



# S3 Investments

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

DECEMBER 2005

## Corporate Profile

S3 Investment Company, Inc. is a Business Development Company pursuant to Section 54(c) of the Investment Company Act of 1940.

The Company currently has two active portfolio companies under management - a 51% interest in SINO UJE, Ltd., a non-stocking distributor of high-tech Western medical and industrial products into the China market and the wholly owned portfolio investment Redwood Capital, Inc., which specializes in introducing private Chinese companies to the U.S. public markets.

S3 Investments provides funding and management support to these two companies, with the core focus of returning value to its investors through consistent stock appreciation and periodic dividend payments.

## Websites

S3 Investment Company  
[www.s3investments.com](http://www.s3investments.com)

SINO UJE  
[www.sinouje.com](http://www.sinouje.com)

Redwood Capital  
[www.redcapinc.com](http://www.redcapinc.com)

## November News

11/22 - S3 Investment Company Announces CEO Return to China

11/14 - S3 Investment Company Files SEC Form 10-Q Quarterly Report

11/08 - S3 Investment Company Releases November Investor Newsletter

## Contact

Investor Relations  
Gemini Communications  
(1) 951-587-8072  
[investors@s3investments.com](mailto:investors@s3investments.com)

## S3 Investment Company CEO Travels to China

S3 Investment Company, Inc. chairman and chief executive officer Chris Bickel has undertaken a three-week trip to China where he is working with the company's two active portfolio investment companies as they complete a number of critical business initiatives. The trip will take Mr. Bickel to the offices of both SINO UJE, Ltd., a non-stocking distributor of high-tech western medical and industrial equipment in the China market, and Redwood Capital, Inc., an investment banking firm that assists private Chinese companies in accessing U.S. capital markets.

Mr. Bickel began his trip with a stop at the registered office of Redwood Capital in Beijing, where he is assisting with the ongoing process of executing reverse mergers of Redwood's clients into U.S. public companies and the accompanying financing through U.S. capital markets.

"Our primary focus while at the Redwood Capital offices is to assist Redwood in moving forward with its Xingye Copper and Jaso Holdings investment banking clients," stated Mr. Bickel. "Redwood is in the process of completing offering materials for both of these clients in anticipation of introducing them to key investment contacts through road shows and other scheduled events conducted in the United States."

Redwood Capital's investment banking business represents a significant source of expected revenue for S3 in the upcoming fiscal quarters, so we are here in China to provide whatever support to move these clients along in the process of introducing them to the U.S. investment community," said Mr. Bickel.

After his visit to the Redwood Capital offices, Mr. Bickel will travel to the offices of S3's SINO UJE portfolio investment, where he will oversee the process of adding two new companies to SINO UJE's network of high-tech equipment suppliers. SINO UJE's vice president of business development, Jim Bickel, is also traveling to China and will assist the company in integrating products from new suppliers into the medical side of SINO UJE's distribution network in China.

"It is important for SINO UJE to expand its supplier network and offer new product lines to its customers in China," commented Mr. Bickel. "The addition of new products to its catalogue is a critical pillar of SINO UJE's long-term growth strategy."

One of the two new supplier companies SINO UJE expects to add is Abaxis, Inc., a publicly traded company that develops, manufactures and markets

*(continued on page 2)*

## Inside This Issue

CEO Message ..... pg. 2

Revised  
14A Filed ..... pg. 2

Investor  
Forum Q&A ..... pg. 3

## Greetings from the CEO

December 05, 2005  
Beijing, China

*It is my pleasure to send greetings from China, where I am currently working with S3's two active portfolio investments on a number of critical business initiatives.*

*Redwood Capital has three investment banking clients all of which require attention in each of their various stages. Primarily, Redwood is completing offering materials for its Xingye Copper and Jaso Holdings investment banking clients in anticipation of their introduction to the U.S. capital markets.*

*SINO UJE has similarly important work ongoing, specifically the process of adding two new companies to SINO UJE's network of high tech equipment suppliers. Joining me here in China will be SINO UJE's vice president of business development, Jim Bickel, whose purpose for being here is to assist the company in integrating products from new suppliers into the medical side of SINO UJE's distribution network in China. We anticipate that Jim will be taking a more prominent role, especially in the management of S3 in the coming months.*

*We will be working at a brisk pace here in China, shuttling back and forth as needed between the Redwood Capital and SINO UJE offices, providing any guidance and assistance that these businesses might require.*

*I would also like to direct shareholders' attention to this month's Investor Forum (page 3), where I address some verbiage in our recently filed Quarterly Report, which caused a great deal of concern for some S3 shareholders that we heard from. We hope the discussion in the Investor Forum will clarify S3's current intentions regarding future capital raising. I continue to encourage shareholders to submit questions by email to investors @s3investments.com, so that we can address topics of widespread interest in future newsletters.*

*Shareholders will also notice that we have filed revised Preliminary 14A Proxy Statement. We expect that a Definitive 14A will follow very soon and we ask that shareholders remain watchful for and mailings that they receive from the Company. We are hoping to have the largest possible participation in any vote that affects the future direction of the Company.*

*I thank you for reading this newsletter and for your continued interest in S3 Investment Company.*

**Best regards,  
Chris Bickel - Chairman/CEO**

## CEO Travels to China

*(continued from page 1)*

portable blood analysis systems for use in patient-care settings to provide clinicians with rapid blood constituent measurements, and the other is a medical diagnostic testing company that has developed rapid tests for a variety of infectious diseases. S3 will discuss each of the new suppliers at greater length in the future.

