BOSTON SCIENTIFIC CORP
Form ARS
March 28, 2007

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FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

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

OMB APPROVAL	
OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
EGGERS WILLIAM D

(Last) (First) (Middle)

ONE RIVERFRONT PLAZA

(Street)

CORNING, NY 14831

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
CORNING INC /NY [GLW]

3. Date of Earliest Transaction (Month/Day/Year)
02/01/2005

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Senior Vice President

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ 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 Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	02/02/2005		A(1)		10,500	A	$ 0	117,892.41	D	
Common Stock								2,668.62	I	TRUSTEE U/EMPLOYEE BENEFIT PLAN

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

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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 (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Options (Right to buy)	$ 10.98	02/01/2005		A		20,500		02/01/2008	01/31/2015	Common Stock	20,500

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
EGGERS WILLIAM D ONE RIVERFRONT PLAZA CORNING, NY 14831			Senior Vice President	

Signatures

Denise A. Hauselt, Power of Attorney	02/02/2005
**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).

(1) These shares were granted under the Incentive Stock Plan of Corning Incorporated and are subject to the restrictions and terms contained in an agreement dated February 2, 2005.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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Plastic Alloy

274.0

33.3
%

265.7

36.6
%

8.3

3.1
%

Modified Polypropylene (PP)

128.4

15.6
%

124.9

17.2
%

3.5

2.8
%

Modified Acrylonitrile butadiene styrene (ABS)

29.1

3.5
%

29.9

4.1
%

(0.8
)

(2.7
)%

Polyoxymethylenes (POM)

6.9

0.8
%

2.5

0.3
%

4.4

176.0
%

Polyphenylene Oxide (PPO)

11.4

1.4
%

9.7

1.3
%

1.7

17.5
%

Modified Polylactic acid (PLA)

1.3

0.2
%

-

0.0
%

1.3

n
/a
Raw Materials

2.1

0.2
%

2.6

0.4
%

(0.5
)

(19.2
)%

Others

-

0.0
%

0.6

0.1
%

(0.6
)

(100.0
)%

Total Revenues

824.0

100
%

726.4

100
%

97.6

13.4
%

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The following table summarizes the breakdown of metric tons (MT) by product mix:

(in MTs, except percentage)	Sales Volume For the Nine-Month Period Ended September 30, 2016		2015			
	MT	%	MT	%	Change in MT	Change in %
Modified Polyamide 66 (PA66)	44,571	16.2 %	34,256	14.5 %	10,315	30.1 %
Modified Polyamide 6 (PA6)	55,376	20.2 %	41,009	17.3 %	14,367	35.0 %
Plastic Alloy	84,365	30.7 %	78,675	33.4 %	5,690	7.2 %
Modified Polypropylene (PP)	72,738	26.5 %	66,480	28.2 %	6,258	9.4 %
Modified Acrylonitrile butadiene styrene (ABS)	11,936	4.3 %	11,755	5.0 %	181	1.5 %
Polyoxymethylenes (POM)	2,245	0.8 %	737	0.3 %	1,508	204.6 %
Polyphenylene Oxide (PPO)	1,740	0.6 %	1,339	0.6 %	401	29.9 %
Modified Polylactic acid (PLA)	220	0.1 %	-	0.0 %	220	n /a
Raw Materials	1,600	0.6 %	1,599	0.7 %	1	0.1 %
Total Sales Volume	274,791	100 %	235,850	100 %	38,941	16.5 %

The Company continued to shift production mix from traditional Modified Polypropylene (PP) to higher-end products such as PA66, PA6, Plastic Alloy and POM, primarily due to (i) greater growth potential of advanced modified plastics in luxury automobile models in China, (ii) the stronger demand as a result of promotion by the Chinese government for clean energy vehicles, (iii) the Company's initiatives to market higher-margin PA66 and PA6, and (iii) better quality from and consumer recognition of higher-end cars made by automotive manufacturers from Chinese and Germany joint ventures, and U.S. and Japanese joint ventures, which manufacturers tend to use more and higher-end modified plastics in quantity per vehicle in China. In addition, the Company sold primarily higher-end Plastic Alloy to the recently developed customer in the Republic of Korea.

Gross Profit and Gross Profit Margin

(in millions, except percentage)	Nine-Month Period Ended September 30, 2016	2015	Change Amount	%
Gross Profit	$ 164.8	$ 129.4	$35.4	27.4 %
Gross Profit Margin	20.0 %	17.8 %		2.2 %

Gross profit was US$164.8 million for the nine months ended September 30, 2016 compared to US$129.4 million in the same period of 2015, representing an increase of 27.4%. Our gross margin increased to 20.0% during the nine-month ended September 30, 2016 from 17.8% during the same period of 2015, primarily due to higher contribution of higher-margin product sales in domestic markets for the nine months ended September 30, 2016 as compared to that of the prior year.

