



# S3 INVESTMENT COMPANY

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



April 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 Announces Shandong Yiteng Chemical as New Reverse Merger Client for Redwood Capital Subsidiary

## **Additional Potential Clients Are Considered by Redwood Capital**

S3 Investment Company, traded on the Over-the-Counter Bulletin Board under the symbol SIVC, announced that Shandong Yiteng Chemical Co., Ltd. has been signed as a new reverse merger client for its Redwood Capital subsidiary, which assists private Chinese companies in accessing the U.S. capital markets through reverse mergers into U.S. public companies.

Shandong Yiteng Chemical Co., Ltd. (<http://www.sdytjt.com>), based in China's Shandong province, is a leading manufacturer of chemicals in China, including hydroxypropyl cellulose and polyanionic cellulose.

**"The addition of another quality Chinese private company client further strengthens the position of Redwood Capital and S3 Investment Company in the reverse merger sector."**

**S3 Investment Company  
CEO Jim Bickel**

Redwood Capital participated in a recently closed acquisition transaction involving Dalian Chuming, a pork processing company that trades in the U.S. as Energroupholdings Corporation under the symbol ENHD.

As part of the transaction, Energroupholdings 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.

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

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

shandong yiteng Group  
山东一腾集团

"The addition of another quality Chinese private company client further strengthens the position of Redwood Capital and S3 Investment Company in the reverse merger

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# S3 Investment Company CEO Addresses Focus on Reverse Merger Transactions for Redwood Capital Subsidiary

## Updated Financials for Dalian Chuming Highlights Potential Value to S3 Shareholders

S3 Investment Company, Inc. CEO Jim Bickel today addressed the company's focus on reverse merger transactions by its Redwood Capital subsidiary, which announced a new client, Shandong Yiteng Chemical Co., Ltd.

"The Redwood Capital business has become an even greater focus for S3 recently, due to the priority we place on building value for shareholders," commented Mr. Bickel.

"As the successful closed acquisition transaction involving Dalian Chuming demonstrates, the value of the equity portion of these transactions to Redwood Capital can be extremely significant."



Redwood Capital participated the 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,

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.

"The recently disclosed year-end 2007 financial results for Energroup Holdings

Corporation show that Dalian Chuming is a robust company with the capacity for additional future growth, and we are tremendously pleased to have played a role in Chuming's entrance into the U.S. public markets," Mr. Bickel stated.



基础明 CHUMING

大连基础明集团有限公司

DALIAN CHUMING GROUP CO.,LD

Energroup Holdings Corporation 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, which was driven by an increase in the average per-kilogram price customers paid coupled by an increase in overall sales volume.

All of Chuming's revenues are realized from sales within China, and approximately 78% of its revenues were from fresh pork, 7% from frozen pork, and 15% from processed meats (approximately 2% of which is from seafood products).

Each of Chuming's product categories reported significant year-over-year growth. More specifically, fresh pork sales increased 112%, frozen pork sales increased 22%, and processed meat and meat by-products increased 6.3%. Within the processed meats category, sales of Chuming's new processed seafood products that were launched

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## RECENT NEWS

4/22 - S3 Investment Company CEO Addresses Focus on Reverse Merger Transactions for Redwood Capital Subsidiary

4/16 - S3 Investment Company Announces Shandong Yiteng Chemical as New Reverse Merger Client for Redwood Capital Subsidiary

4/9 - S3 Investment Company Announces First Targeted Transaction Under Redwood Capital Agreement With Kensington Cross

4/3 - S3 Investment Company Announces Return of CEO From Successful China Trip in Support of Subsidiary Companies

3/6 - S3 Investment Company Issues March 2008 Newsletter Covering New Investment Banking Relationship and Equity Payment From Reverse Merger Transaction

## 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.

## Redwood Capital, Inc. and Kensington Cross Target First Private Equity Transaction

S3 Investment Company has announced that under the agreement between S3 subsidiary Redwood Capital, Inc. and Kensington Cross, Ltd., a boutique U.S. investment banking firm, to fund private equity transactions ranging from \$20 million to \$100 million (US), an initial deal has been identified.

The targeted private Chinese company is an industrial warehousing operation seeking to expand its reach both within China and internationally.

Redwood Capital is in the business of assisting private Chinese companies to access the U.S. capital markets through reverse mergers into U.S. public companies. Kensington Cross and Redwood Capital together offer current and potential clients enhanced equity and joint venture alternatives transactions.

Kensington Cross recently named a new representative in its Beijing, China office. The new representative has begun working with Redwood Capital Managing Director Charlie Wu on deal flow and identifying appropriate candidates for private equity transactions.

"We are pleased to see our agreement with Kensington Cross move forward with tangible deal flow and identification of the first potential client," commented Jim Bickel, chairman and chief executive officer of S3 Investment Company.

Kensington Cross is expanding its operations into China and Latin America and is currently working on transactions in Costa Rica and China involving international flag hotels and industrial development projects respectively.

