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9 *Debtor and Debtor-in-Possession*

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

12  
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.

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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> Upon  
7 information and belief, the Debtor's books and records are located at the Debtor's headquarters in  
8 China (which location is currently unknown) and at the various plant locations in China owned by  
9 the Debtor's indirect subsidiaries. The Debtor's books and records may also be located at the  
10 offices of ShengdaGroup, an entity related to the Debtor through common ownership of the  
11 Debtor's largest shareholder and former Chairman of the Board of Directors and Chief Executive  
12 Officer, Mr. Xiangzhi Chen, in China. At the time of preparation of the MOR, the Debtor did not  
13 have access to any records at the locations noted in the foregoing two sentences.

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

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

23 In April 2011, KPMG informed the Debtor's board of directors that, in its view, the  
24 Debtor's senior management had not taken, and the board of directors had not caused the senior  
25 management to take, timely and appropriate remedial actions with respect to these discrepancies  
26

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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 and/or issues, and that the continued lack of resolution would materially impact the financial  
2 statements for the year ended December 31, 2010 and possibly prior periods. KPMG further  
3 informed the Debtor that disclosures should be made and action should be taken to prevent future  
4 reliance on KPMG's previously issued audit reports related to the consolidated balance sheets of  
5 the Debtor and its subsidiaries as of December 31, 2008 and 2009, and the related consolidated  
6 statements of income, shareholders' equity and comprehensive income, and cash flows for the  
7 years then ended and the effectiveness of internal control over financial reporting as of December  
8 31, 2008 and 2009.

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

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

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

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

26 Intercompany Claims. Given the lack of access to the Debtor's books and records, the  
27 Debtor was unable to determine the amount of intercompany receivables and payables as of the  
28

1 reporting date. Moreover, the Debtor would have concerns as to the accuracy of any such  
2 intercompany receivables and payables given the circumstances of this Chapter 11 Case.

3 Significant Reporting Policies. The following is a summary of significant reporting  
4 policies:

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

11 Specific Disclosures.

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

19 Global Notes Control. In the event that the MOR differs from the foregoing Global Notes,  
20 the Global Notes shall control.

21 \*\*\*END OF GLOBAL NOTES\*\*\*

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

23  
24  
25  
26  
27  
28

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA**

In re: SHENGDATECH, INC.

Case No. BK-11-52649

**CHAPTER 11  
MONTHLY OPERATING REPORT  
(GENERAL BUSINESS CASE)**

**SUMMARY OF FINANCIAL STATUS**

MONTH ENDED: Jan-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	\$8,957	\$10,200	
b. Total Assets	\$8,957	\$10,200	\$13,872
c. Current Liabilities	\$1,783	\$1,773	
d. Total Liabilities	\$165,967	\$165,957	\$164,185
			<b>Cumulative (Case to Date)</b>
<b>3. Statement of Cash Receipts &amp; Disbursements for Month</b>	<u>Current Month</u>	<u>Prior Month</u>	
a. Total Receipts	\$0	\$0	\$0
b. Total Disbursements	\$1,242	\$1,969	\$5,727
c. Excess (Deficiency) of Receipts Over Disbursements (a - b)	(\$1,242)	(\$1,969)	(\$5,727)
d. Cash Balance Beginning of Month	\$9,212	\$11,181	\$13,697
e. Cash Balance End of Month (c + d)	\$7,970	\$9,212	\$7,970
			<b>Cumulative (Case to Date)</b>
<b>4. Profit/(Loss) from the Statement of Operations</b>	(\$1,252)	(\$1,842)	(\$6,698)
<b>5. Account Receivables (Pre and Post Petition)</b>	\$0	\$0	
<b>6. Post-Petition Liabilities</b>	\$1,783	\$1,773	
<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 X</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)	_____	_____
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: <u>X</u> .		

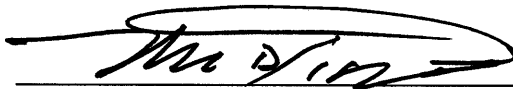
(Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.)

