

1 KEITH SHAPIRO, ESQ.  
Illinois Bar No. 6184374  
2 NANCY A. PETERMAN, ESQ.  
Illinois Bar No. 6208120  
3 GREENBERG TRAUERIG, LLP  
4 77 West Wacker Drive, Suite 3100  
Chicago, Illinois 60601  
5 Telephone: 312-456-8400  
Facsimile: 312-456-8435  
6 Email: shapirok@gtlaw.com  
7 Email: petermann@gtlaw.com

BOB L. OLSON, ESQ.  
Nevada Bar No. 3783  
GREENBERG TRAUERIG, LLP  
3773 Howard Hughes Parkway,  
Suite 400 North  
Las Vegas, Nevada 89169  
Telephone: 702-792-3773  
Facsimile: 702-792-9002  
Email: olsonb@gtlaw.com

8 *Counsel for*  
9 *Debtor and Debtor-in-Possession*

10 **UNITED STATES BANKRUPTCY COURT**  
11 **FOR THE DISTRICT OF NEVADA**

13 In re:  
14 SHENGDATECH, INC.,  
15  
16 Debtor.

Case No. BK-11-52649  
Chapter 11

17 **GLOBAL NOTES AND STATEMENT OF**  
18 **LIMITATIONS, METHODOLOGY AND**  
19 **DISCLAIMER REGARDING THE**  
20 **DEBTOR'S MONTHLY OPERATING**  
21 **REPORT**

21 ShengdaTech, Inc. ("Debtor"), as debtor and debtor-in-possession in the above-captioned  
22 chapter 11 case (the "Chapter 11 Case"), respectfully submits the following statement to  
23 accompany the Debtor's Monthly Operating Report (the "MOR") filed in the United States  
24 Bankruptcy Court for the District of Nevada (the "Bankruptcy Court"). The Debtor prepared the  
25 MOR with the assistance of its advisors. The Global Notes and Statement of Limitations,  
26 Methodology and Disclaimer Regarding the Debtor's Monthly Operating Report (the "Global  
27 Notes"), as well as the Global Notes and Statement of Limitations, Methodology and Disclaimer  
28

1           Regarding the Debtor's Schedules of Assets and Liabilities and Statements of Financial  
2 Affairs [Docket Nos. 141 and 142], pertain to, are incorporated by reference in, and comprise an  
3 integral part of all of the MOR. The Global Notes should be referred to and reviewed in  
4 connection with any review of the MOR.<sup>1</sup>

5           The Debtor's Chief Restructuring Officer ("CRO"), Michael Kang, has signed the MOR.  
6 Mr. Kang's appointment as CRO was confirmed pursuant to the *Final Order Authorizing Debtor*  
7 *To (I) Confirm The Employment Of Alvarez And Marsal North America, LLC To Provide The*  
8 *Debtor A Chief Restructuring Officer And Certain Additional Personnel And (II) Confirm The*  
9 *Appointment Of Michael Kang As Chief Restructuring Officer For The Debtor, Nunc Pro Tunc To*  
10 *The Petition Date* entered on September 2, 2011 [Docket No. 80]. He is an authorized signatory  
11 for the Debtor. In preparing and signing the MOR, Mr. Kang has necessarily relied upon the  
12 efforts, statements and representations of various personnel of the Debtor and, to the extent  
13 available, the Debtor's records. Mr. Kang has not (and could not have) personally verified the  
14 accuracy of each such statement, representation or record, including statements, representations or  
15 records concerning amounts owed to creditors.

16           The MOR contains preliminary, unaudited information that is subject to further review and  
17 potential adjustment. The MOR filed by the Debtor is limited in scope, covers a limited time  
18 period and has been prepared by the Debtor solely for the purpose of complying with reporting  
19 requirements of the Bankruptcy Court and title 11 of the United States Code (the "Bankruptcy  
20 Code"). The MOR does not purport to represent financial statements prepared in accordance with  
21 Generally Accepted Accounting Principles in the United States ("GAAP"), nor is it intended to be  
22 fully reconciled to the financial statements of the Debtor. The Debtor cautions readers not to place  
23 undue reliance on the MOR. The MOR is in a format required by the Bankruptcy Court and the  
24 Bankruptcy Code and should not be used for investment purposes. The information in the MOR  
25 should not be viewed as indicative of future results.

