



S3 INVESTMENT COMPANY

Trading Symbol: SIVC | www.s3investments.com



October 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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www.s3investments.com

Subsidiary Sites:

SINO UJE, Ltd.
www.sinouje.com

Redwood Capital, Inc.
www.redwoodcapinc.com

S3 Investment Company Comments on Continued Growth of Redwood Capital Reverse Merger Client - Dalian Chuming

S3 Investment Company, Inc., Chief Executive Officer Jim Bickel has commented on the post reverse merger progress of Dalian Chuming, a client of S3's wholly owned Redwood Capital subsidiary that now trades in the U.S. as Energroup Holdings Corporation under the symbol ENHD.



Redwood Capital subsidiary, which assists private Chinese companies in accessing the U.S. capital markets through reverse mergers into public companies, participated in the transaction involving Dalian Chuming, a premier processor and supplier of fresh and prepared pork products in Dalian, China. Energroup Holdings Corporation, 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.

"Energroup Holdings Corporation recently reported its second quarter 2008 financial results, which included an increase in earnings per share over the first quarter of 2008," commented Mr. Bickel. "This is particularly relevant to S3 shareholders given the Energroup Holdings Corporation stock that Redwood Capital received as a result of its participation in the Chuming transaction."

Redwood Capital was issued 428,095 shares of Energroup Holdings Corporation as the equity portion of its payment for advisory services provided as part of the Chuming transaction.

In the financial results for Energroup Holdings Corporation, it reported that through its direct and indirect subsidiaries known as Chuming, supermarket and franchise stores drive sales 57.8% up for the first six months of 2008 versus prior year and that net income increased 70% to \$9.9 million with EPS of \$0.47 for the 6 months ended June 30, 2008.

Additional details of the financial report can be found in a press release issued by Energroup Holdings Corporation on September 3, 2008 and in the quarterly report filed with the Securities and Exchange Commission on September 2, 2008.

"As we look toward additional anticipated closings before the end of the 2008 calendar year, we will continue to monitor the progress of Energroup Holdings Corporation and keep shareholders updated as frequently as possible," added Mr. Bickel. "Clients' stock value is an important aspect of the value proposition presented by Redwood Capital's business model, and we are pleased to see Chuming continue to perform so well after it was acquired by a U.S. public company."

Institutional and accredited investors participated in a \$17.0 million private placement

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S3 Management Visits China in Preparation for Anticipated Redwood Capital Reverse Merger Closings

CEO Also Attends SIG Second Annual Beijing Management Summit

S3 Investment Company Chairman and Chief Executive Officer Jim Bickel has completed a trip to China to work with management of Redwood Capital on its pending reverse merger transactions.



In addition to meetings related to existing Redwood Capital clients and pending reverse merger transactions, Mr. Bickel participated in meetings with additional prospective Redwood Capital clients which comprise the

pipeline for future potential reverse merger transactions.

S3 has announced that the company expects two current Redwood Capital clients to participate in successful reverse merger transactions and enter the U.S. public markets before the end of the 2008 calendar year.

"We expect a very busy last quarter of 2008 for S3 and Redwood Capital, and my most recent trip to China further pointed up the significant opportunities for Redwood to work with quality companies there that are seeking entrance into the U.S. public markets," commented Mr. Bickel.

During his trip, Mr. Bickel attended the SIG Second Annual Beijing Management Summit, which was held September 10 - 12, 2008 at the Grand Hyatt Hotel in Beijing, China, and met with Mr. Yizhao "Philips" Zhang, who was recently appointed as Chief Financial Officer of Chuming. Mr. Bickel discussed with Mr. Zhang Redwood Capital's continued cooperation with Chuming and to assist with its new status as a U.S. public company.

CEO Comments on Continued Growth of Redwood Capital Reverse Merger Client

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with Energroup Holdings Corporation, paying \$4.40 per share. At the placement price, the value of Redwood Capital's equity position in Energroup Holdings Corporation 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.

