



# S3 Investments

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## Corporate Profile

S3 Investment Company, Inc. has two subsidiary companies - a 51% interest in SINO UJE, Ltd., a non-stocking distributor of high tech western medical and industrial equipment into China and a wholly-owned subsidiary, Redwood Capital, Inc., which assists private Chinese companies in accessing U.S. capital markets.

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## Recent News

- 6/29 - S3 Investments CEO Visits China to Support Expansion Efforts
- 6/28 - S3 Investments Subsidiary SINO UJE Reports Increased Sales for All Major Supplier Product Lines
- 6/14 - S3 Investments Enters Long-Term Financing Agreement with La Jolla Cove Investors
- 5/25 - S3 Investments Subsidiary SINO UJE Awarded Exclusive Distribution Rights to Stomocur Brand Medical Devices for China Market
- 5/11 - S3 Investments Announces CEO Meetings for Expansion of SINO UJE Supplier Network
- 5/10 - S3 Investments Announces Plans for Annual Shareholders Meeting
- 5/04 - S3 Investments Retains Equiti-Trend Advisors LLC for Investor Awareness Services

## S3 Subsidiary SINO UJE Begins Major Expansion of Supplier Network with Addition of For Life GmbH

S3 Investment Company subsidiary, SINO UJE Ltd., a distributor of high-tech medical and industrial equipment into the China market, has begun a major expansion of its supplier network, which includes industry leading original equipment manufacturers in Europe and North America. The expansion was triggered during a recent trip to Germany by S3 chief executive officer Jim Bickel, where he consummated an exclusive supplier agreement with For Life GmbH of Berlin to market a wide range of Stomocur brand colostomy products throughout China.

“Earning exclusive rights to distribute For Life’s Stomocur brand in China is yet another significant accomplishment by our team at SINO UJE,” commented Mr. Bickel. “The selection of SINO UJE over the several other

firms that had been in negotiations with For Life further establishes us as the premier distributor of high-end medical devices to the enormous, and still largely untapped, China market. We expect a number of doors will be opened as a result of this distribution agreement, both within China to additional medical suppliers and facilities, as well as in Europe to more manufacturing firms seeking a distributor familiar with the unique undertone and practices inherent to doing business in China.”

For Life will supply to SINO UJE the Stomocur brand colostomy products. The Stomocur two-piece system has received China’s State Food and Drug Administration (SFDA) approval and is permitted to be sold on the Chinese market.

“Achieving SFDA approval is an important step for the Stomocur product line, and SINO UJE, as it does with the majority of its supplier

product lines, provided assistance in gaining SFDA approval for the Stomocur system,” said Mr. Bickel.

For Life manufactures high quality medical devices that are reliable and provide support to their users “for life.” Founded in 1990, its product lines have been growing in popularity both in Germany and around the world.

Details of the For Life agreement were finalized during Mr. Bickel’s May trip to Germany for negotiations with several major European equipment manufacturers and meeting with existing suppliers to discuss the growth of their product lines in China.

**“Expansion of SINO UJE’s supplier network is a critical element of increasing revenues for SINO UJE and the potential return for S3 shareholders.”**

S3 Investment Company  
CEO Jim Bickel

“For Life is clearly an exciting new supplier company for SINO UJE, and this exclusivity agreement for China is important on its own. Beyond this single agreement, however, our trip to Germany and the entirety of the meetings that were

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## Greetings from the CEO

June 26, 2006

*I begin my greeting for the June/July edition of the S3 Investment Company newsletter on the eve of a trip to China to personally oversee a number of important initiatives on behalf of our portfolio companies doing business in the China market. As much as many of our readers might envy the opportunity to travel to a nation as unique and as rich in history, culture and commerce as China, my visit will be filled with meetings, trade events and hopefully several specific milestones that we expect to increase the revenue potential of SINO UJE and Redwood Capital.*

*That said, I am no less excited than the first time visitor to China, since the entire management team of S3 Investment Company is tremendously pleased with how well the execution of our subsidiaries' respective expansion programs are coming.*

*This edition of our monthly newsletter chronicles some of the first tangible results of our recent growth efforts, and we are proud to remind readers of how quickly SINO UJE's supplier network is being augmented to include additional top-flight companies, such as For Life GmbH. Having sought-after products to represent in the China market is a key element of raising the profile of SINO UJE in the medical and industrial equipment supply sectors.*

*At the same time, we expect to make several announcements related to S3's Redwood Capital subsidiary during or immediately after this trip.*

*S3's recent financing agreement with La Jolla Cove Investors allows S3 to move forward with the efforts to expand the operations of SINO UJE and Redwood Capital. Shareholders should keep in mind that a primary focus of our capital raising efforts on behalf of our subsidiaries is to employ financing instruments like bank loans and lines of credit rather than the sale of equity capital to short-term investors. We hope to have such instruments in place in the near term, and we will certainly announce any arrangements that we reach as they occur.*