**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 \$22k. 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: 2/20/12

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

## ShengdaTech, Inc.

Balance Sheet as of 8/19/11, 12/31/11 and 1/31/12

(\$ in 000'S)

ASSETS	1/31/12	12/31/11	8/19/11
<b>Current Assets</b>			
Cash and cash equivalents - unrestricted	\$7,970	\$9,212	\$13,697
Accounts receivable (net)	-	-	-
Prepaid expenses	-	-	-
Professional retainers	988	988	175
Other: _____	-	-	-
<b>Total Current Assets</b>	<b>8,957</b>	<b>10,200</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>\$8,957</b>	<b>\$10,200</b>	<b>\$13,872</b>
<b>LIABILITIES</b>			
<b>Post-Petition</b>			
<b>Current Liabilities</b>			
Accounts payable (trade)	-	-	-
Accrued professional fees (a)	1,761	1,698	-
Taxes	-	-	-
Accrued director fees	22	75	-
Other: _____	-	-	-
<b>Total Current Liabilities</b>	<b>1,783</b>	<b>1,773</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>1,783</b>	<b>1,773</b>	<b>-</b>
<b>Pre-Petition Liabilities (allowed amount)</b>			
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>165,967</b>	<b>165,957</b>	<b>164,185</b>
<b>Equity (Deficit)</b>			
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	(6,698)	(5,446)	-
<b>Total Equity (Deficit)</b>	<b>(157,010)</b>	<b>(155,758)</b>	<b>(150,312)</b>
<b>Total Liabilities and Equity (Deficit)</b>	<b>\$8,957</b>	<b>\$10,200</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





**ShengdaTech, Inc.**  
**Statement of Cash Receipts and Disbursements**  
**For the Period 8/20/11 - 1/31/12**  
(\$ in 000'S)

	8/20/11 - 8/31/11	Month Ending 9/30/11	Month Ending 10/31/11	Month Ending 11/30/11	Month Ending 12/31/11	Month Ending 1/31/12	Cumulative Case to Date
<b>Cash Receipts</b>							
Cash Receipts from Operations	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Receipts from Asset Sales	-	-	-	-	-	-	-
Interest Received	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-
Other Cash Receipts	-	-	-	-	-	-	-
<b>Total Cash Receipts</b>	-	-	-	-	-	-	-
<b>Cash Disbursements (a) (b)</b>							
China Pacific Property Insurance Co.	22						22
Alvarez & Marsal	-	419	360	117	194	213	1,302
Retained Professional	-	30	39			25	94
ACM Holdings LLC	-	7	2		2	55	66
Saidman & Associates, Inc.	-	13	14			20	47
Michael Sidor			6				6
Conyers Dill & Pearman			16		34	32	82
Jun He					8	136	144
Greenberg Traurig			300	739	410	332	1,781
Hogan Lovells					299	86	384
Snell & Wilmer					26	7	34
Miller Advertising				10			10
Skadden				190	314	27	531
Garden City Group				44		37	81
Lionel Sawyer				38	4	3	44
Peerless Patents				2	1		3
HB&M					4		4
McGriff Seibels					500		500
PriceWaterhouseCoopers				150	173	261	584
JPM Chase						8	8
<b>Total Cash Disbursements:</b>	22	468	737	1,290	1,969	1,242	5,727
<b>Net Increase (Decrease) in Cash</b>	(22)	(468)	(737)	(1,290)	(1,969)	(1,242)	(5,727)
<b>Cash Balance, Beginning of Period</b>	13,697	13,676	13,207	12,470	11,181	9,212	13,697
<b>Cash Balance, End of Period</b>	\$13,676	\$13,207	\$12,470	\$11,181	\$9,212	\$7,970	\$7,970

