



S3 INVESTMENT COMPANY

Trading Symbol: SIVC | www.s3investments.com



July 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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www.s3investments.com

Subsidiary Sites:

SINO UJE, Ltd.
www.sinouje.com

Redwood Capital, Inc.
www.redwoodcapinc.com

S3 Investment Company Announces Expectations for Additional Closed Reverse Merger Transactions by Redwood Capital Subsidiary

Two existing clients projected to complete reverse mergers before the end of the 2008 calendar year

S3 Investment Company, Inc., publicly traded under the 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 issued a statement from Chairman and Chief Executive Officer Jim Bickel regarding the expectations for closed Redwood Capital transactions for the remainder of the 2008 calendar year.

Mr. Bickel stated, "While there are several quality Chinese private companies in the Redwood Capital pipeline, our expectation is that two of the current clients will participate in successful reverse merger transactions and enter the U.S. public markets before the end of this year. While specific timelines for these types of transactions are difficult to predict, we look for one close in or around September and the other is anticipated to close in the October-November timeframe.

"As explained in the June version of our shareholder newsletter, it is often not possible to provide regular news on the status of Redwood Capital clients, even as there is tangible progress toward closings. Despite that reality, transactions are moving forward and a great deal of work is being undertaken by our highly capable Redwood Capital staff, as well as by our investment banking partners and other service providers.

"Redwood Capital is now fully staffed with experienced professionals who are well versed in the needs of clients and the nature of reverse merger transactions. We feel that Redwood and S3 have all of the resources necessary to maintain strong deal flow and to deliver clients that are the best possible candidates for entrance into the U.S. capital markets.

"While there are several quality Chinese private companies in the Redwood Capital pipeline, our expectation is that two of the current clients will participate in successful reverse merger transactions and enter the U.S. public markets before the end of this year."

**S3 Investment Company
CEO Jim Bickel**

"Finally, while we project two additional closings this year, it is possible that the status of other Redwood Capital clients could change and an additional close

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S3 CEO Conducts Meetings in China with Redwood Capital Reverse Merger Clients

Company pursuing new Redwood Capital clients and preparing pipeline for 2009

S3 Chairman and Chief Executive Officer Jim Bickel has 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 the 2009 calendar year.

S3 recently reported that it expects 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. The support provided by face-to-face meetings in China with the Redwood Capital management team, as well as with the management teams of Redwood's client companies, is integral to the process of moving each transaction forward.

"We are very interested in not only assisting with the transactions that we expect to close during the 2008 calendar year but also positioning the next group of clients in the Redwood Capital pipeline for successful reverse mergers in 2009," stated Mr. Bickel.

"Our work in China is oriented around both these goals, and we believe that Redwood Capital is fully capable of meeting and possibly exceeding its performance in 2008 with the clients being readied for 2009," he added.

S3 and Redwood Capital Attend Major Reverse Merger Conference

S3 Investment Company and its wholly owned Redwood Capital subsidiary have announced that management representatives, including CEO Jim Bickel and Redwood Capital's Director of Research, Matthew Totty, attended the Reverse Merger Conference 2008 held on June 18 – 19, 2008 in Los Angeles, California.

Redwood Capital assists private Chinese companies in accessing the U.S. capital markets through reverse mergers into public companies.



The Reverse Merger Conference 2008, produced by DealFlow Media, was advertised as the largest educational and networking event for professionals in the business. The two-day conference covered all of the technical issues relating to reverse mergers, self-underwriting, and other alternative routes to the public market.