*As July begins, S3 management is also focused on the upcoming annual meeting of shareholders, scheduled for July 13, 2006. Shareholders of record should have received their proxies by now, and we encourage everyone to participate in the voting process. If the company can be of any assistance, we encourage shareholders to call or email, so that the largest possible percentage of S3 ownership is represented at this annual meeting.*

*I hope that all of our stockholders are pleased with the recent progress of S3 and its subsidiary companies, and I look forward to reporting on the results of my China trip upon my return to the U.S.*

*Jim Bickel - Chief Executive Officer*

## SINO UJE Receives Orders From All Major Supplier Product Lines

S3 Investment Company subsidiary SINO UJE, Ltd. has recently received orders for products of all its major suppliers, including Ulrich GmbH & Co., PLAST-CONTROL, Process Sensors Corporation, and Weima GmbH.

"SINO UJE is currently ahead of schedule for sales of virtually every supplier product line for the 2006 calendar year and recent orders are indicative of the continued growth potential for SINO UJE in the China market," said S3 chief executive officer Jim Bickel.

SINO UJE acts as exclusive distributor for original equipment manufacturers (OEMs) in North America, Europe and Japan by soliciting orders, purchasing the equipment and selling it to end-users through its distribution network in China.

"SINO UJE has clearly experienced an extremely successful month sales period of late, and the early results from the month of June appear to be similarly strong. As we progress through the year, we look forward additional high tech medical and industrial equipment suppliers being added to the SINO UJE distribution network and increased sales to its customer base of hospitals, industrial businesses and original equipment manufacturers," stated Mr. Bickel.

SINO UJE recently announced an exclusive supplier agreement with For Life GmbH of Berlin to market a wide range of Stomocur brand colostomy products throughout China. The company has similar exclusivity agreements with Western suppliers of high tech equipment and has expressed the intention to enter into similar agreements in order to expand its product offerings and grow revenues.

SINO UJE Managing Director Li Jun and his sales team have performed extremely well so far this year, and we expect that with the additional products that we expect to have in SINO UJE's distribution system in the coming months, we expect the second half of the 2006 calendar year to be even better," Mr. Bickel said.

"From the S3 Investment Company side, we look forward to providing SINO UJE with whatever resources it may need to not only service existing suppliers and customers but also to grow and return long-term value for S3 shareholders," added Mr. Bickel.

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.

# SINO UJE Sign For Life Exclusive Distributor Agreement

*(continued from page 1)*

held there, contain further significance for SINO UJE. Expansion of SINO UJE's supplier network is a critical element of increasing revenues for SINO UJE and the potential return for S3 shareholders. We expect to close additional exclusive supplier agreements during my late June trip to China," added Mr. Bickel.

While in Germany to finalize the For Life agreement, Mr. Bickel and SINO UJE representatives met with the management of SINO UJE suppliers Inter Medical GmbH, Fagus-GreCon Greten GmbH & Co. (GreCon), Weima GmbH, and Ulrich GmbH & Co.

Inter Medical GmbH ([www.intermed.de](http://www.intermed.de)) is a medical software and hardware company based in Lübbecke, Germany for which SINO UJE is currently the exclusive distributor of products and services in China, including Inter Medical's unique upgrade packages for existing gamma cameras. The companies discussed the formation of a joint venture company in China known as a Wholly Owned Foreign Enterprise (WOFE), which will immediately sell and service Inter Medical's imaging products for the medical industry. The new enterprise will explore the potential of expanding future operations to assembly and manufacturing.

"China is considered the second largest medical imaging market in the world, and Inter Medical's unique upgrade packages for existing gamma cameras differentiates this company's products in the marketplace making the formation of this joint venture even more attractive," stated Mr. Bickel, before meeting with Inter medical representatives.

Mr. Bickel also met with senior management of GreCon ([www.fagus-grecon.de/index\\_en.htm](http://www.fagus-grecon.de/index_en.htm)), with which SINO UJE already has an operating WOFE in China. GreCon, a world market leader of spark detection and extinguishing systems and process measurement systems, is headquartered in Alfeld, Germany.

There are a number of targeted supplier companies in Germany that would provide products with tremendous potential in the China market," commented Mr. Bickel. "We expect to complete negotiations and sign distributor agreements with a number of these new suppliers in the near term. Beyond those negotiations, we will use our time in Germany to meet with several key existing suppliers, whose products represent significant revenues for SINO UJE.

Other stops on Mr. Bickel's Germany trip include the offices of current suppliers Weima GmbH, a worldwide leader in shredding technology and briquetting solutions, in Ilsfeld and Ulrich GmbH & Co., a world leader in the design and manufacture of injector systems used for medical imaging applications, such as CT and MRI equipment. Sales of Ulrich products are expected to account for over 50% of all SINO UJE sales this year.

