



# S3 INVESTMENT COMPANY

Trading Symbol: SIVC | [www.s3investments.com](http://www.s3investments.com)



June 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)

## Contact

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## Websites

### **Public Company Site:**

S3 Investment Company, Inc.  
[www.s3investments.com](http://www.s3investments.com)

### **Subsidiary Sites:**

SINO UJE, Ltd.  
[www.sinouje.com](http://www.sinouje.com)

Redwood Capital, Inc.  
[www.redwoodcapinc.com](http://www.redwoodcapinc.com)

## S3 Investment Company, Inc. Reports on the Participation of its Redwood Capital Subsidiary China's Premier International Private Equity Forum

### Redwood Capital shares its booth with Hunter Wise Financial Group LLC, its investment banking partner

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, has reported on Redwood Capital's recent participation at the China International Private Equity Forum, which was held at the Tianjin International Exhibition Centre and Tianjin Grand Theatre in Tianjin, China on June 9 - 12, 2008.

Over 1,000 private Chinese companies seeking capital attended the conference, and Redwood Capital's booth, which it shared with Hunter Wise Financial Group LLC, its investment banking partner, was located at the "Capital Connection" pavilion.

The Redwood Capital booth was staffed 9 hours per day for 3 days by several Redwood Capital staff members who distributed new multi-lingual brochures specially created for the event. The booth was reported to be especially busy.

In excess of 30 companies meeting Redwood Capital's APO (Alternative Public Offering) criteria were interviewed and prioritized for follow-up after the forum.

Daniel J. McClory, Managing Director of Hunter Wise Financial Group and a member of Redwood Capital's investment committee, participated in a panel discussion at the event, which addressed the subject, "The Role of Intermediaries in Identifying and Completing Deals in China," a topic closely related to Redwood's function in reverse merger/acquisition transactions.



"A strong presence at this type of event is extremely important for Redwood Capital and its profile in China's business community."

**S3 Investment Company**  
**CEO Jim Bickel**

In addition to the discussion on the role of intermediaries, other sessions at the event included: International Investment in Chinese Growth Companies, Corporate Perspectives on Strategic Investment in China, The Changing Role of Western Private Equity in China, and Due Diligence and Managing Expectations.

Following Mr. McClory's panel presentation, five new U.S. and Asian institutional investors approached Mr. McClory and Redwood representatives to explore opportunities to finance Redwood Capital clients and to discuss dual-list opportunities on other overseas stock exchanges, such as Dubai.

During and around the forum, three current Redwood Capital clients presented updates on

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## Greetings from the CEO

June 16, 2008

In this edition of S3's corporate newsletter, I would like to address a topic that I realize is of great interest to our shareholders and others who are closely watching our progress as a company. The topic is the status of Redwood Capital client companies that we have signed and announced in press releases. I know that our stockholders would like to see tangible progress with each of these clients as they move nearer to eventual successful reverse merger/acquisition transactions, as happened with our first client, Dalian Chuming Group.

Management would like nothing more than to have weekly updates, but due to the nature of these types of transactions, we cannot rely on having news on the status of these clients on any type of regular basis. Of course, we do hope to have information so that shareholders know that each transaction is moving forward toward a successful close, but the reality is that there may very little to report as due diligence is undertaken, business plans are created, market strategies are formulated, financial data is collected and analyzed, and any number of additional tasks are being completed. This is the type of work that our very capable staff at Redwood Capital works extremely hard to complete for each of Redwood's client companies.

Quite frankly, there is no way to predict with any significant degree of accuracy when each of the reverse merger/acquisition transactions will be completed. A number of elements related to auditing, legal, compliance, investment banking and other areas must come together to achieve a close, and many of these processes take longer to complete with one company than others. The result of that uncertainty is that a client that is signed months after another may achieve a closed transaction before the one that is announced first.

An additional reality of the business of Redwood Capital is that while we are going to have a significant number of signed clients, potential clients that are being prepared to sign the contract with Redwood Capital and additional potential clients that are in some early stage of discussions with our staff, not every client or potential client will lead to a successful reverse merger/acquisition transaction. No matter how much due diligence is done, it takes really getting inside these companies and looking closely at a variety of factors, some of which do not come to light until after they reach a certain stage, to see the real prospects for their entry into the U.S. public markets.