DealFlow Media is a provider of independent research and analysis of alternative asset

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RECENT NEWS

7/17 - S3 Investment Company Announces CEO Meetings in China With Redwood Capital Reverse Merger Clients

7/11 - S3 Investment Company Announces Expectations for Additional Closed Reverse Merger Transactions by Redwood Capital Subsidiary

6/26 - S3 Investment Company Attends Major Reverse Merger Conference

6/23 - S3 Investment Company Issues June 2008 Newsletter, Reviewing Redwood Capital Participation in China Intl. Private Equity Forum

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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S3 Investment Company invites its shareholders, as well as other newsletter readers, to subscribe to the company's Email Alert System at the S3 Investments website. All subscribers receive by email new press releases, investor newsletters, notices of new SEC filings or other written material that is publicly disclosed by the company. To subscribe, please visit the Investor Relations section of the S3 corporate website, www.s3investments.com, and fill in the appropriate fields.

Expectations Announced for Additional Reverse Merger Transactions by Redwood Capital Subsidiary

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could potentially be achieved in that timeframe. If this appears to be the case, we will look to update shareholders on that possibility," Mr. Bickel added.

Redwood Capital participated in a transaction involving Dalian Chuming, a pork processing company that trades in the U.S. as Energroup Holdings Corporation under the symbol ENHD. The transaction closed at the beginning of 2008.



As part of the transaction, ENHD, a Nevada corporation, acquired all of the issued and outstanding capital stock of Precious Sheen Investments Limited ("PSI"), a British Virgin Islands corporation and parent company of PRC-based Dalian Chuming.

Redwood Capital was issued 428,095 shares of ENHD as the equity portion of its payment for advisory services provided for the transaction. Institutional and accredited investors participated in a \$17.0 million private placement with Energroup Holdings Corporation, paying \$4.40 per share for their positions.

At the placement price, the value of Redwood Capital's equity position would exceed \$1.8 million. At the most recent trading price of Energroup Holdings Corporation's common stock, the value of the equity position would exceed \$2.1 million.

Energroup Holdings Corporation has since reported that revenues for the year ended December 31, 2007 totaled \$124.7 million, a 77% increase over the \$70.4 million reported in 2006. Gross profit for 2007 was \$20.3 million, representing a 61% increase from the \$12.6 million reported in 2006. Most recently, ENHD reported after-tax net income for the quarter ended March 31, 2008 of \$4.2 million, a 41% increase over the \$3.0 million reported in the same period of 2007.



S3 Investment Co. and Redwood Capital Attend Reverse Merger Event in Los Angeles

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markets. It publishes several alternative investment reports, alternative investment databases, and weekly news wires as well hosting conferences and webinars throughout the year. More information on DealFlow Media can be found at its website: <http://www.dealflowmedia.com>.

Some of the specific topics covered at the event included: 1) Current Trends in the Reverse Merger Market; 2) A Comprehensive Review of 12 Years Worth of Shell Mergers; 3) Negotiating Air-tight Agreements: Enforcing Contracts between Issuers and Bankers; 4) Hybrid Investment Valuation: Considerations for PIPE Funds and Reverse Merger Funds; 5) Institutional Sales: Understanding Retail Brokerage and how it has Changed the Small Cap Landscape; 6) Building a PIPE Practice in a Downward-to-Sideways Market ; 8) Legal Issues in China: MOFCOM, SAFE, and Rules Pertaining to Offshore Transactions; 7) The Case for Self-filings as a Private-to-Public Path; 8) The Pros and Cons of Form 10 Shells; 9) Listing Alternatives for Shells and Reverse Mergers; 10) Legal and Regulatory Update: Has the SEC Made Raising Cash Easier?; 11) Reverse Merger Financing: How to Structure Deals around a Lack of Trading Liquidity; 12) Shell Companies: Do You Know Where your Shell (or Shell Promoter) has been?

"Our attendance at events such as DealFlow Media's Reverse Merger Conference 2008 held in Los Angeles is absolutely essential, given the business of Redwood Capital," commented Mr. Bickel.

"Not only do we gain very important information regarding the current reverse merger landscape, including recent and anticipated updates on legal and regulatory issues, but we also have the opportunity to interface with other important players in the APO space."



"Our investment banking partner, Hunter Wise Financial Group, was also represented at the event," Mr. Bickel added.