

www.redwoodcapinc.com

Redwood Capital Subsidiary Signs Two New Reverse Merger Clients

(continued from page 1)

"In each of its agreements with client companies, S3 receives the dual benefit of revenues earned for services provided through the reverse merger transaction as well as the equity participation it receives in the new U.S. public company. The equity participation with Redwood Capital clients is expected to represent significant value for S3, especially considering management's goal to have at least one new client signed in each quarter," added Mr. Bickel.

On the heels of the announcement of this first new client, Mr. Bickel left for a two-week trip to China. While he was on this trip, S3 announced another new client for Redwood Capital, Dalian Chuming Group Co., LTD.

Dalian Chuming Group Co., LTD, www.chuminggroup.com, is a major producer and exporter of fresh and frozen pork and other cooked meat products. The Chuming Group is among a select group of industrialized farming corporations in northeastern China and is known for its international quality management standards and international safety certifications. In late 2006, the company officially opened a \$2.9 million feedmill with a capacity of 200,000 tons per year that will support its expansion of pork production. The pursuit of a U.S. public listing is expected to allow the Chuming Group to expand into additional worldwide markets.



Dalian is located in China's Northeastern Liaoning Province



Redwood Capital's first reverse merger client, Fushi International, is headquartered in Dalian

Mr. Bickel met with both of Redwood Capital Inc.'s new reverse merger clients on his China trip (see story on page 3).

"We see Dalian Chuming Group is an excellent client for Redwood Capital's services, and I was pleased to have held meetings with this company on my recent

trip to China," stated S3 chairman and chief executive officer Jim Bickel.

"I have seen firsthand the quality of this client — its facilities, management and strategy for long-term growth. With the assistance of Redwood Capital's staff, we look forward to seeing Dalian Chuming Group enter the U.S. public markets.

"The announcement of another Redwood Capital client also bodes well for the future revenue performance of our Redwood Capital subsidiary due to the equity participation it receives once the merger into a U.S. public company is complete," Mr. Bickel added.

S3 Chairman/CEO Travels to China in Support of Subsidiary Growth

S3 Chairman and Chief Executive Officer Jim Bickel traveled to China in April to visit the company's subsidiary operations, SINO UJE, Ltd. and Redwood Capital, Inc. The trip included oversight of SINO UJE's presence at the China International Medical Equipment Fair Spring 2007 Conference and meetings with Redwood Capital's current reverse merger clients, including the recently signed Shandong Green Paper Co. Ltd. and Dalian Chuming Group Co., LTD.

Mr. Bickel's trip began when he arrived in Beijing and met with the staff of Redwood Capital, at the company's registered offices. Redwood Capital management reviewed with Mr. Bickel the progress of existing clients and plans to finalize agreements with the prospective clients that are most ready for initial contract stage. After traveling to briefly attend an East/West Investment Forum, Mr. Bickel arrived in Dalian, where SINO UJE exhibited at the China International Medical Equipment Fair Spring 2007 Conference. Mr. Bickel met with SINO UJE management, including managing director Li Jun at the event. From Dalian, Mr. Bickel traveled to Hong Kong to meet with Chief Capital, which works with Redwood Capital on reverse merger transactions involving private Chinese firms that are seeking to access the U.S. capital markets. The balance of the trip was spent visiting prospective Redwood Capital clients in various locations,

"Virtually every aspect of this trip is directly related to the expansion strategy for our subsidiaries operating in China and the efforts to deliver value for S3 shareholders," stated Mr. Bickel. "Revenue expansion and tangible return continues to be our primary focus."

All statements included in this newsletter, including statements regarding potential future plans and objectives of S3 Investments are forward-looking statements. Such statements are necessarily subject to risks and uncertainties, some of which are significant in scope and nature beyond S3's control. There can be no assurance that such statements will prove accurate. Actual results and future events could differ materially from those anticipated in such statements depending on many factors. Historical results are not necessarily indicative of future performance.