



Press Release

Source: S3 Investment Company

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

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

DANVILLE, CA--(MARKET WIRE)--Jul. 11, 2008--S3 Investment Company, Inc. (Other OTC: 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, today 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 most recent 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.

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

Redwood Capital participated in a transaction involving Dalian Chuming, a pork processing company that trades in the U.S. as Energrouph 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 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.

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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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