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General and Administrative Expenses

(in millions, except percentage)	Nine-Month Period Ended September 30, 2016	2015	Change Amount	%
General and Administrative Expenses	$ 20.0	$ 17.3	$ 2.7	15.6 %
as a percentage of revenues	2.4 %	2.4 %		0.0 %

General and administrative (G&A) expenses were US$20.0 million for the nine months ended September 30, 2016 compared to US$17.3 million in the same period in 2015, representing an increase of 15.6%, or US$2.7 million. This increase is primarily due to the increase of US$2.3 million in salary and welfare which was due to the increase in the number of management and general staff from supporting departments, US$0.6 million in travelling and transportation expense, US$0.3 million in professional fee, US$ 0.3 million in rental fee and US$0.5 million of other miscellaneous expenses, offset by the decrease of US$1.3 million in non-income taxation expenses.

Research and Development Expenses

(in millions, except percentage)	Nine-Month Period Ended September 30, 2016	2015	Change Amount	%
Research and Development Expenses	$ 18.7	$ 18.3	$ 0.4	2.2 %
as a percentage of revenues	2.3 %	2.5 %		(0.2) %

Research and development (R&D) expenses were US$18.7 million for the nine-month ended September 30, 2016 compared with US$18.3 million during the same period in 2015, an increase of US$0.4 million, or 2.2%, reflecting the Company's efforts to adjust research and development activities on new products primarily for industrialized applications from automotive to other advanced fields such as ships, airplanes, high-speed rail, 3D printing materials, biodegradable plastics, and medical devices.

Operating Income

Total operating income was US$125.1 million for the nine-month ended September 30, 2016 compared to US$92.7 million in the same period of 2015, representing an increase of 35.0% or US$32.4 million. This increase is primarily due to higher gross profit, partially offset by higher general and administration expenses and R&D expenses.

Interest Income (Expenses)

(in millions, except percentage)	Nine-Month Period Ended September 30, 2016	2015	Change Amount	%
Interest Income	$ 4.5	$ 6.8	$ (2.3)	(33.8)%
Interest Expenses	(32.4)	(32.0)	(0.4)	1.3 %
Net Interest Expenses	$ (27.9)	$ (25.2)	$ (2.7)	10.7 %
as a percentage of revenues	(3.4)%	(3.5)%		0.1 %

Net interest expense was US$27.9 million for the nine-month period ended September 30, 2016, compared to net interest expense of US$25.2 million in the same period of 2015, primarily due to (i) the decrease of interest income due to the average interest rate decreased to 1.5% for the nine months ended September 30, 2016 compared to 2.7 % of the same period in 2015, and partially offset by the increase of average deposit balance in amount of US$379.6 million for the nine months ended September 30, 2016 compared to US$324.8 million for the same period in prior year; and (ii) the increase of interest expense which was due to the increase of average short-term and long-term loan balance in amount of US$543.5 million for the nine months ended September 30, 2016 compared to US$387.8 million for the same period in 2015, and partially offset by the average interest rate decreased to 4.7% for the nine months ended September 30, 2016 compared to 5.5% of the same period in 2015.

Income Taxes

(in millions, except percentage)	Nine-Month Period Ended September 30, 2016	2015	Change Amount	%
Income before Income Taxes	$ 80.0	$ 68.7	$11.3	16.4%
Income Tax Expense	(15.1)	(11.8)	(3.3)	28.0%
Effective income tax rate	18.9 %	17.3 %		1.6 %

The effective income tax rate for the nine-month period ended September 30, 2016 and 2015 were 18.9% and 17.3%, respectively, which differ from the PRC statutory income tax rate of 25%. The increase was primarily due to the loss of US$19.0 million on the note redemption by the Favor Sea Limited which is exempted from income taxes on August 29, 2016, partially offset by the increased profits of US$31.6 million in the domestic markets.

The effective income tax rate differs from the PRC statutory income tax rate of 25% primarily due to the effect of the preferential tax rate of Sichuan Xinda, the tax rate differential on entities not subject to PRC income tax, super deduction of R&D expense and partially offset by the effect of non-deductible expenses.

Net Income

As a result of the above factors, we had a net income of US$64.9 million for the nine months ended September 30, 2016 compared to net income of US$56.9 million in the same period of 2015.