"Clearly, Germany is a focal point for SINO UJE, not only due to the presence of existing suppliers here, but also as a fertile ground for SINO UJE to expand the supplier network to include new companies with products that we expect will very well in the China market and increase SINO UJE's future revenues," said Mr. Bickel.

"The expansion of SINO UJE's supplier base, as well as maintaining a high degree of satisfaction within the current network of Western supplier companies that SINO UJE represents, it critical in transforming SINO UJE into a company with a limitless future in the immense China market. We have received extremely positive feedback from our shareholders on the successful expansion we are undertaking at the moment, and as we announce further SINO UJE milestones, both in adding new suppliers and in an increasing number of orders from customers, we hope that the public markets will recognize that S3 investment Company is one of those rare micro-cap firms that is focused on long-term performance and return for shareholders.

**The S3 Investment Company Portfolio**

 <p style="text-align: center;">51% EQUITY INTEREST</p> <p style="text-align: center;"><a href="http://www.sinouje.com">www.sinouje.com</a></p>	 <p style="text-align: center;">100% EQUITY INTEREST</p> <p style="text-align: center;"><a href="http://www.redcapinc.com">www.redcapinc.com</a></p>
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## S3 Secures Financing Commitment to Foster Future Growth

In mid-June, S3 Investment Company announced a long-term financing agreement with La Jolla Cove Investors, Inc. that is designed to provide the company and its subsidiaries with up to \$250,000 of available capital per month to expand operations and qualify for bank lines of credit and similar financing instruments.

"We expect that this agreement with La Jolla Cove Investors will allow S3 to provide the resources necessary for its SINO UJE and Redwood Capital subsidiaries to expand their operations and increase their long-term potential in the China market," said Jim Bickel, chief executive officer of S3 Investment Company.

Under terms of the agreement, S3 Investment Company has issued to La Jolla Cove Investors warrants to purchase shares of the company's common stock in exchange for which La Jolla Cove Investors will provide up to \$250,000 in capital per month to S3.

"La Jolla Cove Investors is a financing partner with which S3 Investment Company has had a long and beneficial business relationship, and we are pleased to have entered into this new financing agreement, which has an extremely competitive share pricing structure and limits on the percentage ownership that La Jolla Cove can hold at any one time."

Among the areas targeted for the infusion of capital is the fulfillment of pending and future orders for subsidiary SINO UJE, Ltd., a distributor of high-tech medical and industrial equipment in China. Increased purchasing power is expected to allow SINO UJE to significantly grow revenues and improve profitability, increasing long-term value for the company and its shareholders. SINO UJE is currently adding new suppliers to its distribution network, and greater capital resources will allow the integration of new products at a much faster rate.

"To fully maximize the immense potential of SINO UJE's relationships with major western supplier companies, like the recently announced exclusive distribution agreement with For Life GmbH, it was critical for S3 to secure long-term financing. As we progress further and build a base of consistent financial performance over multiple fiscal quarters, S3 management will continue to evaluate additional financing opportunities in the hope of fostering unfettered growth in our subsidiary companies while facilitating the return of value for our shareholders," added Mr. Bickel.

Detailed information regarding this agreement is included in a Current Report on Form 8-K that was filed on June 13, 2006.

## S3 Retains Equiti-Trend Advisors to Increase Market Awareness

S3 Investment Company has retained Equiti-trend Advisors LLC to assist in its investor awareness and shareholder relations activities. A San Diego-based agency, Equiti-trend provides a variety of custom services for public companies seeking results-oriented investor awareness programs.

"We are extremely pleased to have retained Equiti-trend to assist in a comprehensive investor communications program on behalf of the company," stated S3 CEO Jim Bickel.

"Shareholder communications and market awareness are of critical importance as S3 successfully transitions to an operating company with subsidiaries doing business in the China market. There is continued progress to report regarding SINO UJE and Redwood Capital, and we look forward to working with Equiti-trend to bring this information to both our current shareholders and a broader market audience," added Mr. Bickel.

Since the withdraw of S3's election to be treated as a business development company, S3 has operated as a holding company currently conducting business as an operating company rather than as a business development company subject to the Investment Company Act.

"As part of our transition away from the investment fund structure, S3 and its subsidiaries will seek to upgrade all aspects of their businesses, and increased market awareness will help to deliver the message of S3's progress and full potential to countless new potential investors," commented Mr. Bickel.

"We are very impressed with S3 Investment Company, and I feel that our team is ready to effectively communicate the true value of the company, and its long-term potential, to the current shareholders as well as to investors in search of that next big emerging growth stock idea," said James J. Mahoney, Managing Director of Equiti-trend. "We look forward to a long and beneficial relationship with S3."

Equiti-trend Advisors LLC specializes in professional, cost-effective investor communications activities. Equiti-trend's client base consists of American Stock Exchange, as well as Over-the-Counter Bulletin Board companies. An Equiti-trend campaign involves the implementation of a comprehensive, long-term program designed to help a public company achieve a fair market value through increased public awareness and an enhanced corporate image.