---

26  
27 <sup>1</sup> The Global Notes are in addition to the specific notes contained in the MOR. The fact that the  
28 Debtor has prepared a "specific note" with respect to any of the items in the MOR and not to others should not be  
interpreted as a decision by the Debtor to exclude the applicability of such Global Note to any of the remaining items  
in the MOR.

1 In preparing the MOR, the Debtor relied on financial data derived from those books and  
2 records available at the time of such preparation. At the time of preparation of the MOR, the  
3 Debtor had limited access to its books and records. The Debtor only had access to information in  
4 the possession of A. Carl Mudd and Sheldon B. Saidman, two of the Debtor's independent board  
5 members, Greenberg Traurig, LLP, the Debtor's legal counsel and other third parties, including,  
6 without limitation, JPMorgan Chase which maintains the Debtor's sole bank account.<sup>2</sup> The  
7 Debtor recently gained control of three bank accounts maintained by non-Debtor affiliates, which  
8 are described in the MOR. Upon information and belief, the Debtor's books and records are  
9 located at the Debtor's headquarters in China (which location is currently unknown) and at the  
10 various plant locations in China owned by the Debtor's indirect subsidiaries. The Debtor's books  
11 and records may also be located at the offices of ShengdaGroup, an entity related to the Debtor  
12 through common ownership of the Debtor's largest shareholder and former Chairman of the Board  
13 of Directors and Chief Executive Officer, Mr. Xiangzhi Chen, in China. At the time of  
14 preparation of the MOR, the Debtor did not have access to any records at the locations noted in the  
15 foregoing two sentences.

16 Although the Debtor has made reasonable efforts to ensure the accuracy and completeness  
17 of the MOR, subsequent information or discovery may result in material changes to the MOR,  
18 particularly given the concerns surrounding accurate financial reporting by the Debtor's prior  
19 management. As a result of the foregoing, and despite the Debtor's best efforts, errors and  
20 omissions may exist in the MOR.

21 The Debtor's former auditor, KPMG LLP ("KPMG"), previously informed the Debtor's  
22 audit committee of certain concerns arising during its incomplete audits of the Debtor's  
23 consolidated financial statements as of and for the year ended December 31, 2010, and the  
24 effectiveness of internal control over financial reporting as of December 31, 2010.

---

25  
26  
27 <sup>2</sup> Upon information and belief, the Debtor may have additional bank accounts, including, without limitation, an  
28 account at China Merchants Bank. To date, despite due diligence and inquiry, the Debtor has not been able to verify  
the existence of any additional accounts. The Debtor has filed a motion seeking to compel certain banks to provide  
information that may verify the existence of any additional accounts.

1 In April 2011, KPMG informed the Debtor's board of directors that, in its view, the  
2 Debtor's senior management had not taken, and the board of directors had not caused the senior  
3 management to take, timely and appropriate remedial actions with respect to these discrepancies  
4 and/or issues, and that the continued lack of resolution would materially impact the financial  
5 statements for the year ended December 31, 2010 and possibly prior periods. KPMG further  
6 informed the Debtor that disclosures should be made and action should be taken to prevent future  
7 reliance on KPMG's previously issued audit reports related to the consolidated balance sheets of  
8 the Debtor and its subsidiaries as of December 31, 2008 and 2009, and the related consolidated  
9 statements of income, shareholders' equity and comprehensive income, and cash flows for the  
10 years then ended and the effectiveness of internal control over financial reporting as of December  
11 31, 2008 and 2009.

