



S3 Investments

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Corporate Profile

S3 Investment Company, Inc. has ownership in 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

7/26 - S3 Investments Announces Management Changes for Subsidiary Redwood Capital, Inc. to Support Expansion of Operations

7/19 - S3 Investments Subsidiary SINO UJE Receives Distribution Rights to Medical Diagnostic Testing Products in China Market

7/14 - S3 Investments Reports on Annual Meeting of Shareholders

7/11 - S3 Investments Attends Medical Trade Event With Subsidiary SINO UJE and New Supplier, For Life

7/06 - S3 Investments Issues July Newsletter Featuring Ongoing Expansion of Operations in China

S3 Management Completes Successful China Visit to Support Expansion of Subsidiary Holdings

S3 Investment Company chief executive officer Jim Bickel has completed a trip to China in support of subsidiaries SINO UJE, Ltd. and Redwood Capital, Inc., both of which are expanding their businesses in the China market. S3 is providing the capital and management support necessary for SINO UJE and Redwood Capital to grow revenues and become even more valuable assets that return tangible value to S3 and its shareholders.

"There were several extremely important reasons for my visit to China, not the least of which was to provide assistance with the integration of new supplier product lines into SINO UJE's distribution network. The products will lead to a greater number of orders and increased revenues for SINO UJE," said Mr. Bickel.

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 company recently announced that SINO UJE had signed an exclusive distributor agreement with For Life GmbH for representation of its Stomocur line of colostomy products in the China market and subsequently announced a similar agreement with Zonda, Inc., a California-based supplier of innovative medical diagnostic testing products.

"We are obviously very excited about the potential of For Life's Stomocur brand of

colostomy products in China and preparations are well underway to begin collecting orders through SINO UJE's distribution network," stated Mr. Bickel.

To help support the launch of the Stomocur line in China, Mr. Bickel and SINO UJE managing director Li Jun attended a major medical trade event, the 16th Biennial Congress of the World Council of Enterostomal Therapists, with representatives of For Life

in Hong Kong last week. The event was held from July 2nd through 6th at the Hong Kong Convention and Exhibition Centre and is one of the largest programs of its kind in the world.

For Life manufactures high-quality medical

devices that are reliable and provide support to their users "for life." Founded in 1990, For Life's product lines have been growing in popularity both in Germany and around the world.

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"With the tremendous growth that our subsidiaries are currently experiencing, it was imperative that we take the time to travel to China to both monitor progress and provide whatever assistance we can to maximize the value of SINO UJE and Redwood Capital!"

S3 Investment Company
CEO Jim Bickel

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S3 Holds Annual Shareholders Meeting

S3 Investment Company held its Annual Meeting of Shareholders on July 13, 2006 at the company's corporate offices in Temecula, California. At the meeting, a majority of the holders of the company's common stock approved all of the proposals under consideration and included in the proxy statement sent to shareholders of record.

Jim Bickel, chief executive officer of S3, who had been appointed by the Board of Directors to serve as chairman of the meeting, reported that a quorum, as defined by the corporate bylaws, was present and that the business of the meeting could be properly conducted.

The proposals that passed included an amendment to the company's articles of incorporation to authorize additional shares of S3 common stock, the election of the Board of Directors to serve until the next annual meeting of shareholders, the ratification of the company's independent public accountants for the fiscal year 2006, and to ratify the company's general counsel.

"We are pleased to report the passage of the proposals that were considered by S3 shareholders at our annual meeting and look forward to continuing our focus on building value for stockholders through the growth of SINO UJE and Redwood Capital," said Mr. Bickel

"Both of these subsidiaries are extremely active in the burgeoning China market, and we expect continued progress in the coming fiscal quarters," he added.

Mr. Bickel also addressed the shareholders in attendance at the meeting and made a brief statement reviewing his recent trip to China, which included reports on the continued growth of the company's subsidiary operations in the China market. He also reviewed the company's capital raising strategy that will focus on securing financial instruments such as bank lines of credit to fund the expansion of operations for SINO UJE and Redwood Capital.

