



S3 INVESTMENT COMPANY

Trading Symbol: SIVC | www.s3investments.com



August 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 (OTC)

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Websites

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S3 Investment Company, Inc.
www.s3investments.com

Subsidiary Sites:

SINO UJE, Ltd.
www.sinouje.com

Redwood Capital, Inc.
www.redwoodcapinc.com

S3 Investment Company Updates Progress Toward Financial Filings and Fully Reporting Status

S3 Investment Company, Inc., publicly traded under the symbol symbol, SIVC, and its wholly owned Redwood Capital subsidiary, which assists private Chinese companies in accessing the U.S. capital markets through reverse mergers into public companies, recently updated the progress of work to complete the financial reports necessary to apply for reinstatement to the Over-the-Counter Bulletin Board (OTCBB) market. The audited financials to be filed are expected to include annual reports for the 2006, 2007 and 2008 calendar years.

OTC Bulletin Board

There has been continued progress on the annual reports, and the company expects to have them completed and ready to file by September 2008.

An auditing firm was engaged to conduct audits of its subsidiary businesses in China as part of the effort to achieve fully reporting status, and the company retained its previous SEC approved independent auditing firm to complete the audits on the public company financials.

S3 also appointed Lesly H. Mohr, CPA, to serve as controller for S3, and she has managed the process of compiling the financial data for the annual reports. Ms. Mohr has considerable experience as a controller for companies including the implementation of standard reporting procedures; preparation of monthly,

quarterly and year-end financial data; preparation of quarterly and annual financial reports; preparation of tax returns; and implementation of internal control structures compliant with Sarbanes Oxley governance.

"We are very pleased with the progress that has been made on the company's annual financial reports, and look forward to their completion in September," stated Jim Bickel, chairman and chief executive officer of S3.

"Achieving fully reporting status is an important milestone, which we believe will help the company attract greater attention in the U.S. public markets and provide opportunities for us to upgrade several aspects of our public company operations," he added.



Mr. Bickel recently returned from China where he had traveled to participate in meetings with existing Redwood Capital clients, to meet with additional prospective clients, and to prepare Redwood Capital's pipeline of prospective clients for 2009. The company has projected up to three additional closed reverse merger transactions before the end of the 2008 calendar year, including one anticipated in or around September, another expected to close in the October-November timeframe and a third that may close before the end of the 2008 calendar year.

S3 Investment Company CEO Returns From China With Updated Project Schedule for Redwood Capital Reverse Merger Closings

Third Redwood Capital Client Targeted for Possible 2008 Close

S3 Chairman and Chief Executive Officer Jim Bickel has returned from his most recent trip to China and has updated the schedule of Redwood Capital reverse merger transactions that are expected to close before the end of the 2008 calendar year.

Mr. Bickel traveled to China to participate in meetings with existing Redwood Capital clients, to meet with additional prospective clients, and to prepare Redwood's pipeline of prospective clients for 2009. Face-to-face meetings in China with the Redwood Capital management team, as well as with the management teams of Redwood's client companies, are considered integral to the process of moving each transaction forward.

Before Mr. Bickel's trip, S3 had disclosed that while specific timelines for often complicated reverse merger transactions are difficult to predict, management looks for two current Redwood Capital clients to participate in successful reverse merger transactions and enter the U.S. public markets before the end of this year. One is anticipated in or around September and the other is expected to close in the October-November timeframe.

"The work that was completed while I was in China indicates that we very well could have a third additional reverse merger transaction close before the end of 2008," stated Mr. Bickel. "This is tremendous news, and we look forward to meeting that ambitious schedule; however, we will also remain realistic in our expectations. Reverse merger transactions, especially those involving overseas companies, have an element of unpredictability, particularly as it relates to timing. The good news is that even if our third targeted client does not close before the end of December, it should be poised to be our first in 2009.

"The meetings in China also give us very high hopes for 2009, since our pipeline of anticipated Redwood Capital clients appears to be extremely strong," Mr. Bickel added.

S3 Settles Legal Action Against Financial Services Firm

A successful settlement of a legal action that S3 brought against a financial services firm that had represented the company under a consulting agreement has been reached. Specific terms are confidential, but S3 received a cash payment as part of the settlement. In addition to the cash payment, fees due from S3 to the financial services company under terms of the consulting agreement between the two parties were eliminated as were warrants that were to be granted by S3 as part of the agreement.

"We are very pleased to have achieved a successful resolution to this matter," stated Jim Bickel, chairman and chief executive officer of S3 Investment Company.

RECENT NEWS

8/06 - S3 Investment Company Updates Progress Toward Financial Filings and Fully Reporting Status

7/31 - S3 Investment Company CEO Returns From China With Updated Project Schedule for Redwood Capital Reverse Merger Closings

7/25 - S3 Investment Company Announces Settlement of Legal Action Against Financial Services Firm

7/23 - S3 Investment Company Releases July 2008 Newsletter, Which Includes Update on Schedule for Closed Reverse Merger Transactions Involving Redwood Capital Subsidiary

Forward-looking Statements

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 of 1995. 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.

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