12 The various matters raised by KPMG are currently under investigation by a special  
13 committee of the Debtor's board of directors (the "Special Committee"). To date, the Special  
14 Committee had determined that certain of the Debtor's financial records may have been falsified  
15 in whole or in part and that serious issues remain unanswered regarding the financial condition of  
16 the Debtor's overall business operations, including its indirect subsidiaries located in China. This  
17 investigation is ongoing.

18 Because of these issues, the Debtor's opening balance sheet in the MOR may have  
19 inaccuracies.

20 Nothing contained in the MOR shall constitute a waiver of any of the Debtor's rights or an  
21 admission with respect to its chapter 11 case, including, without limitation, any issues involving  
22 substantive consolidation, equitable subordination, defenses or causes of action arising under the  
23 provisions of chapter 5 of the Bankruptcy Code and any other relevant applicable laws to recover  
24 assets or avoid transfers.

25 Description of Cases. On August 19, 2011 (the "Petition Date"), the Debtor commenced  
26 this case by filing a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The  
27 Debtor has continued in possession of its property and is operating and managing its business as a  
28 debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

1           Intercompany Claims. Given the lack of access to the Debtor's books and records, the  
2 Debtor was unable to determine the amount of intercompany receivables and payables as of the  
3 reporting date. Moreover, the Debtor would have concerns as to the accuracy of any such  
4 intercompany receivables and payables given the circumstances of this Chapter 11 Case.

5           Significant Reporting Policies. The following is a summary of significant reporting  
6 policies:

- 7           a.       Currency. All amounts are reflected in U.S. dollars. To the extent  
8 applicable, foreign currency has been translated to U.S. dollars using  
9 translation rates as of the Petition Date.  
10           b.       Totals. All totals that are included in the MOR represent totals of all known  
11 amounts. To the extent there are unknown or undetermined amounts, the  
12 actual total may be different than the listed total.

13           Specific Disclosures.

- 14           a.       Accrued professional fees are based on invoices received by the Debtor as  
15 of the reporting date of the MOR  
16           b.       Equity section of the balance sheet as of the filing date has been derived  
17 based on information available to the Debtor. Amounts exclude allocation  
18 between retained earnings, capital stock and additional paid in capital as  
19 well as impact from investment in subsidiaries and intercompany  
20 transactions.

21           Global Notes Control. In the event that the MOR differs from the foregoing Global Notes,  
22 the Global Notes shall control.

23   \*\*\*END OF GLOBAL NOTES\*\*\*

24   \*\*MOR BEGINS ON THE FOLLOWING PAGE\*\*

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA**

In re: <u>SHENGDATECH, INC.</u>	Case No. <u>BK-11-52649</u>
	<b>CHAPTER 11 MONTHLY OPERATING REPORT (GENERAL BUSINESS CASE)</b>

**SUMMARY OF FINANCIAL STATUS**

MONTH ENDED: Mar-12 PETITION DATE: 8/19/11

1. Debtor in possession (or trustee) hereby submits this Monthly Operating Report on the Accrual Basis of accounting (or if checked here the Office of the U.S. Trustee or the Court has approved the Cash Basis of Accounting for the Debtor).  
Dollars reported in (in 000's)

	<u>End of Current Month</u>	<u>End of Prior Month</u>	<u>As of Petition Filing</u>
<b>2. Asset and Liability Structure</b>			
a. Current Assets	\$6,865	\$7,510	
b. Total Assets	\$6,865	\$7,510	\$13,872
c. Current Liabilities	\$845	\$880	
d. Total Liabilities	\$165,030	\$165,064	\$164,185
<b>3. Statement of Cash Receipts &amp; Disbursements for Month</b>			<b>Cumulative (Case to Date)</b>
a. Total Receipts	\$0	\$226	\$226
b. Total Disbursements	\$645	\$1,673	\$8,046
c. Excess (Deficiency) of Receipts Over Disbursements (a - b)	(\$645)	(\$1,447)	(\$7,820)
d. Cash Balance Beginning of Month	\$6,523	\$7,970	\$13,697
e. Cash Balance End of Month (c + d)	\$5,878	\$6,523	\$5,878
	<b><u>Current Month</u></b>	<b><u>Prior Month</u></b>	<b><u>Cumulative (Case to Date)</u></b>
<b>4. Profit/(Loss) from the Statement of Operations</b>	(\$611)	(\$544)	(\$7,853)
<b>5. Account Receivables (Pre and Post Petition)</b>	\$0	\$0	
<b>6. Post-Petition Liabilities</b>	\$845	\$880	
<b>7. Past Due Post-Petition Account Payables (over 30 days)</b>	\$0	\$0	