Selected Balance Sheet Data as of September 30, 2016 and December 31, 2015:

(in millions, except percentage)	September 30, 2016	December 31, 2015	Change Amount	%
Cash and cash equivalents	100.1	119.9	(19.8)	(16.5)%
Restricted cash	70.5	50.9	19.6	38.5 %
Time deposits	130.4	237.6	(107.2)	(45.1)%
Accounts receivable, net of allowance for doubtful accounts	272.8	234.5	38.3	16.3 %
Inventories	415.3	294.7	120.6	40.9 %
Prepaid expenses and other current assets	38.7	15.7	23.0	146.5 %
Property, plant and equipment, net	819.3	571.7	247.6	43.3 %
Land use rights, net	23.5	24.5	(1.0)	(4.1)%
Prepayments to equipment and construction suppliers	85.3	183.2	(97.9)	(53.4)%
Other non-current assets	12.5	19.0	(6.5)	(34.2)%
Total assets	1,968.4	1,752.0	216.4	12.4 %
Short-term bank loans, including current portion of long-term bank loans	466.4	284.3	182.1	64.1 %
Bills payable	61.9	33.5	28.4	84.8 %
Accounts payable	181.2	257.4	(76.2)	(29.6)%
Income taxes payable, including noncurrent portion	29.5	28.0	1.5	5.4 %
Accrued expenses and other current liabilities	163.3	141.0	22.3	15.8 %
Long-term bank loans, excluding current portion	254.9	107.5	147.4	137.1 %
Notes payable	-	145.6	(145.6)	(100.0)%
Deferred income	71.2	62.0	9.2	14.8 %
Redeemable Series D convertible preferred stock	97.6	97.6	-	0.0 %
Stockholders' equity	625.1	578.0	47.1	8.1 %

Our financial condition continued to improve as measured by an increase of 8.1% in stockholders' equity as of September 30, 2016 as compared to that of December 31, 2015. Cash and cash equivalents, restricted cash and time deposits decreased by 26.3% or US$107.4 million due to the operating cash outflows. Inventories increased by 40.9% as a result of more purchases made by the Company to take advantage of the lower purchase price of the raw materials and the Company's strategy to stock up the inventory for the increasing demand from Sichuan plant. Property, plant and equipment, net increased by 43.3% mainly due to the delivery of the equipment of Dubai Xinda at the beginning of 2016. Prepayment to equipment suppliers decreased by 53.4% mainly because the equipment was delivered to Dubai, UAE. The aggregate short-term and long-term bank loans increased by 84.1% due to the utilization of existing lines of credit. We believe our current debt level is manageable. We define the manageable debt level as the sum of aggregate short-term and long-term loans, and notes payable over total assets.

On August 29, 2016 (the "Redemption Date"), the Company fully redeemed all of its 11.75% guaranteed senior notes due on February 4, 2019 (the "Notes") plus accrued and unpaid interest to the redemption date. The aggregate amount paid to redeem the Notes was US$166.6 million, plus accrued and unpaid interest to the redemption date, which resulted in a charge of U$19.0 million as loss on debt extinguishment for the nine-month period ended 2016.

LIQUIDITY AND CAPITAL RESOURCES

Historically, our primary uses of cash have been to finance working capital needs and capital expenditures for new production lines. We have financed these requirements primarily from cash generated from operations, bank borrowings and the issuance of our convertible preferred stocks and debt financings. As of September 30, 2016 and December 31, 2015, we had US$100.1 million and US$119.9 million, respectively, in cash and cash equivalents, which were primarily deposited with banks in China (including Hong Kong and Macau SAR), UAE and U.S. As of September 30, 2016, we had US$466.4 million outstanding short-term bank loans (including the current portion of long-term bank loans), including US$260.0 million unsecured loan and US$52.4 million loans secured by accounts receivable, US$42.5 million loans secured by restricted cash, and US$111.5 long-term bank loans that due in one year. We also had US$254.9 million long-term bank loans (excluding the current portion), including US$30.4 million loans secured by long-term deposits, US$50.9 million unsecured loan and US$173.6 million syndicate loan facility. Short-term and long-term bank loans in total bear a weighted average interest rate of 3.86% per annum and do not contain any renewal terms. We have historically been able to make repayments when due.