**Notes:**

(a) Per Question 9 - Page 1

Payee	Date Paid	Amount	Notes
Alvarez & Marsal	1/9/12	95,813.54	Fees and expenses for the period 11/27 - 12/10
Alvarez & Marsal	1/26/12	84,070.94	Fees and expenses for the period 12/11 - 12/24
Alvarez & Marsal	1/26/12	32,643.86	Fees and expenses for the period 12/25 - 01/07
Retained Professionals	1/13/12	25,093.00	Retained professionals fees
Conyers Dill & Pearman	1/26/12	31,552.09	Fees and expenses Nov & Dec 2011
Jun He	1/9/12	3,054.00	Fees for the period 10/1 - 10/31 (received 11/20)
Jun He	1/9/12	45,699.02	Fees and expenses for the period 10/1 - 10/31
Jun He	1/9/12	87,132.00	Fees and expenses for the period 11/1 - 11/30
Greenberg Traurig	1/9/12	332,069.76	80% of Fees and 100 % expenses for November 2011 services
Hogan Lovells	1/9/12	85,908.70	80% of Fees and 100 % expenses for November 2011 services
Snell & Wilmer	1/9/12	6,710.91	80% of Fees and 100 % expenses for November 2011 services
Snell & Wilmer	1/13/12	447.70	Expenses for the period 8/31 - 10/31
Skadden	1/9/12	27,266.00	80% of Fees and 100 % expenses for November 2011 services
Garden City Group	1/9/12	20,134.30	Fees and expenses for the period 10/1 - 10/31
Garden City Group	1/9/12	17,047.04	Fees and expenses for the period 11/1 - 11/30
Lionel Sawyer	1/9/12	2,690.28	80% of Fees and 100 % expenses for November 2011 services
PriceWaterhouseCoopers	1/26/12	261,483.05	80% of Fees and 100 % expenses for November 2011 services
JPM Chase	1/6/12	8,631.71	Bank charges to date

(a) Per Question 11 - Page 1

ACM Holdings LLC	1/9/12	19,325.00	Q4 retainer fees and daily fees *
ACM Holdings LLC	1/9/12	10,500.00	Director fees October *
ACM Holdings LLC	1/9/12	4,000.00	Director fees November *
ACM Holdings LLC	1/9/12	20,818.68	Director fees for December, Q1 Retainer and expenses *
Saidman & Associates, Inc.	1/9/12	20,246.15	Q4 retainer fees, daily fees Oct - December and expenses *

\* 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 12/31/12**

<b>Receivables and Payables Agings</b>	<b>Accounts Receivable [Pre and Post Petition]</b>	<b>Accounts Payable [Post Petition]</b>	<b>Past Due Post Petition Debt</b>
0 -30 Days	\$0	\$0	
31-60 Days	-	-	
61-90 Days	-	-	\$0
91+ Days	-	-	
Total accounts receivable/payable	-	-	
Allowance for doubtful accounts	-	-	
Accounts receivable (net)	<u>\$0</u>	<u>\$ -</u>	

**As of 1/31/12**

<b>Receivables and Payables Agings</b>	<b>Accounts Receivable [Pre and Post Petition]</b>	<b>Accounts Payable [Post Petition]</b>	<b>Past Due Post Petition Debt</b>
0 -30 Days	\$0	\$0	
31-60 Days	-	-	
61-90 Days	-	-	\$0
91+ Days	-	-	
Total accounts receivable/payable	-	-	
Allowance for doubtful accounts	-	-	
Accounts receivable (net)	<u>\$0</u>	<u>\$ -</u>	

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**

<b><u>List Total Claims For Each Classification -</u></b>	<b>Claimed</b>	<b>Allowed</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 29 - ShengdaTech, Inc.  
 Date: February 1, 2012