**At the end of this reporting month:**

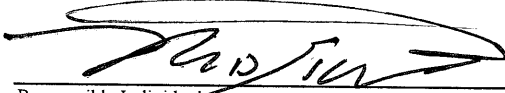
- |  | <u>Yes</u> | <u>No</u> |
|--|------------|-----------|
| 8. Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee) | _____      | X         |
| 9. Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee)   | X (a)      | _____     |
| 10. If the answer is yes to 8 or 9, were all such payments approved by the court?  | X          | _____     |
| 11. Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee)                                   | X (a) (c)  | _____     |
| 12. Is the estate insured for replacement cost of assets and for general liability?  | _____      | X (b)     |
| 13. Are a plan and disclosure statement on file?   | _____      | X         |
| 14. Was there any post-petition borrowing during this reporting period?  | _____      | X         |
15. Check if paid: Post-petition taxes   ; U.S. Trustee Quarterly Fees   ; Check if filing is current for: Post-petition tax reporting and tax returns:   X  .  
(Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.)

**Notes**

- (a) See payment detail on Cash Receipts and Disbursements schedule  
 (b) The Debtors assets are comprised of professional fee retainers and a cash account in an approved UST depository institution  
 (c) Current balance of earned but unpaid director fees of approximately \$35k. See detail on balance sheet.

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct.

Date: 4/19/12

  
\_\_\_\_\_  
Responsible Individual

**ShengdaTech, Inc.**

Balance Sheet as of 8/19/11, 2/29/12 and 3/31/12

(\$ in 000'S)

**ASSETS**

	3/31/2012	2/29/12	8/19/11
<b>Current Assets</b>			
Cash and cash equivalents - unrestricted	\$5,878	\$6,523	\$13,697
Accounts receivable (net)	-	-	-
Prepaid expenses	-	-	-
Professional retainers	988	988	175
Other:	-	-	-
<b>Total Current Assets</b>	<b>6,865</b>	<b>7,510</b>	<b>13,872</b>
<b>Property and Equipment</b>			
Real property	-	-	-
Fixed Assets	-	-	-
Other:	-	-	-
<b>Total Property and Equipment</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Assets</b>			
Loans to shareholders	-	-	-
Other:	-	-	-
<b>Total Other Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>\$6,865</b>	<b>\$7,510</b>	<b>\$13,872</b>

**LIABILITIES****Post-Petition****Current Liabilities**

Accounts payable (trade)	-	-	-
Accrued professional fees (a)	810	865	-
Taxes	-	-	-
Accrued director fees	35	14	-
Other:	-	-	-
<b>Total Current Liabilities</b>	<b>845</b>	<b>880</b>	<b>-</b>
<b>Long-Term Post-Petition Debt, Net of Current Portion</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Post-Petition Liabilities</b>	<b>845</b>	<b>880</b>	<b>-</b>

**Pre-Petition Liabilities (allowed amount)**

Secured debt	-	-	-
Unsecured bond debt	163,018	163,018	163,018
Priority unsecured claims	-	-	-
General unsecured claims	1,167	1,167	1,167
<b>Total Pre-Petition Liabilities</b>	<b>164,185</b>	<b>164,185</b>	<b>164,185</b>
<b>Total Liabilities</b>	<b>165,030</b>	<b>165,064</b>	<b>164,185</b>

