

China XD Plastics Co Ltd
 Form 4
 February 17, 2017

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549**

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
MORGAN STANLEY

(Last) (First) (Middle)
 1585 BROADWAY,
 (Street)

NEW YORK, NY 10036

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
China XD Plastics Co Ltd [CXDC]

3. Date of Earliest Transaction (Month/Day/Year)
 01/24/2014

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

See Explanation of Responses

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | (A) or (D) | Code V Amount (D) Price | | | |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security | 2. Conversion or Exercise | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any | 4. Transaction Code | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. U (I) |
|---------------------------------|---------------------------|--------------------------------------|-----------------------------------|---------------------|--|--|----------|
|---------------------------------|---------------------------|--------------------------------------|-----------------------------------|---------------------|--|--|----------|

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| (Instr. 3) | Price of Derivative Security | (Month/Day/Year) | (Instr. 8) Code | (Instr. 3, 4, and 5) V | (A) | (D) | Date Exercisable | Expiration Date |
|--|--|------------------|------------------|------------------------|-----|------------|---------------------------|-----------------|
| Series D Jr. Convertible Preferred Stock, par value \$0.0001 | \$ 6.25 ⁽⁷⁾ ₍₈₎ ⁽⁹⁾ | 01/24/2014 | D ⁽⁵⁾ | | | 16,000,000 | 01/01/2012 ⁽⁶⁾ | 09/28/2014 |
| Series D Jr. Convertible Preferred Stock, par value \$0.0001 | \$ 6.25 ⁽⁷⁾ ₍₈₎ ⁽⁹⁾ | 01/24/2014 | A ⁽⁵⁾ | 16,000,000 | | | ⁽⁶⁾ | 02/04/2019 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------|------------------------------|
| | Director | 10% Owner | Officer | Other |
| MORGAN STANLEY 1585 BROADWAY NEW YORK, NY 10036 | X | X | | See Explanation of Responses |
| MS HOLDINGS INC 1585 BROADWAY NEW YORK, NY 10036 | X | X | | See Explanation of Responses |
| MORGAN STANLEY PRIVATE EQUITY ASIA III, INC. 1585 BROADWAY NEW YORK, NY 10036 | X | X | | See Explanation of Responses |
| MORGAN STANLEY PRIVATE EQUITY ASIA III, L.L.C. 1585 BROADWAY NEW YORK, NY 10036 | X | X | | See Explanation of Responses |
| North Haven Private Equity Asia III, L.P. 1585 BROADWAY NEW YORK, NY 10036 | X | X | | See Explanation of Responses |
| MORGAN STANLEY PRIVATE EQUITY ASIA EMPLOYEE INVESTORS III LP 1585 BROADWAY NEW YORK, NY 10036 | X | X | | See Explanation of Responses |
| MORGAN STANLEY PRIVATE EQUITY ASIA III HOLDINGS (CAYMAN) LTD C/O SERTUS INC. (CAYMAN) LIMITED | X | X | | See Explanation of Responses |

GOV. SQ, STE #5204, 23 LIME TREE BAY AVE
GRAND CAYMAN, E9 KY1-1104

MSPEA MODIFIED PLASTICS HOLDING LTD
C/O SERTUS INC. (CAYMAN) LIMITED
GOV. SQ, STE #5204, 23 LIME TREE BAY AVE
GRAND CAYMAN, E9 KYI-1104

X X

See Explanation of Responses

Signatures

| | |
|--|------------|
| MORGAN STANLEY, By: /s/ Christina Huffman, Authorized Signatory | 02/17/2017 |
| __Signature of Reporting Person | Date |
| MS HOLDINGS INCORPORATED, By: /s/ Christina Huffman, Vice President | 02/17/2017 |
| __Signature of Reporting Person | Date |
| MORGAN STANLEY PRIVATE EQUITY ASIA III, INC., By: /s/ Christopher L. O'Dell, Vice President | 02/17/2017 |
| __Signature of Reporting Person | Date |
| MORGAN STANLEY PRIVATE EQUITY ASIA III, L.L.C., By: Morgan Stanley Private Equity Asia III, Inc., its sole member, By: /s/ Christopher L. O'Dell, Vice President | 02/17/2017 |
| __Signature of Reporting Person | Date |
| NORTH HAVEN PRIVATE EQUITY ASIA III, L.P., By: Morgan Stanley Private Equity Asia III, L.L.C., its general partner, By: Morgan Stanley Private Equity Asia III, Inc., its sole member, By: /s/ Christopher L. O'Dell, Vice President | 02/17/2017 |
| __Signature of Reporting Person | Date |
| MORGAN STANLEY PRIVATE EQUITY ASIA EMPLOYEE INVESTORS III, L.P., By: Morgan Stanley Private Equity Asia III, L.L.C., its general partner, By: Morgan Stanley Private Equity Asia III, Inc., its managing member, By: /s/ Christopher L. O'Dell, Vice President | 02/17/2017 |
| __Signature of Reporting Person | Date |
| MORGAN STANLEY PRIVATE EQUITY ASIA III HOLDINGS (CAYMAN) LTD, By: /s/ Ivan John Sutlic, Sole Director | 02/17/2017 |
| __Signature of Reporting Person | Date |
| MSPEA MODIFIED PLASTICS HOLDING LIMITED, By: /s/ Ivan John Sutlic, Director | 02/17/2017 |
| __Signature of Reporting Person | Date |