All of this discussion may sound somewhat pessimistic for the near and long-term prospects of Redwood Capital. Nothing could be further from the truth. We have never been more positive about the company's current clients or about the strength of our pipeline of prospective clients. I am only addressing this issue so that shareholders do not come to believe that unless there are press releases announcing every step of a client's transaction, that no progress is being made. Beyond the current clients, we still see significant deal flow of private Chinese companies introduced to Redwood Capital as prospective clients. The recent China International Private Equity Forum held in Tianjin, China, which is discussed at length in this newsletter, has delivered numerous new contacts and several additional Chinese companies that may be ideal candidates for Alternative Public Offering transactions.

Redwood Capital is still working to achieve the goal of assisting with an average of one successfully closed transaction per quarter, or 4 per year. As discussed above, we cannot necessarily expect these to occur regularly, one per calendar quarter. In some years we may see more than 4 transactions close, and in others, fewer than 4 close, but we hope to achieve an average of 4 per year. This is an ambitious goal, but with the capable management and staff at Redwood Capital, we do believe it is attainable.

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## RECENT NEWS

6/17 - S3 Investment Company Reports on Redwood Capital Subsidiary Participation in China International Private Equity Forum

6/9 - S3 Investment Company Announces Redwood Capital Subsidiary Participation in China International Private Equity Forum

5/22 - S3 Investment Company Announces Release of May 2008 Shareholder Newsletter Reviewing Recent Activities Related to the Company and Its 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.

## Stay Informed

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](http://www.s3investments.com), and fill in the appropriate fields.

# Redwood Capital Subsidiary Participates in China International Private Equity Forum

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**Hunter Wise Managing Director, Daniel J. McClory**

their operations and progress towards their developed and agreed APO timelines, which were developed and agreed upon with Redwood management.

"Redwood Capital staff did an excellent job preparing materials for the forum and representing the company at the booth, in conjunction with our partners from Hunter Wise," commented Jim Bickel, chairman and chief executive officer of S3.

"A strong presence at this type of event is extremely important for Redwood Capital and its profile in China's business community. Having Dan McClory on hand to speak about the critical role of intermediaries in reverse merger/acquisition transactions only added to the importance of Redwood Capital's presence at the forum. Our staff at Redwood Capital is already following up on the leads generated there, and we expect these new contacts to ultimately bear fruit for the company," he added.

The Tianjin event was sponsored by The Association for Corporate Growth (ACG), the All China Federation of Industry & Commerce, and the Tianjin Municipal People's Government. The forum included ACG's renowned Capital Connection and DealSource "speed dating" adapted to encourage maximum interaction between Western professionals and Chinese growth companies. It provided an introduction to investing in China and featured pre-screened private Chinese companies seeking Western investment, Chinese government officials, and a wide variety of private equity professionals, intermediaries, corporate development executives, lawyers, consultants and others interested in investing in China.



Redwood Capital and Hunter Wise participated together in a transaction involving Dalian Chuming, a pork

processing company that trades in the U.S. as Energroup Holdings Corporation under the symbol ENHD. 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'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.



## Greetings from the CEO

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In addition to the quality deal flow, another attractive aspect of Redwood Capital's business strategy is the potential value of each closed transaction. Most of our newsletter readers are familiar with the equity piece earned by Redwood Capital for its participation in the acquisition of Dalian Chuming by Energroup Holdings Corporation, a U.S. public "shell" company. The significant value from transactions such as these, with a goal of 4 successful closings per year, would provide a strong asset base for the company. It also paves the way for planned dividends of stock to S3 shareholders. We are still working on a distribution plan for dividends and will update our shareholders as soon as possible.

Finally, S3 management is very aware that the company has had the good fortune to attract a devoted following of stockholders. We want our shareholders to know that we appreciate the support we have received and will continue to work diligently and tirelessly to build value that translates into tangible benefit for S3 stockholders.

Best regards,

**Jim Bickel**  
Chairman, Chief Executive Officer