



S3 INVESTMENT COMPANY

Trading Symbol: SIVC | www.s3investments.com



January 2008

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.

Market Information

Trading Symbol: SIVC
Market: Over-the-Counter

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Safe Harbor

Any statements contained in this newsletter related to future events of S3 Investment Company are forward-looking statements and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act. Readers are cautioned not to place undue reliance on forward-looking statements. S3 undertakes no obligation to update any such statements to reflect actual events.

S3 Investment Company Announces Close of Acquisition Involving Redwood Capital Client Dalian Chuming

S3 Investment Company, Inc., a holding company traded on the Over-the-Counter market under the symbol SIVC, has announced that Energroup Holdings Corporation, a publicly traded Nevada corporation, has acquired all of the issued and outstanding capital stock of Precious Sheen Investments Limited, a British Virgin Islands corporation ("PSI") and parent company of PRC-based Dalian Chuming, a pork processing company with USD \$70.4 million in sales in 2006, and USD \$89.7 million in unaudited sales in the first three quarters of 2007.

Dalian Chuming is a client of S3's wholly owned Redwood Capital subsidiary and Redwood Capital acted as an advisor to Dalian Chuming for this transaction. The acquisition was announced in an Energroup Holdings Corporation (traded on the OTCBB market under the symbol ENHD) press release issued on January 7, 2008.



"We are extremely pleased that the acquisition involving Dalian Chuming has been completed and that Redwood Capital was able to provide assistance to facilitate this transaction," stated S3 Chairman and CEO Jim Bickel.

The acquisition was accomplished by means of a share exchange in which the

former shareholders of PSI were issued a controlling stake in Energroup Holdings Corporation.

Dalian Chuming, with its Chuming(TM) brand food products, is the second largest pork processor in both the Liaoning Province and the Northeast Region of the People's Republic of China, a region with a population of 108 million people. Chuming is ISO 9001 and HACCP certified, maintains industrialized hog slaughtering, processing and distribution facilities and is known for its international quality management standards and food safety certifications.

Chuming, with its integrated pork production "cold food" chain is the first company in China's meat industry to receive "Green Food" Certification from the Ministry of Agriculture. An innovative project, which is unique to China, the "Green Food" status is an award given to companies that produce food using environmentally sustainable methods and meet certain technical standards of quality control, low levels of pollution, safety, and product quality.

Chuming has a unique wholesale-plus-retail distribution model, coupled with a premium brand and sells fresh, frozen and packaged meat and deli products directly to thousands of retail outlets including supermarkets and hypermarkets in China such as Wal-Mart, Metro, and Carrefour, three of the world's top ten retailers.

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S3 CEO Travels to China to Review New Potential Redwood Capital Clients and Conduct Meetings With SINO UJE Suppliers

S3 has announced that chairman and chief executive officer Jim Bickel is scheduled to travel to China next week for meetings with potential new reverse merger clients of S3's Redwood Capital subsidiary and with the management of two suppliers of S3's SINO UJE subsidiary.

Mr. Bickel will depart from the United States on January 8 and is scheduled to return on January 23. He will visit several major cities in China, including Beijing, Shanghai and Guangzhou.

During the trip, Mr. Bickel expect to sign an initial agreement with at least one new reverse merger client for the Redwood Capital subsidiary. He will also meet with additional potential reverse merger clients. S3 Investment Company's goal for Redwood Capital in 2008 is to complete four reverse merger transactions.

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 through a reverse merger process.

Another important aspect of this trip is that while in China, Mr. Bickel will meet with representatives of the joint venture company in which SINO UJE is a partner. The Wholly Owned Foreign Enterprise (WOFE) with

Fagus-GreCon Greten GmbH & Co. (GreCon), a world market leader of spark detection and extinguishing systems and process measurement systems headquartered in Alfield Germany was established in 2005. SINO UJE owns 40% of the GreCon WOFE.

Mr. Bickel will also meet with senior management of SINO UJE supplier Process Sensors Corporation (PSC), a leading manufacturer of state-of-the-art moisture gauges and sensors, in Shanghai during this trip. Process Sensors Corporation (PSC) has been a SINO UJE exclusive supplier since November 2004.

S3 recently announced that SINO UJE is on pace to top \$4.5 million in gross revenues for calendar year 2007, an approximate 12% increase over the 2006 numbers.

"We have several very important goals for this trip, not the least of which is to sign new clients and do additional due diligence on potential new clients for our Redwood Capital subsidiary," stated Mr. Bickel.