**Equity (Deficit)**

Retained Earnings/(Deficit) at time of filing (b)	(150,312)	(150,312)	(150,312)
Capital Stock	-	-	-
Additional paid-in capital	-	-	-
Cumulative profit/(loss) since filing of case	(7,853)	(7,242)	-
<b>Total Equity (Deficit)</b>	<b>(158,165)</b>	<b>(157,554)</b>	<b>(150,312)</b>
<b>Total Liabilities and Equity (Deficit)</b>	<b>\$6,865</b>	<b>\$7,510</b>	<b>\$13,872</b>

**Notes:**

- (a) Accrued professional fees based on invoices received by the Debtor as of the MOR preparation date
- (b) Derived based on limited information available to the Debtor and excludes allocation between retained earnings, capital stock and APIC. Excludes potential impact of intercompany receivables/payables and investment in sub accounts
- (c) Post petition expenses paid by the Debtor on behalf of non-Debtor PRC affiliates are tracked and recorded via an intercompany note receivable
- (d) In addition to the Debtor's operating cash account at JPM, the Debtor also has control over 3 non-Debtor affiliate bank accounts at HSBC, Shanghai Pudong Development Bank and China Merchants Bank. As of 3/31/12 the balances in these accounts were \$9,569, \$1,655 and \$30,392 respectively.

**ShengdaTech, Inc.**  
**Statement of Operations**  
**For the Period 8/20/11 - 3/31/12**  
 (\$ in 000'S)

<u>8/20/11 -</u> <u>8/31/11</u>	<u>9/30/11</u>	<u>10/31/11</u>	<u>11/30/11</u>	<u>12/31/11</u>	<u>1/31/12</u>	<u>2/29/12</u>	<u>3/31/2012</u>	<u>Cumulative</u> <u>(Case to Date)</u>
<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	226	-	
-	-	-	-	-	-	226	-	
13	7	36	13	45	22	14	35	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
22	-	-	-	500	53	2	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	8	-	4	
35	7	36	13	545	83	16	39	
(35)	(7)	(36)	(13)	(545)	(83)	210	(39)	
-	(381)	(1,603)	(1,530)	(1,297)	(1,169)	(755)	(572)	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	(381)	(1,603)	(1,530)	(1,297)	(1,169)	(755)	(572)	
(35)	(387)	(1,639)	(1,543)	(1,842)	(1,252)	(544)	(611)	
-	-	-	-	-	-	-	-	
(35)	(387)	(1,639)	(1,543)	(1,842)	(1,252)	(544)	(611)	
(35)	(387)	(1,639)	(1,543)	(1,842)	(1,252)	(544)	(611)	

	<u>Cumulative</u> <u>(Case to Date)</u>
<b>Revenues:</b>	
Gross Sales	\$ -
less: Sales Returns & Allowances	-
Net Sales	-
less: Cost of Goods Sold	-
Gross Profit	-
Interest	-
Other Income: <u>Orrick Fee Recovery</u>	226
<b>Total Revenues</b>	226
<b>Expenses:</b>	
Compensation to Owner(s)/Officer(s)	183
Salaries	-
Contract Labor	-
Insurance	576
Taxes	-
Other Administrative	-
Interest	-
Other Expenses: <u>Bank charges</u>	12
<b>Total Expenses</b>	772
<b>Subtotal</b>	(546)
<b>Reorganization Items:</b>	
<b>Professional Fees</b>	
Professional Fees (a)	(7,307)
Other Reorganization Items	-
U.S. Trustee Quarterly Fees	-
<b>Total Reorganization Items</b>	(7,307)
<b>Net Profit (Loss) Before Federal &amp; State Taxes</b>	(7,853)
Federal & State Income Taxes	-
<b>Net Profit (Loss)</b>	(7,853)

Notes:  
 (a) Professional fee expense based on accruals made from invoices received by the Debtor as of the MOR preparation date.



