



Press Release

Source: S3 Investment Company

S3 Investment Company Announces CEO Trip to China for Meetings with Existing Redwood Capital Clients and to Bolster Pipeline of Prospective Redwood Clients

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DANVILLE, CA--(MARKET WIRE)--Apr. 29, 2008--S3 Investment Company, Inc. (Other OTC: SIVC), the majority owner of Redwood Capital, which assists private Chinese companies in accessing the U.S. capital markets through reverse mergers into U.S. public companies, today announced that chairman and chief executive officer Jim Bickel is preparing to travel to China for meetings with existing Redwood Capital clients and to support the expansion of Redwood's pipeline of prospective clients.

Redwood Capital has three current Chinese private company clients, Changzhou Haijie Metallurgical Machinery Manufacturing Co. Ltd., Wuhan International Trade College, and Shandong Yiteng Chemical Co., Ltd. Given the company's goal to complete one reverse merger transaction per quarter, Redwood Capital will continue to target and evaluate additional potential clients. The company's extensive network of contacts and the burgeoning business landscape in China provides abundant deal flow for Redwood Capital.

"In order to meet our goal of one closed reverse merger transaction per quarter and given the nature of the Redwood Capital business, the development of a robust pipeline of prospective clients is a critical element in the successful execution of Redwood's strategy," Mr. Bickel stated. "The reality is that not every client in the Redwood Capital pipeline is going to ultimately complete a reverse merger transaction. The pipeline is much larger than just the announced clients, and some companies in the pipeline will not meet the necessary standards for a U.S. public listing."

"The work of sorting through all potential client companies requires significant support from S3, and we will continue to provide that support, even when it entails frequent trips to China," Mr. Bickel added.

S3 recently announced that the Redwood Capital business has become an even greater focus due to the priority that management has placed on building value for shareholders.

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. 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.

Redwood Capital was issued 428,095 shares of Energroup Holdings 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 Energroup Holdings 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 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. 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. 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.

To sign up to receive information by email directly from S3 Investment Company when new press releases, investor newsletters, SEC filings or other information is disclosed, please visit <http://www.s3investments.com/investors/>.

About S3 Investment Company

S3 Investment Company, Inc. (<http://www.s3investments.com>) is a holding company with two subsidiaries doing business in the China market. S3 holds a 100% equity interest in Redwood Capital (<http://www.redwoodcapinc.com>), which assists private Chinese companies in accessing U.S. capital markets by utilizing a network of investment banking relationships to achieve reverse merger transactions, and a 51% equity interest in SINO UJE (<http://www.sinouje.com>), a non-stocking distributor of medical and industrial high-tech products to markets throughout China.

Any statements contained herein related to future events 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 Investment Company, Inc. undertakes no obligation to update any such statements to reflect actual events.

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