



Press Release

Source: S3 Investment Company

## **S3 Investment Company CEO Returns from China with Updated Project Schedule for Redwood Capital Reverse Merger Closings**

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*Third Redwood Capital client targeted for possible 2008 close*

DANVILLE, CA--(MARKET WIRE)--Jul. 31, 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 announced that Jim Bickel, chairman and chief executive officer of the company, has returned from his most recent trip to China and has updated the schedule of Redwood Capital reverse merger transactions that are expected to close before the end of the 2008 calendar year.

Mr. Bickel traveled to China to participate in meeting with existing Redwood Capital clients, to meet with additional prospective clients, and to prepare Redwood's pipeline of prospective clients for 2009. Face-to-face meetings in China with the Redwood Capital management team, as well as with the management teams of Redwood's client companies, are considered integral to the process of moving each transaction forward.

Before Mr. Bickel's trip, S3 had disclosed that while specific timelines for often complicated reverse merger transactions are difficult to predict, management looks for 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. One is anticipated in or around September and the other is expected to close in the October-November timeframe.

As a result of meetings that were held in China, an additional Redwood Capital client has been targeted for a reverse merger transaction, and that transaction may also close before the end of 2008.

"The work that was completed while I was in China indicates that we very well could have a third additional reverse merger transaction close before the end of 2008," stated Mr. Bickel. "This is tremendous news, and we look forward to meeting that ambitious schedule; however, we will also remain realistic in our expectations. Reverse merger transactions, especially those involving overseas companies, have an element of unpredictability, particularly as it related to timing. The good news is that even if our third targeted client does not close before the end of December, it should be poised to be our first in 2009.

“The meetings in China also give us very high hopes for 2009, since our pipeline of anticipated Redwood Capital clients appear to be extremely strong,” Mr. Bickel added.

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, 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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