**ShengdaTech, Inc.**  
**Statement of Cash Receipts and Disbursements**  
**For the Period 8/20/11 - 3/31/12**  
(\$ in 000'S)

	8/20/11 - 8/31/11	9/30/11	10/31/11	11/30/11	12/31/11	1/31/12	2/29/12	3/31/12	Cumulative Case to Date
<b>Cash Receipts</b>									
Cash Receipts from Operations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Receipts from Asset Sales	-	-	-	-	-	-	-	-	-
Interest Received	-	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-	-
Other Cash Receipts	-	-	-	-	-	-	226	-	226
<b>Total Cash Receipts</b>	-	-	-	-	-	-	226	-	226
<b>Cash Disbursements (a) (b)</b>									
China Pacific Property Ins Co.	22							54	76
Alvarez & Marsal	-	419	360	117	194	213	108	125	1,535
Retained Professional	-	30	39			25			94
ACM Holdings LLC	-	7	2		2	55	12	11	89
Saidman & Associates, Inc.	-	13	14			20	10	3	60
Michael Sidor			6						6
Conyers Dill & Pearman			16		34	32		26	108
Jun He					8	136	179	63	385
Greenberg Traurig			300	739	410	332	641	263	2,685
Hogan Lovells					299	86	213	79	677
Snell & Wilmer					26	7	19	3	55
Miller Advertising				10					10
Skadden				190	314	27	87		618
Garden City Group				44		37	13		94
Lionel Sawyer				38	4	3	6	1	51
Peerless Patents				2	1				3
HB&M					4				4
McGriff Seibels					500				500
PriceWaterhouseCoopers				150	173	261	387	13	984
JPM Chase						8		4	12
<b>Total Cash Disbursements:</b>	22	468	737	1,290	1,969	1,242	1,673	645	8,046
<b>Net Increase (Decrease) in Cash</b>	(22)	(468)	(737)	(1,290)	(1,969)	(1,242)	(1,447)	(645)	(7,820)
<b>Cash Balance, Beginning of Period</b>	13,697	13,676	13,207	12,470	11,181	9,212	7,970	6,523	13,697
<b>Cash Balance, End of Period</b>	\$13,676	\$13,207	\$12,470	\$11,181	\$9,212	\$7,970	\$6,523	\$5,878	\$5,878

**Notes:**

(a) Per Question 9 - Page 1

Payee	Date Paid	Amount	Notes
Greenberg Traurig	3/16/12	263,129.35	80% Fees and 100% Expenses - January
Hogan Lovells	3/16/12	79,325.81	80% Fees and 100% Expenses - January
Lionel Sawyer	3/16/12	714.00	80% Fees and 100% Expenses - January
PriceWaterhouseCoopers	3/16/12	12,771.73	80% Fees and 100% Expenses - January
Snell & Wilmer	3/16/12	2,806.00	80% Fees and 100% Expenses - January
Alvarez & Marsal	3/16/12	125,195.86	Fees and expenses for the period 2/5/12 - 3/3/12
JPM Chase	3/15/12	4,010.58	Bank Fees
Jun He	3/16/12	62,533.27	Fees and expenses for the period 1/1/12 - 1/31/12
Conyers	3/16/12	26,038.58	Fees and expenses 2/7/12 - 2/27/12
JLT Lixix Insurance	3/16/12	1,500.00	Brokerage fees, China policy
Ping An Property & Casualty	3/16/12	52,910.00	China D&O policy premium

(a) Per Question 11 - Page 1 \*

ACM Holdings LLC	3/16/12	11,228.15	Meeting, daily fees and expenses - February
Saidman & Associates, Inc.	3/16/12	3,000.00	Meeting and daily fees - February

\* Amounts earned, accrued and disclosed in prior months operating reports, paid in the current month

**ShengdaTech, Inc.**

**Schedule A - Accounts Receivable and Accounts Payable**

As of 2/29/12

**Receivables and Payables Agings**

0 -30 Days  
 31-60 Days  
 61-90 Days  
 91+ Days  
 Total accounts receivable/payable  
 Allowance for doubtful accounts  
 Accounts receivable (net)

