



S3 INVESTMENT COMPANY, INC.

Stock Symbol: SIVC

www.s3investments.com

JUNE 2007

Corporate Profile

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

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S3 Investment Company Announces a Projected Value of \$8.14 Million for the Redwood Capital Equity Positions in New Reverse Merger Clients

S3 Investment Company, Inc., a publicly traded holding company (Stock symbol-OTC: SIVC) with two subsidiaries doing business in the China market, today announced that according to research conducted by Chief Capital, Redwood Capital's financial advisory partner based in China, the aggregate value of equity holdings expected from Redwood Capital's three recently signed Chinese client companies is as high as \$8.14 million (US).

Redwood Capital assists private Chinese companies in accessing the U.S. capital markets by utilizing a network of investment banking relationships to achieve reverse mergers into U.S. public "shell" companies.

The three new clients that Redwood Capital has signed are: Dalian Chuming Group

Co., LTD www.chuminggroup.com, a major producer and exporter of fresh and frozen pork and other cooked meat products; Shandong Green Paper Co., a leading producer of paper pulp molding products made from 100% natural raw materials that can be recycled and that decompose naturally; and Changzhou HaiJai Metallurgical Machinery Manufacturing Co. Ltd. (CMMC), a leader in metal fabrication.

"Chief Capital, in consultation with Redwood Capital, utilized its considerable experience and expertise to arrive at these calculations,

and we are pleased that they recognize the value of these newest clients to Redwood Capital," stated S3 chairman and chief executive officer Jim Bickel.



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S3 Investment Company
CEO Jim Bickel

"While the full value of this estimate is certainly not guaranteed, there is no doubt that even the projected numbers serve to validate our enthusiasm over Redwood's business strategy and portend significant potential long-term value for S3 and its shareholders," Mr. Bickel added.



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Greetings from the CEO

I have decided to take the opportunity presented by our June 2007 Investor Newsletter to address a number of questions that were recently submitted by shareholders. The last nine months has been a transitional period for the Company, and there are a few issues that S3 management would like to resolve before the Company moves forward with its business strategy. We thank shareholders for their participation and look forward to continued feedback on our progress and the expectations for the future.

Q. What was the reason for the reverse split?

A. The reverse split was effected to better position the company structurally to attract broader investor interest and marketability of the Company's common stock. The Company was advised by Merriman, Curhan, Ford and Co., our financial advisors at that time, that it should pursue a listing on the new OTCQX exchange. We are still interested in a QX listing, but this did not occur in the timeframe that was initially planned or in the way that we were advised it would. The Company's strategy is to continue to grow revenues in its subsidiary operations before seeking a listing on the QX or similar higher exchange.

Q. Why was the Company allowed to be dropped of the Over-the-Counter Bulletin Board to the Pink Sheets? Was this perceived by management to be advantageous in any way?

A. No, the loss of the OTCBB listing was not planned and was a disappointment for management. As was explained at the time, it occurred due to the inadvertent exclusion of an auditor's letter as part of the Company's 10-KSB filing. There was no advantage seen by management from being off the bulletin board, and it was expected that S3 would maintain its BB listing even after achieving the QX listing. We will now use our time on the Pink Sheets to further develop S3 and, most importantly, its subsidiaries, for a planned future listing on a higher exchange than the OTCBB. The focus is on revenue growth and greater profitability. SINO UJE is concentrated on three major product lines, including Abaxis, which we are launching in conjunction with its pending SFDA approval. Redwood Capital is working on the reverse merger transactions of its three recently announced clients and looking to sign contracts with other clients that are pending.

Q. Speaking of Abaxis, there has been some question about the SFDA approval. What is its status?

A. Notification of the SFDA approval has been received, so SINO UJE has begun marketing efforts for the Abaxis product line, but the official SFDA certificate and other necessary documentation has not yet been received. Still, notification of the approval has allowed SINO UJE to begin these marketing efforts, which cannot be done if the notification has not been received. This is why SINO UJE was exhibiting the Abaxis product line at the recent China Pharm Show under the supervision of Vladimir Ostoich, a founder of Abaxis and its vice president of government affairs and vice president of marketing for the Pacific Rim.

Q. What roll is Merriman, Curhan, Ford and Co. having in the future, if any?

A. At this time, MCF & Co. is no longer involved with S3 or its subsidiaries. We have replaced them with Hunter Wise Financial Group, LLC (website: www.hunterwise.com), in whom we have great confidence.

Q. Did you sell the preferred stock that you implied would be sold after the reverse split? If not when and what impact should it have on my share price?

A. No preferred stock has been sold. The conversion was planned to facilitate the planned QX listing, and since that has been delayed, there is no sense of urgency to the conversion. We do expect it to happen at some point in the future.