Frederick S. Gnesin, Managing Director of Kensington Cross, stated, "Our presence in Beijing is now completed with the S3 partnership. This strategic alliance will augment Kensington's capability to address the needs of middle to large market-cap companies seeking substantial private investment capital infusion and exposure to the United States capital markets."

## S3 Announces Return of CEO From Successful China Trip in Support of Subsidiary Companies

S3 Chairman and Chief Executive Officer Jim Bickel returned from his most recent trip to China with a report on his meetings with potential new reverse merger clients for S3's Redwood Capital subsidiary. While in China, Mr. Bickel visited with two current Redwood Capital clients and received updates on the progress of preparation for their entrance into the U.S. public markets.

Mr. Bickel arrived in China on March 6, 2008 and spent over two weeks traveling in China to attend meetings with management of S3's subsidiary operations and Redwood Capital's reverse merger clients.

As a result of the trip and subsequent meetings, S3 expects to announce a new Redwood Capital client in the next several days. Redwood Capital provides advisory services for private Chinese companies seeking access to the U.S. public markets through reverse merger/acquisition transactions.

In addition to his meetings related to Redwood Capital, Mr. Bickel reviewed the status of S3's SINO UJE subsidiary.

"Overall, this was a very successful trip, and we are pleased to report that another new client for our Redwood Capital subsidiary is expect to be announced shortly," stated Mr. Bickel.

"As we continue to develop the pipeline for these transaction in China, we anticipate a fairly steady supply of Redwood Capital clients to be signed and transactions to be closed. Each company is unique, so it is difficult to predict exact timetables for close, but we are still focused on the goal of one closed transaction per quarter, a total of 4 per year.

"There is a great deal of current activity related to S3 and Redwood Capital, and we expect a consistent stream of news in the coming weeks, including the name and details of the new Redwood Capital client," added Mr. Bickel

## S3 CEO Comments on New Financial Information Issued by Recent Successful Reverse Merger Client

2007 Revenues increase 77% to \$124.7 million; Operating profit increases 45% to \$14.1 million; After-tax net income increases 44% to \$11.7 million; Diluted EPS of \$0.67

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toward the end of 2005, increased 130% as compared to the prior year. Additionally, Chuming began selling its products to over 170 new franchise operators.

Gross profit for 2007 was \$20.3 million, representing a 61% increase from the \$12.6 million reported in 2006. Overall, gross margins were 16.3% in 2007, compared to 17.9% in 2006.

Total operating expenses for 2007 were \$6.2 million versus \$2.9 million for 2006 and the increase was directly attributed to the addition of new sales and marketing staff, plus advertising and promotional expenses, including television, radio and magazine placements, as part of an overall strategy to support Chuming's brand positioning in the over 3,600 retail locations that its products are sold through. In 2007, Chuming significantly increased its advertising budget from \$150,000 in 2006 to \$3.8 million in 2007. Total operating expenses for 2007 were 5.1% of sales versus 4.0% for 2006.

Operating income increased 70% to \$14.1 million in 2007 versus \$9.7 million for 2006, while operating margins were 11.3% compared to 13.8%.

After tax net income for 2007 increased 44% year-over-year to \$11.7 million from \$8.1 million and earnings per diluted share were \$0.67 in 2007 as compared with \$0.47 per share in the prior year, based upon 17.3 million shares outstanding.

"These results graphically highlight the reason that we are working very closely with Redwood Capital to reach, and perhaps even exceed, its goal of participating in at least one closed reverse merger transaction per quarter," Mr. Bickel added.

## Greetings from the CEO

April 23, 2008

In the relatively small space I have in this newsletter, I would like to briefly address S3 shareholders and anyone else who is following the progress of our company. As the news has indicated, the last several months have been very busy ones for S3 and its operating subsidiaries.

The highlight of this period would have to be the successful close of the Dalian Chuming acquisition by Energroup Holdings Corporation, publicly traded here in the U.S. Given the value of Dalian Chuming, as evidenced by its recently disclosed 2007 year-end financials, participating in this transaction was truly a watershed event in the history of Redwood Capital. Sourcing new deals becomes much easier after participating in a transaction of that magnitude.

Management continues to work on the details of the plan to dividend shares of the stock of Redwood Capital's reverse merger clients to S3 shareholders of record at a future date. The company continues to explore all options in this regard with its SEC counsel, and we will discuss the plans to implement such a dividend as soon as possible. We must ensure that all of the appropriate steps are followed and that all potential legal and SEC compliance issues are addressed.

In the mean time, we will continue our work on behalf of our subsidiary companies, and we look forward to providing additional details in the coming weeks.

Best regards,

Jim Bickel  
Chairman, Chief Executive Officer

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## Another New Redwood Capital Client is Announced

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sector," said S3 chairman and chief executive officer Jim Bickel.

"Our participation in the successful close of the Chuming transaction significantly increased our profile in China, and we continue to see a consistent flow of potential clients for Redwood Capital to consider."

"Redwood Capital now has three active reverse merger clients in China and is considering several additional candidates. We look forward to future transaction closings and the significant equity value that they bring to the company's balance sheet," Mr. Bickel added.