<u>Accounts Receivable</u> <u>[Pre and Post Petition]</u>	<u>Accounts Payable</u> <u>[Post Petition]</u>	<u>Past Due</u> <u>Post Petition Debt</u>
\$0	\$0	
-	-	
-	-	\$0
-	-	
-	-	
\$0	\$ -	

As of 3/31/12

**Receivables and Payables Agings**

0 -30 Days  
 31-60 Days  
 61-90 Days  
 91+ Days  
 Total accounts receivable/payable  
 Allowance for doubtful accounts  
 Accounts receivable (net)

<u>Accounts Receivable</u> <u>[Pre and Post Petition]</u>	<u>Accounts Payable</u> <u>[Post Petition]</u>	<u>Past Due</u> <u>Post Petition Debt</u>
\$0	\$0	
-	-	
-	-	\$0
-	-	
-	-	
\$0	\$ -	

**ShengdaTech, Inc.**  
Schedules E and F

**Schedule E - Aging of Post Petition Taxes**

<b>Taxes Payable</b>	<b><u>0-30 Days</u></b>	<b><u>31-60 Days</u></b>	<b><u>61-90 Days</u></b>	<b><u>91+ Days</u></b>	<b><u>Total</u></b>
<b>Federal</b>					
Income Tax Withholding					\$0
FICA - Employee					-
FICA - Employer					-
Unemployment (FUTA)					-
Income					-
Other (Attach List)					-
<b>Total Federal Taxes</b>	-	-	-	-	-
<b>State and Local</b>					
Income Tax Withholding					-
Unemployment (UT)					-
Disability Insurance (DI)					-
Empl. Training Tax (ETT)					-
Sales					-
Excise					-
Real property					-
Personal property					-
Income					-
Other (Attach List)					-
<b>Total State &amp; Local Taxes</b>	-	-	-	-	-
<b>Total Taxes</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Schedule F - Pre- Petition Liabilities**

**List Total Claims For Each Classification -**

	<b><u>Claimed</u></b>	<b><u>Allowed</u></b>
Secured claims		
Priority claims other than taxes		
Priority tax claims		
General unsecured claims	\$164,185	\$164,185

**ACM Holdings, LLC**

**INVOICE**

ShengdaTech, Inc.  
 % Mr. Michael Kang  
 Alvarez & Marsal North America LLC  
 100 Pine Street, Suite 900  
 San Francisco, CA 94111

Invoice No 31 - ShengdaTech, Inc.  
 Date: April 1, 2012

**INCLUDES SERVICES AS SPECIAL COMMITTEE CHAIRMAN**

DAYS		Activity	Explanation		Total
Days			% of Day	Daily Rate	USDollars
2011			1.00	\$3,000.00	
			BOD & SC Meeting Rate		\$1,000.00
1-Apr		2nd QTR Board Retainer Fee			10,000.00
1-Apr		2nd QTR Audit Committee Chair Retainer Fee			2,500.00
5-Mar		Teleconf update meeting A&M, GT, SA & F&J			0.00
5-Mar		Teleconf re Response to SEC; A&M, GT & F&J			0.00
6-Mar		Teleconf re D&O Tail Coverage; A&M, GT & F&J			0.00
8-Mar		SDTH BOD telephonic meeting			1,000.00
11-Mar		Teleconf update meeting A&M, GT, SA & F&J			0.00
12-Mar		Teleconf meeting A&M, GT, SA & F&J re D&O Settlement			0.00
15-Mar		Attend Bankruptcy Hearing in Reno	1.00		3,000.00
16-Mar		Non-Working Travel Time (1/2 rate)	0.75		1,125.00
19-Mar		SDTH BOD telephonic meeting			1,000.00
19-Mar		Faith Bloom Ltd BOD telephonic meeting			1,000.00
26-Mar		Teleconf update meeting A&M, GT, SA & F&J			0.00
27-Mar		Teleconf with F&J re Disclosure Statement & Plan for Reorganization			0.00
				<b>Sub-total</b>	<b>\$19,625.00</b>
2011		<b>EXPENSES INCURRED (SEE ATTACHED DETAIL LISTING)</b>			<b>USDollars</b>
		Out of Pocket Expenses - Travel			1,718.46
		Other Expenses			376.63
				<b>Sub-total</b>	<b>2,095.09</b>
		<b>Grand Total - Due Upon Receipt</b>			<b>21,720.09</b>