"I also look forward to meeting with Tim Carey of PSC and with representative of the GreCon WOFE to explore how we may further maximize the potential of these relationships," Mr. Bickel said.

S3 will update shareholders on the results of the trip once Mr. Bickel has returned.

RECENT NEWS

01/10 - S3 Investment Co. Board Discusses Plan to Dividend Shares of Redwood Capital Client Companies to S3 Shareholders

01/08 - S3 Investment Co. Announces Close of Acquisition Involving Redwood Capital Client Dalian Chuming

01/03 - S3 Investment Co. Announces CEO Trip to China to Review New Potential Redwood Capital Clients and Meetings With SINO UJE Suppliers

12/07 - S3 Investment Co. Releases December 2007 Newsletter Reviewing Activities of Subsidiary Operations in China, Including Updates on Status of Reverse Merger Transactions

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S3 Investment Company Subsidiary Operations



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S3 Board Discusses Plan to Dividend Shares of Redwood Capital Client Companies to S3 Shareholders

S3 Investment Company's Board of Directors recently met and discussed a plan to dividend shares of the stock of Redwood Capital's reverse merger clients to S3 shareholders of record at a future date.

The meeting of the company's Board of Directors was held in December at the company's corporate offices in Danville, California. At the meeting, the Board began to formulate its strategy to deliver value to S3 shareholders through the dividend of a percentage of the post-close equity that Redwood Capital is expected to receive from each reverse merger transaction.

S3's Redwood Capital subsidiary participated in a recently closed acquisition transaction involving Dalian Chuming, a pork processing company with USD \$70.4 million in sales in 2006, and USD \$89.7 million in unaudited sales in the first three quarters of 2007. Energroupholdings Corporation, a publicly traded Nevada corporation, has acquired all of the issued and outstanding capital stock of Precious Sheen Investments Limited, a British Virgin Islands corporation ("PSI") and parent company of PRC-based Dalian Chuming. Energroupholdings Corporation is traded on the Over-the-Counter Bulletin Board market under the symbol ENHD (see story on page 1).

Redwood Capital is working with additional current clients to complete acquisition transactions with U.S. public companies, and S3 chairman and chief executive officer Jim Bickel has traveled to China for meetings with potential new Redwood Capital clients.

"S3's Board is committed to providing tangible return to the company's shareholders, and a dividend of a percentage of the shares that Redwood receives as a result of its work on behalf of clients that achieve listings in the U.S. markets is expected to do just that," Jim Bickel, chairman and chief executive officer of S3 Investment Company.

"Each Redwood client is expected to be a company with significant revenues, as the recently closed transaction demonstrates. We intend to keep S3 shareholders and the public markets up to date on the Board's dividend plans and they are further developed and then implemented," Mr. Bickel added.

Acquisition Involving Redwood Capital Client Dalian Chuming Successfully Closes

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Chuming products are also sold by Hymall, owned by Tesco of the U.K, over 3,000 convenience stores, and 500 Chuming(TM) branded free-standing franchise locations.

According to the U.S. Department of Agriculture, China is the largest pork producer and consumer in the world, with an estimated \$32 billion annual market. Overall, retail pork prices have nearly doubled in the PRC during the past 2 years.

For the nine months ending September 30, 2007, Chuming recorded unaudited sales of \$89.7 million and net income of \$8.3 million, compared to sales of \$50.2 million and net income \$6.3 million for the first nine months of 2006.

Hunter Wise Securities, LLC acted as the sole placement agent to the Company and Redwood Capital, Inc. acted as an advisor to Chuming.

Simultaneous with the acquisition on December 31, 2007, the company completed a private placement with institutional and accredited investors led by Pinnacle China Fund, L.P. which resulted in gross proceeds to the company of \$17.0 million through the issuance of 3,863,636 million shares of common stock, which represents an approximate 18% stake in the company.

As part of the private placement, management entered into a "make good" provision whereby it placed 3,863,636 million of management's shares into an escrow to secure its obligations to meet specific future after-tax net income targets.

In the event the company does not achieve its earnings targets of \$15.9 million in after-tax net income ("ATNI") for 2008, and \$20.9 million in ATNI and fully-diluted earnings per share of \$0.99 for 2009, then 1,931,818 million shares held by management, respectively for each year will be transferred on an all-or-none basis to the investors in the private placement on a pro-rata basis.

Energroupholdings Corporation issued a press release on January 7, 2008 announcing the successful close of its acquisition.