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

This form is filed by (i) Morgan Stanley, a Delaware corporation ("MS Parent"), (ii) MS Holdings Incorporated, a Delaware corporation ("MS Holdings"), (iii) Morgan Stanley Private Equity Asia III, Inc., a Delaware corporation ("MS Inc"), (iv) Morgan Stanley Private Equity Asia III, L.L.C., a Delaware limited liability company ("MS LLC"), (v) Morgan Stanley Private Equity Asia III, L.P., a Cayman Islands limited partnership ("MS LP"), (vi) Morgan Stanley Private Equity Asia Employee Investors III, L.P., a Cayman Islands limited partnership ("MS Employee"), (vii) Morgan Stanley Private Equity Asia III Holdings (Cayman) Ltd, a Cayman Islands limited liability company ("MSPEA Holdings") and (viii) MSPEA Modified Plastics Holding Limited, a Cayman Islands limited liability company ("MSPEA") (collectively, the "Reporting Persons").

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(2) (cont'd from FN1) MS Holdings is a wholly owned subsidiary of MS Parent. MS Inc is a wholly owned subsidiary of MS Holdings and is the managing member of MS LLC. MS LLC is the general partner of both MS LP and MS Employee. MS LP holds 92.13% of MSPEA Holdings and MS Employee holds 7.87% of MSPEA Holdings. MSPEA Holdings owns 100% of MSPEA.

(3) (cont'd from FN2) MSPEA is the record holder of 16,000,000 shares (the "Preferred Shares") of Series D Junior Convertible Preferred Stock (the "Series D Preferred Stock"), par value \$0.0001 per share. MS Parent may be deemed to beneficially own the Preferred Shares beneficially owned by operating units (collectively, the "MS Reporting Units") of MS Parent, its subsidiaries and affiliates (collectively, "MS"). This filing does not reflect securities, if any, beneficially owned by any operating units of MS whose ownership of securities is disaggregated from that of the MS Reporting Units in accordance with the Securities and Exchange Commission Release No. 34-39538 (January 12, 1998).

(4) (cont'd from FN3) Neither the filing of this Form 4 nor any of its contents shall be deemed to constitute an admission by any Reporting Person that it is the beneficial owner of any such Preferred Shares for purposes of Section 16 of the Securities Exchange Act of 1934, or for any other purpose, and each of the Reporting Persons expressly disclaims the beneficial ownership thereof except to the extent of its pecuniary interest therein, if any. MSPEA's nominees to the Issuer's board of directors, Mr. Homer Sun and Mr. Jun Xu, were two of the Issuer's directors on January 24, 2014. By virtue of Mr. Homer Sun and Mr. Jun Xu, being the Issuer's directors, each of the Reporting Persons was a director by deputation.

(5) The two reported transactions involved an amendment of the terms of the outstanding Preferred Shares, resulting in a deemed cancellation of the "old" Preferred Shares and the issuance of replacement Preferred Shares. The Preferred Shares were originally issued on September 28, 2011. On September 28, 2011, MSPEA's nominees to the Issuer's board of directors, Mr. Eddy Huang and Mr. Jun Xu became two of the Issuer's directors. By virtue of Mr. Eddy Huang and Mr. Jun Xu being the Issuer's directors, each of the Reporting Persons was a director by deputation at the time of the issuance of the "old" Preferred Shares.

(6) The Preferred Shares may be converted into Common Stock at any time at the election of either the Reporting Persons or the Issuer. The Preferred Shares that remain not converted will convert into Common Stock automatically on February 4, 2019.

(7) The conversion price is \$6.25 per share. The conversion price is subject to adjustments for any reorganization, recapitalization, consolidation or reclassification, stock dividend, stock split, reverse stock split, combination or other like changes in the Company's capital structure.

(8) (cont'd from FN7) If the Issuer issues or sells any shares of Common Stock at a price ("New Issue Price") below the conversion price then in effect, MSPEA has the right to purchase from XD Engineering Plastics Company Limited ("XD") or Mr. Jie Han, another stockholder of the Issuer, certain number of shares of Common Stock to make MSPEA whole with respect to what it should have received from the Issuer if all outstanding shares of the Preferred Shares held by it are converted at the New Issue Price. XD granted a security interest to MSPEA in 16,000,000 shares of Common Stock of the Issuer that it owns. These shares of Common Stock serve as collateral for the obligations of XD and Mr. Jie Han to transfer shares of Common Stock to MSPEA, comply with restrictions on transfer of their shares of Common Stock, as well as perform their other obligations to MSPEA.

(9) (cont'd from FN8) The maximum number of shares of Common Stock that MSPEA may receive upon, or in connection with, conversion of the Preferred Shares (including shares of Common Stock delivered by the Issuer and shares of Common Stock transferred by XD and Mr. Jie Han) may not exceed 33% of the shares of Common Stock outstanding as of September 28, 2011 on a fully-diluted basis. MSPEA has the right to require the Issuer to redeem the Preferred Shares upon specified triggering events at a redemption price that will provide MSPEA with an internal rate of return of 15% on its investment in the Preferred Shares.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.