"We are pleased to have the opportunity to add two outstanding companies to SINO UJE's supplier network, and we expect that there will be significant demand for their products in the China market. With SINO UJE now scheduled to begin regular monthly repayments back to S3 for the capital we have invested since taking a position in the company, the addition of new, highly sought after products to SINO UJE's distribution catalogue is a particularly important event," said Mr. Bickel.

"Once these new product lines are integrated into SINO UJE's distribution network, we will provide more detailed information on the products that SINO UJE will distribute," Mr. Bickel stated.

"There is much to be accomplished during this trip to China, and we will keep our shareholders informed of our progress in each of these areas," added Mr. Bickel.

---

## S3 Files Revised Preliminary 14A Proxy Statement

On December 01, 2005, S3 Investment Company filed a revised 14A Preliminary Proxy Statement with the Securities and Exchange Commission requesting shareholder votes on a proposal that would authorize the Board of Directors to withdraw the Company's election to be treated as a business development company. This statement is a revision of a proxy statement originally filed on September 01, 2005.

The Company expects to file a Definitive Proxy Statement during the month of December, which will set a time, date and location of an anticipated Special Meeting of Shareholders to be held in January 2006.

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.

## Investor Forum

*The Investor Forum addresses a question submitted by one or more of the Company's shareholders during the previous month. The question below was answered by S3 Investment Company's chairman and chief executive officer, Chris Bickel.*

Q. In the most recently filed 10-Q Quarterly Report, there is a reference made to the Company intending to seek additional capital from private sales of S3 Investment Company common stock. I was under the impression that raising capital through the sale of stock was over. If so, why is this statement included in the quarterly report?

A. The statement you reference is taken from a paragraph included in the 10-Q as part of the "Liquidity and Capital Resources" section and accurately reflects the lack of available shares in S3's current capital structure.

First, I would like to say as a general point that S3 is not currently raising capital through the sale of equity in the Company and does not intend to do so in the foreseeable future.

Specifically to the sentence you reference in your question, a look at the full text of the paragraph and the entire section gives this statement some proper context. At this point, S3 is undertaking an effort to withdraw its election to be treated as a Business Development Company (BDC). If successful, and management expects to see that this effort *is* successful, S3 would become an operating company and would no longer raise capital through the Exemption from Registration afforded to BDCs. The statement on the Company's intentions projects beyond that withdrawal of election and how S3 may facilitate a growth strategy beyond just the successful operations of our current portfolio companies.

As is stated in a previous paragraph of the Liquidity and Capital Resources section, S3 Investment Company management believes that

**SINO UJE Ltd. and Redwood Capital, Inc. will be generating revenues sufficient to cover their operating costs and enough to make regular, ongoing payments back to S3. These two companies have grown into robust, revenue generating businesses, and repayment of S3's capital investments are expected to be made on a monthly basis.**

**That said, our two current portfolio investments also do not have a long track record of profitability nor do they have significant capital reserves, so there is always the possibility that unforeseen events could cause delays or shortfalls. In that event, S3 must have the ability and flexibility to cover shortfalls.**

More importantly, there may be opportunities presented to the Company to make acquisitions or strategic partnerships that would be tremendously advantageous to S3 and its shareholders. Some of these hypothetical transactions may involve an exchange or purchase of equity, which would require S3 to have shares available. It would be a critical mistake for S3 to not prepare for a future where large companies may want to form alliances to make use of its experience and expertise in the China business landscape.

The fact is that businesses must be prepared for every potential scenario, and the statement in our quarterly report is a reflection of that reality. By way of clarification, however, S3 management does not intend to raise capital through the sale of S3 stock.

I hope this answer has provided some clarity on S3 Investment Company's future plans. If shareholders would like to discuss this issue further, please feel free to contact our Investor Relations representatives at 951-587-8072 or [investors@s3investments.com](mailto:investors@s3investments.com).

### S3 Investment Company Portfolio

(Active Portfolio Companies)



[www.sinouje.com](http://www.sinouje.com)

51% EQUITY INTEREST



Redwood Capital 紅木

[www.redcapinc.com](http://www.redcapinc.com)

100% EQUITY INTEREST