S3 has announced that the company 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. In a recently updated timeframe, the company has announced that it now expects the two clients to close near the end of the year and a third current client has been targeted for a reverse merger transaction is anticipated to close in the first quarter of the 2009 calendar year.

RECENT NEWS

10/15 - S3 Investment Company Updates Status of Financial Filings and Redwood Capital Reverse Merger Clients

10/1 - S3 Investment Company Announces Expected Schedule for Filing of Audited Financials

9/29 - S3 Investment Company Announces Completion of CEO Visit to China in Preparation for Anticipated Redwood Capital Reverse Merger Closings

9/15 - S3 Investment Company Comments on Continued Growth of Redwood Capital Reverse Merger Client

9/8 - S3 Investment Company Announces Scheduled Appearance at the Global Chinese Financial Forum -- Dalian Conference

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, and fill in the appropriate fields.

Schedule Announced for Expected Filing of S3's Audited Financials

Financials will be included as part of upcoming S-1 Registration Statement

The status of financial filings originally scheduled to be filed by S3 Investment Company on or around October 15, 2008 was recently updated by the company, which also addressed the expected timeline for closing of Redwood Capital's pending reverse merger transactions.

The filings, which will include the annual reports with audited financials for the 2007 and 2008 fiscal years as part of a Form S-1 Registration Statement, are expected to pave the way for an application for the company to be reinstated to the Over-the-Counter Bulletin Board (OTCBB) market. After the Form S-1 Registration Statement is filed, the company would then file its periodic quarterly and year-end financial statement in the required timeframes. The next quarterly report due, for the period ended September 30, 2008, would be scheduled to be filed on or around November 14, 2008.

"While both our internal staff and our contracted independent auditors have completed virtually all of the work required to complete the financial reports, there are still a few remaining auditing issues that require attention," commented S3 Chairman and CEO Jim Bickel. "We are committed to completing the financials so that the Form S-1 Registration Statement can be filed as soon as possible, and we expect to have that accomplished by the end of October."

"Our focus has been primarily on the business of Redwood Capital and making certain that the current clients can successfully achieve listings in Western financial markets," he stated. "We feel very strongly that these are quality clients whose transactions will successfully close, but given the major upheaval in U.S. and world financial markets, there has been a delay for these clients. We are now looking for 2 of the transactions to close by the end of the calendar year.

"We believe that our shareholders understand the importance of our focus on successful closings for Redwood Capital clients, since that is where the value for S3 stockholders is ultimately created. We will take the opportunity to update the closing schedule wherever possible as these transactions develop further," Mr. Bickel added.

S3 Investment Company to Appear at the Global Chinese Financial Forum -- Dalian Conference

S3 Investment Company and its wholly owned Redwood Capital subsidiary have announced Redwood Capital's scheduled appearance at an upcoming Global Chinese Financial Forum (GCFF) event, which is scheduled for October 30 to November 1, 2008 in Dalian, China.

The GCFF - China Conference will focus primarily on the capital markets and wealth management, acting as a platform connecting international financial service providers to private companies in China looking to step into the international market.



GCFF is the largest series of bilingual (Chinese/English) financial functions in North America. GCFF fosters the development of North American and Asian financial industry by creating opportunities for companies, financial institutions, and investors to physically meet to truly benefit from each other.

Since 2000, GCFF has grown from a one-day seminar to a series with two-day conferences, seminars, and road shows. GCFF has previously hosted events in Toronto, Vancouver, San Francisco, Beijing, and Shanghai, and will continue to expand its network in Asia and North America.

"The GCFF event in Dalian is an excellent opportunity for Redwood Capital to further expand its network of contacts in the reverse merger space," commented Jim Bickel, chairman and chief executive officer of S3 Investment Company, when the company's appearance was first announced in September 2008.

"After the GCFF event has concluded, we intend to report on any new opportunities that our appearance may have created," added Mr. Bickel.