The detailed results of the voting were as follows: The proposal to amend to the company's Articles of Incorporation to authorize 10 billion shares of common stock received 1,445,378,500 affirmative votes, 174,104,549 votes against, and 1,661,500 abstentions. The affirmative votes represent 89% percent of all cast votes. The proposal to elect Chris Bickel to the Board of Directors received 2,517,171,507 affirmative votes, 35,884,840 votes against, and 18,128,375 abstentions. The affirmative votes represent 98% percent of all cast votes. The proposal to elect Gary Nerison to the Board of Directors received 2,528,664,907 affirmative votes,

Greetings from the CEO

July 31, 2006

Having recently returned from a two-week trip to China and visits to our subsidiary companies operating in that vibrant market, I am pleased to report that SINO UJE and Redwood Capital are making significant progress as they grow to become major contributors in their respective markets and return value to S3 shareholders.

As reported elsewhere in this newsletter, SINO UJE continues to expand both the number of products it represents in the China market, mostly through exclusive distributor agreements, and its network of customers who purchase these products. SINO UJE has taken on new suppliers including For Life of Germany with its superior Stomocur brand of products as well as Zonda, Incorporated and its HandiLab line of medical diagnostic tests. This expansion is occurring just as we had projected, and we appreciate the support of our shareholders in taking the necessary steps to ensure that S3 had the capital structure to make this expansion a reality.

In addition to the developments at SINO UJE, Redwood Capital is instituting its expansion program with key changes to its management team. Four new managers have been appointed at Redwood Capital, and we have high hopes as they work to significantly increase Redwood Capital's active client base.

I was extremely encouraged by what I observed during my trip to China, and I look forward to even more progress over the coming months as S3 continues to support the growth of our two subsidiaries doing business in the China market.

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

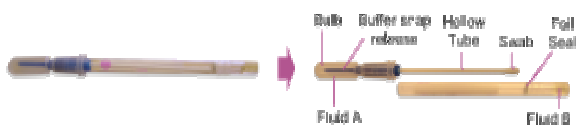
22,391,440 votes against, and 20,128,375 abstentions. The affirmative votes represent 98% percent of all cast votes. The proposal to elect Douglas Perkins to the Board of Directors received 2,528,266,007 affirmative votes, 22,788,840 votes against, and 20,129,875 abstentions. The affirmative votes represent 98% percent of all cast votes. The proposal to ratify the appointment of Chisholm, Bierwolf & Nilson ratification of the company's independent public accountants for the fiscal year 2006 received 2,558,802,298 affirmative votes, 8,050,383 votes against, and 4,332,041 abstentions. The affirmative votes represent 99% percent of all cast votes. The proposal to ratify the appointment of Parson Law Firm as general counsel received 2,528,266,007 affirmative votes, 22,788,840 votes against, and 20,129,875 abstentions. The affirmative votes represent 98% percent of all cast votes.

SINO UJE Receives Distribution Rights to Medical Diagnostic Testing Products in China Market

SINO UJE, Ltd. has been awarded distribution rights in China to the HandiLab line of medical diagnostic tests from Zonda Incorporated, a California based company. The HandiLab line of tests includes innovative, rapid, self-contained diagnostic devices for the detection of chlamydia, gonorrhea, yeast (*Candida albicans*) and group A Strep.

The agreement covers the process of gaining State Food and Drug Administration (SFDA) approval for HandiLab products, the development of marketing strategies, and their integration into SINO UJE's distribution network.

Zonda's HandiLab products are currently distributed in approximately 18 countries in Europe, where they carry the CE mark, which signifies that the product complies with the relevant health and safety requirements and can therefore be legally placed on the market. The HandiLab-C test is the only over-the-counter test (self testing) for chlamydia that has received the CE mark.



Zonda's Utilizes a Patented Enzyme Detection System for its Innovative HandiLab Diagnostic Tests

(self-contained collection device pictured above)

"This agreement brings SINO UJE a highly sought-after line of medical products for distribution - this one in the growing infectious disease testing market for which there is an expanding demand around the world," stated Jim Bickel, chief executive officer of S3.

"The HandiLab tests, much like For Life's Stomocur devices, are disposables, which provides SINO UJE with more products that must be reordered on a regular basis, generating greater revenues for both the supplier and SINO UJE as the distributor. We look forward to working closely with Zonda and integrating this product line into the SINO UJE distribution network," added Mr. Bickel.