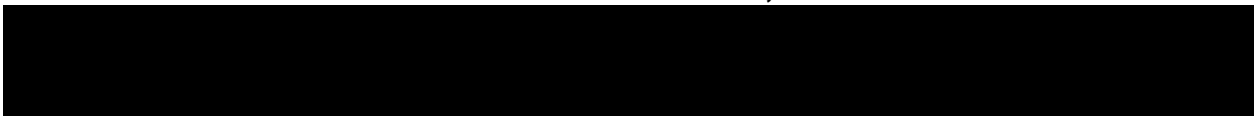
**A. CARL MUDD**

NOTE: \*\*

**A. CARL MUDD****OUT-OF-POCKET EXPENSES**

Date 2011		Item	Rmb	Exchange/ Days	Amount
				6.1706	
		<b>Travel Expenses</b>			
3-Mar		Airfare for Bankruptch Hearing in Reno 3/15 (incl exchange fee for original ticket)			487.20
11-Mar	~ 13-Mar	Car Service to/from DFW Airport			154.00
11-Mar	~ 13-Mar	Car Service to/from Phoenix Airport			180.00
11-Mar	~ 13-Mar	Hotel & Meals			473.91
15-Mar	~ 16-Mar	Car Service to/from Airport			154.00
15-Mar	~ 16-Mar	Taxi from/to Airport in Reno			28.00
15-Mar		Hotel & Dinner			206.30
15-Mar		Lunch Nancy Peterson & ACM			35.05
					<u>1,718.46</u>
		<b>Other Expenses</b>			
5-Mar		FedEx charges for HSBC docs to A&M			52.83
2-Feb		Phone charges in Mexico for BOD mtg.			115.71
7-Feb		Phone charges in Mexico for Creditors Committee teleconf			24.98
30-Jan		Phone charges in Mexico for Update teleconf			41.63
9-Mar		FedEx charges for HSBC Conversion Written Resolution to A&M			52.83
9-Mar		FedEx charges for SDTH & FBL BOD Minutes to N. Peterman			29.55
19-Mar		FedEx charges for Minutes of Audit Committe, Special Committee, SDTH & FBL BOD			29.55
22-Mar		FedEx charges for Unanimous Written Consents of Audit & Special Committees			29.55
					<u>376.63</u>
		<b>TOTAL</b>			<u>2,095.09</u>

**Saidman & Associates, Inc.**



**INVOICE**

ShengdaTech, Inc.  
 % Mr. Michael Kang  
 Alvarez & Marsal North America LLC  
 100 Pine Street, Suite 900  
 San Francisco, CA 94111

Invoice No. 340 ShengdaTech, Inc.  
 Purchase Order#: Per Agreement  
 Date: April 1, 2012  
 Due: On Presentation

**INCLUDES SPECIAL SERVICES AS SPECIAL COMMITTEE MEMBER**

DAYS				Total
Days		Activity	Explanation	USDollars
2012				
1-Apr		Q-2 2012 Board Retainer		10,000.00
8-Mar		ShengdaTech Board of Directors Meeting		1,000.00
19-Mar		ShengdaTech Board of Directors Meeting		1,000.00
19-Mar		Faith Bloom Board of Directors Meeting		1,000.00
<b>Total Fees</b>				<b>13,000.00</b>
<b>Total Due</b>				<b>13,000.00</b>

2012		EXPENSES INCURRED		USDollars
<b>NO EXPENSES INCURRED</b>				

Sheldon B. Saidman

NOTE: \*\*