Q. What is the current number of common shares outstanding?

A. The Company currently has 145 million shares issued and outstanding, with an estimated float of 65 million. The authorized shares are now 500 million. Additional shares were authorized and then issued to allow for additional financing to be used to facilitate further growth and expansion in S3's subsidiary businesses. The opportunities for SINO UJE and Redwood Capital in China have never looked better, and only by providing these two companies with the resources necessary to allow them to grow will their full value be realized. We believe that this will create long-term value for shareholders.

Q. When will the third quarter 10-Q be filed?

A. We expect to post financial results for the third quarter of fiscal year 2007 within the next two weeks. There will be the consolidated financial information on the Company for the period reported. S3 is not currently a reporting entity, but we do expect to continue to file financial results for upcoming periods. Ultimately, we plan to become fully reporting again in anticipation of a listing on an exchange.

Q. When S3 issues their next balance sheet, will the investment in Fushi International be shown as a long-term investment, which would indicate that it will be held over one year? Are the shares of Fushi restricted?

A. The shares Fushi International were restricted, but the restriction was removed, and S3 has sold a portion of its stock position in Fushi International to finance the three new reverse merger clients for Redwood Capital. Given the projected value of these stock positions, we believe that this was the wisest use of our available resources.

Q. Redwood Capital has recently signed three new clients. How many more are estimated to be under contract by June 30, 2007?

A. While we are in negotiations with several additional Redwood Capital clients, we do not have a specific timeframe for signing them. Under the current circumstances, we will be devoting all of our resources to closing the three current clients. Signing new clients will require additional capital to support the work that has to be done and comply with current Chinese law that requires Redwood Capital to take a financial interest in the client company before initiating the reverse merger process. There is an abundance of highly attractive potential reverse merger clients available to Redwood Capital, but the schedule to sign them will be primary dependent upon the financial resources available to the Company at the time.

I hope that shareholders find the answers to these questions helpful and will continue to follow our progress. S3 management sees tremendous potential in the Company, specifically as it relates to the positioning of SINO UJE and Redwood Capital for significant ongoing growth in their respective market segments in China.

Best regards,

Jim Bickel - Chairman, Chief Executive Officer

Redwood Capital Subsidiary Signs Another New Reverse Merger Client in China

S3 Investment Company subsidiary, Redwood Capital, Inc. subsidiary has signed Changzhou HaiJai Metallurgical Machinery Manufacturing Co. Ltd. (CMMC), a leader in metal fabrication, as a new client for its reverse merger services.

Redwood Capital has signed to assist Changzhou HaiJai Metallurgical Machinery Manufacturing Co. with efforts to access the U.S. capital markets through a reverse merger into a U.S. public company.

Redwood Capital provides an array of services to private Chinese companies and utilizes its extensive network of investment banking relationships to facilitate the client's listing on a U.S. public market. Redwood Capital relies on a highly experienced investment and corporate management team focused on the emerging presence of Chinese corporations in the global capital markets.

Changzhou HaiJai Metallurgical Machinery Manufacturing Co. Ltd. is located in the Xinbei District of the Changzhou High and New Technology Industrial Development Zone, which lines the southern bank of the Yangtze River in the northern part of the city.

Changzhou, which is among the top 50 Chinese cities in terms of its comprehensive economic strength, has been characterized as an investment magnet due to its rich history, pleasant living environment, daily conveniences, respect for diverse customs, perennially congenial climate, solid industrial foundation, industrial diversity, good legal environment and government efficiency, and geographical advantages and low logistics costs.

Historically, Changzhou HaiJai Metallurgical Machinery Manufacturing Co. was a sub-plant of Baosteel Group, one of the most profitable steel enterprises in the world, with an annual production capacity of about 20 million tons. The main products of Changzhou HaiJai Metallurgical Machinery Manufacturing Co. include complete sets of metallurgical equipment and spare parts, electrical power equipment (including wind-driven generator boxes and large scale transformers), automotive parts, mechanical engineering parts, and large gearboxes.

Changzhou HaiJai Metallurgical Machinery Manufacturing Co.'s fabrication, machinery and assembly products are already distributed internationally to a select few significant foreign companies, and with its planned entry into the U.S. capital markets, the company is expected to expand distribution to additional worldwide markets. The company is also expanding internally with additional property and a new 200-ton heavy-duty steel structure workshop due to open later this month.

"The addition of a third new Redwood Capital client in as many months further validates the efforts we have undertaken over the past year to strengthen this subsidiary's infrastructure and internal capabilities," said S3 chairman and chief executive officer Jim Bickel.