**INCLUDES SPEICAL 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	
3-Jan		Update teleconf with A&M			0.00
10-Jan		Travel to Chicago (1/2 rate)	0.50		750.00
11-Jan	~ 12-Jan	Meeting with GT, A&M, SA, F&J, Saidman	2.00		6,000.00
12-Jan		Travel to DFW from Chicago (1/2 rate)	0.50		750.00
20-Jan		SDTH BOD telephonic meeting			1,000.00
20-Jan		Faith Bloom Ltd BOD telephonic meeting			1,000.00
25-Jan		Update teleconf with A&M, GT, SA			0.00
30-Jan		Update teleconf with A&M, GT, SA			0.00
				<b>Sub-total</b>	<b>\$9,500.00</b>
2011		<b>EXPENSES INCURRED (SEE ATTACHED DETAIL LISTING)</b>			<b>USDollars</b>
		Out of Pocket Expenses - Travel			2,387.53
		Other Expenses			0.00
				<b>Sub-total</b>	<b>2,387.53</b>
				<b>Grand Total - Due Upon Receipt</b>	<b>11,887.53</b>

**REMITTANCE INSTRUCTIONS:**  
 Please direct deposit into:  
 JP Morgan Chase Bank of Texas, N.A.  
 Dallas, TX  
 For the account of: ACM Holdings, LLC  
 Account no: 15 139 249 2565  
 SWIFT Code: CHASUS33  
 Routing no: 111 000 614

**A. CARL MUDD**

NOTE: \*\*

**A. CARL MUDD**

**OUT-OF-POCKET EXPENSES**

Date 2011		Item	Rmb	Exchange/ Days	Amount
				6.4425	
		<b>Travel Expenses</b>			
10-Jan	~ 12-Jan	Airfare to/from Chicago			280.40
10-Jan	~ 12-Jan	Car to/from Airport			154.00
10-Jan		Dinner Saidman & Mudd			241.02
10-Jan	~ 11-Jan	Hotel & 1/12 Breakfast			607.11
		Airfare to/from Reno for scheduled Feb 10 hearing			557.40
		Airfare to/from Las Vegas for rescheduled Feb 10 hearing			547.60
		<b>Other Expenses</b>			<u>2,387.53</u>
					<u>0.00</u>
		<b>TOTAL</b>			<u>2,387.53</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. 320 ShengdaTech, Inc.  
 Purchase Order#: Per Agreement  
 Date: February 1, 2012  
 Due: On Presentation

**INCLUDES SPECIAL SERVICES AS SPECIAL COMMITTEE MEMBER**

DAYS		Activity	Explanation		Total
Days	Day		Rate	USDollars	
2012					
10-Jan		Travel to Chicago (1/2 Rate)	Half	1,250.00	1,250.00
11-Jan		In Chicago-Comprehensive Update Meeting:GT, A&M, SA, F&J	1	2,500.00	2,500.00
12-Jan		In Chicago-Comprehensive Update Meeting:GT, A&M, SA, F&J	1	2,500.00	2,500.00
20-Jan		ShengdaTech Board of Directors Meeting			1,000.00
20-Jan		Faith Bloom Board of Directors Meeting			1,000.00
<b>Total Fees</b>					<b>8,250.00</b>
<b>Total Expenses</b>					<b>1,370.26</b>
<b>Total Due</b>					<b>9,620.26</b>

2012	EXPENSES INCURRED	USDollars
10-Jan	Ground Transportation from home to Denver Airport	150.00
10-Jan	Airfare from Denver to Chicago O'Hare (RT)	396.40
12-Jan	Ground Transportation from Denver Airport to home	150.00
10-Jan	Taxi from Airport to Trump Hotel	40.00
12-Jan	Taxi from Greenberg Traug	38.00
12-Jan	Lodging at Trump Hotel (two nights)	593.66
19-Jan	U.S. Mail to GT	1.10
24-Jan	U.S. Mail to GT	1.10
<b>Total Expense</b>		<b>1,370.26</b>

**REMITTANCE INSTRUCTIONS:**  
 Please direct deposit into:  
 Wells Fargo Bank  
 San Francisco, CA  
 For the account of: Saidman & Associates, Inc.  
 Account no: 2373496641  
 SWIFT Code: WFBIUS6S  
 Routing no: 121000248

Sheldon B. Saidman

Receipts Available on Request.