Zonda, Incorporated specializes in diagnostic tests that serve numerous testing markets. Each of Zonda's infectious disease tests are marketed as superior to their competition due to their comparable accuracy (compared directly to PCR or DNA testing), ease of use, compact design, long shelf life, rapid results, and cost effectiveness. More information on Zonda Incorporated can be found at www.zondaincusa.com.

Redwood Capital Augments Management Team to Support Expansion of Operations in China

S3 subsidiary, Redwood Capital, Inc., has announced several key management changes including the appointment of a new managing director. The management changes are designed to allow Redwood Capital to expand its operations and increase the number of clients it can accommodate through the process of entry into the U.S. capital markets.

Charlie Wu has been appointed to the position of managing director, Li Xiaotao as investment director, Frank Zheng as executive officer and Annie Lian as administration manager.

"Redwood Capital is preparing its infrastructure to handle a greater number of client companies," said Jim Bickel, CEO of S3 Investment Company.

"Not all of Redwood Capital's potential clients will be ideally suited for entrance in the U.S. public markets, and some will take longer to launch than others, so Redwood management has increased the number of clients that the company should ideally have in its pipeline to upwards of 30-40. The addition of highly qualified managers with extensive experience and contacts in the China business landscape was a key element in this expansion effort. We welcome them aboard," Mr. Bickel added.

Mr. Wu has served in positions ranging from service manager to general manager for foreign companies operating in China. He has extensive knowledge of company operations and is experienced in corporate management.

Li Xiaotao has experience in investment banking with an emphasis in economics, finance and management. His primary responsibility will be to source highly qualified clients for Redwood Capital.

Frank Zheng is a former chief financial officer of several companies and has both theoretical knowledge and practical experience in finance and law. He is familiar with domestic and overseas financial regulations, investment banking operations, such as mergers and acquisitions, and reconstruction, as well as financial and investment consultation. Mr. Zheng will analyze financial statements and draft feasible reports on clients for Redwood Capital and work to ensure that the client company has world-class financial management leading up to and following its planned IPO.

Annie Lian is an attorney whose responsibilities at Redwood will include legal work, company professional procedures, daily operations, and staff support.

China Trip Includes Hong Kong Medical Event and New Hires at Redwood Capital

(continued from page 1)

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.

In addition to the trip to Hong Kong, Mr. Bickel visited SINO UJE's Shanghai offices, Redwood Capital's registered Beijing office and the offices of SINO UJE and Redwood Capital clients.

SINO UJE is expanding its product catalogue through new supplier agreements, as well as increasing its distribution network in China. Customers range from major Chinese hospitals and other medical care facilities to private business and industrial companies.

A new supplier agreement was recently reached with Zonda Incorporated, a California based company that had developed the HandiLab line of medical diagnostic tests. The HandiLab line of tests includes innovative, rapid, self-contained diagnostic devices for the detection of chlamydia, gonorrhea, yeast (*Candida albicans*) and group A Strep.

The visit to Redwood Capital's registered Beijing office included overseeing the addition of several new members of the Redwood Capital management team (see full story on page 3).

Redwood appointed Charlie Wu to the position of Managing director, Li Xiaotao as Investment Director, Frank Zheng as Executive Officer and Annie Lian as Administration Manager. The management changes are designed to allow Redwood Capital to expand its operations and increase the number of clients it can accommodate through the process of entry into the U.S. capital markets.

Redwood management has increased the number of clients that the company will ideally have in its pipeline to upwards of 30-40. The addition of these highly qualified managers with extensive experience and key contacts in the China business landscape is a key element in the company's expansion effort.

Upon his return to the United States, Mr. Bickel commented,



The For Life Booth at the Biennial Congress of the World Council of Enterostomal Therapists

"We obviously try to limit the number of trips to China that are required each year, but with the tremendous growth that our subsidiaries are currently experiencing, it was imperative that we take the time to travel to China to both monitor progress and provide whatever assistance we can to maximize the value of SINO UJE and Redwood Capital," commented Mr. Bickel.

"Being in China allows us the opportunity provide more hands-on assistance, and we will continue to visit our offices in China on a periodic basis and whenever events dictate," he 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.