"By preparing Redwood Capital to handle a greater number of clients, we believe that it is now positioned to achieve long-term growth with greater return for S3 and its shareholders," he added.

CEO Participates in Interview With WallSt.net

In early May, S3 chairman and chief executive officer Jim Bickel participated in an interview with WallSt.net, in which he discusses the company's focus in the China market and the growth of its SINO UJE and Redwood Capital subsidiaries that operate in that country.

In the interview, which is posted to www.wallst.net, Mr. Bickel discusses the company's focus on its China based subsidiaries, explains how SINO UJE and Redwood Capital are uniquely positioned in the China market, reviews his recent trip to China and highlights of the trip, and outlines his expectations for growth in the coming fiscal quarters and positioning the company for even greater long-term growth.

"With all that is happening within our two subsidiaries operating in China, from SINO UJE's launch of the Abaxis product line to the new clients signed by Redwood Capital, we will continue to communicate the company's performance and future potential to our shareholders and the public markets," stated Mr. Bickel.

S3 Investment Company Subsidiary Operations



51% EQUITY
INTEREST

www.sinouje.com



Redwood 紅
Capital 木

100%
EQUITY
INTEREST

www.redwoodcapinc.com

S3 Investment Company Announces Agreement With Hunter Wise Financial Group, LLC

S3 Investment Company, Inc. has announced an agreement with Hunter Wise Financial Group, LLC of Irvine, California, for Hunter Wise to assist with raising bridge capital for S3 to apply to its Redwood Capital and SINO UJE subsidiaries.



Hunter Wise Financial Group, LLC and/or its wholly owned NASD registered Broker/Dealer, Hunter Wise Securities, LLC, will provide services in the areas of corporate development and financing.

Through its agreement with Hunter Wise, S3 is expected to secure bridge capital for the reverse merger transactions undertaken by Redwood Capital. Redwood Capital, which assists private Chinese companies in accessing the U.S. capital markets by utilizing a network of investment banking relationships to achieve reverse mergers into U.S. public “shell” companies, has recently signed three new clients. Hunter Wise is also assisting in the identification of suitable, clean shells to use for the reverse merger transactions.

Additional financing will be utilized for the launch of new product lines for S3’s SINO UJE subsidiary, including the products of Abaxis, 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. SINO UJE has entered into an agreement with Abaxis to assist with achieving S.F.D.A approval and to distribute its products in China.

“This agreement with Hunter Wise is expected to result in access to critical capital that will help to facilitate an increased number of reverse merger transactions for Redwood Capital clients and strengthen the launch of the Abaxis product line in China,” stated S3 chairman and chief executive officer Jim Bickel.

“As with many businesses, Redwood Capital and SINO UJE can grow more effectively if they do not have to tie up operating capital to support expansion efforts, so accessing bridge capital for the growth of our subsidiary operations is seen as an important element in delivering return to S3 shareholders.”

New Redwood Capital Clients Sign Firm for Legal Work Through Reverse Merger Process

S3 Shandong Green Paper Co. Ltd. and Dalian Chuming Group Co., LTD, the two new reverse merger clients of its Redwood Capital subsidiary, have signed agreements with Global Law Office, a top law firm in China, to serve as legal counsel and provide critical legal services through the reverse merger process.

Shandong Green Paper Co. is a leading producer of paper pulp molding products made from 100% natural raw materials that can be recycled and that decompose naturally. Dalian Chuming Group Co., LTD is a major producer and exporter of fresh and frozen pork and other cooked meat products. Redwood Capital is assisting these two firms in their efforts to access the U.S. capital markets through a reverse merger into a U.S. public company.

Global Law Office, www.globallawoffice.com.cn, is a major law firm in China that provides extensive, high-quality legal services to clients at in China and abroad. Founded in 1984 under the auspices of the China Council for the Promotion of International Trade, Global Law Office was one of the first law firms established following China’s implementation of reform and opening to the outside world. Global Law Office was converted into a private partnership in early 2001.

Since its inception, Global Law Office has been ranked as one of the top law firms in China by international legal publications such as Legal 500, Asian Legal Business, and Asia Law & Practice. The firm specializes in many areas, including international banking and finance, project finance, corporate and commercial, foreign direct investment, corporate finance, aircraft and vessel finance, international arbitration, antidumping, asset securitization, structured finance, maritime and shipping, and litigation.

“The agreement between these two Redwood Capital clients and Global Law Office is a critical milestone in the preparation for their entrance into the U.S. capital markets,” stated S3 chairman and chief executive officer Jim Bickel.

“There is a significant amount of legal work required through the reverse merger process, and Global Legal Office has the experience and expertise necessary to effectively serve Redwood Capital clients, Mr. Bickel added.

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.