A summary of lines of credit for the nine-month period ended September 30 2016 and the remaining line of credit as of September 30, 2016 is as below:

(in millions)	September 30, 2016			
	Lines of Credit, Obtained			Remaining Available
Name of Financial Institution	Date of Approval	RMB	USD	USD
Bank of Communications	December 09, 2014	200.0	29.9	0.4
Bank of Longjiang, Heilongjiang	March 16, 2016	400.0	59.9	-
China Everbright Bank	July 21, 2016	100.0	15.0	7.5
China CITIC Bank	May 23, 2016	100.0	15.0	-
Bank of China	July 28, 2016	1,398.6	209.4	103.3
HSBC	August 16, 2015	634.4	95.0	55.6
Agriculture Bank of China	November 25, 2015	400.0	59.9	19.0
China Construction Bank	January 8, 2016	540.0	80.9	58.4
ICBC	September 27, 2016	2,500.0	374.4	285.6
Societe Generale (China) Limited	October 15, 2015	80.0	12.0	-
Export-Import Bank of China	March 30, 2016	300.0	44.9	-

Subtotal (credit term<=1 year)		6,653.0	996.3	529.8
Bank of China	July 28, 2016	684.4	102.5	51.6
China Construction Bank	May 12, 2016	210.0	31.4	1.0
Subtotal (credit term>1 year)		894.4	133.9	52.6
Total		7,547.4	1,130.2	582.4

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We have historically been able to make repayments when due. As of September 30, 2016, we have contractual obligations to pay (i) lease commitments in the amount of US$4.3 million, including US$1.5 million due in one year; (ii) equipment acquisition and facility construction in the amount of US$34.1 million; (iii) long-term bank loan in the amount of US$396.2 million (including principals and interests).

We expect that we will be able to meet our needs to fund operations, capital expenditures and other commitments in the next 12 months primarily with our cash and cash equivalents, operating cash flows and bank borrowings.

We may, however, require additional cash resources due to changes in business conditions or other future developments. If these sources are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain a credit facility. The sale of additional equity or equity-linked securities could result in additional dilution to stockholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financial covenants that would restrict operations. Financing may not be available in amounts or on terms acceptable to us, or at all.

The following table sets forth a summary of our cash flows for the periods indicated.

	Nine-Month Period Ended September 30,	
(in millions US$)	2016	2015
Net cash provided by (used in) operating activities	(145.3)	1.4
Net cash used in investing activities	(28.0)	(101.7)
Net cash provided by financing activities	155.4	108.1
Effect of foreign currency exchange rate changes on cash and cash equivalents	(1.9)	(2.2)
Net increase (decrease) in cash and cash equivalents	(19.8)	5.6
Cash and cash equivalents at the beginning of period	119.9	45.5
Cash and cash equivalents at the end of period	100.1	51.1

Operating Activities

Net cash used in operating activities decreased to US$145.3 million cash outflow for the nine-month period ended September 30, 2016 from net cash provided by operating activities of US$1.4 million for the nine-month period ended September 30, 2015, primarily due to (i) the increase of approximately US$237.0 million in cash operating payments, including raw material purchases, rental and personnel costs, (ii) the increase of US$7.5 million in income tax payments, (iii) the decrease of US$2.1 million in interest income received, (iv) the increase of US$1.9 million interest payments, and (v) the decrease of approximately US$0.7 million cash inflow due to the forward contract settlement, partially offset by (vi) the increase of approximately US$100.6 million in cash collected from our customers for the nine-month period ended September 30, 2016, (vii) the increase of approximately US$1.4 million released from restricted cash and (viii) the increase of US$0.7 million received from government grant for the nine-month period ended September 30, 2016 .

Investing Activities

Net cash used in the investing activities was US$28.0 million for the nine-month period ended September 30, 2016 as compared to US$101.7 million for the same period of last year, mainly due to (i) the decrease of US$13.9 million acquisition of land use right and, (ii) the increase of US$8.5 million government grant related to the construction of

Sichuan plant, (iii) the decrease of US$19.3 million purchase of time deposits, (iv) the increase of US$42.6 million proceeds from maturity of time deposits, partially offset by the increase of US$10.7 million purchase of property, plant and equipment.

Financing Activities

Net cash provided by the financing activities was US$155.4 million for the nine-month period ended September 30, 2016, as compared to US$108.1 million for the same period of last year, primarily as a result of (i) the increase of US$340.7 million borrowings of bank loans including the US$180.0 million syndicate loans, and (ii) the increase of US$46.9 million release from restricted cash as collateral for bank borrowings for the nine-month period ended September 30, 2016, partially offset by (iii) the increase of US$144.1 million repayments of bank borrowings (iv) the increase of US$30.8 million of placement of restricted cash as collateral for bank borrowings, and (v) the redemption of US$165.4 million notes payable.

As of September 30, 2016, our cash and cash equivalents balance was US$100.1 million, compared to US$119.9 million at December 31, 2015.

Days Sales Outstanding ("DSO") has increased from 78 days for the year ended December 31, 2015 to 83 days for the nine-month ended September 30, 2016.

We believe that our DSO is still well below industry average Industry Standard Customer and Supplier Payment Terms (days) as below:

	Nine-month period ended September 30, 2016	Year ended December 31, 2015
Customer Payment Term	Payment in advance/up to 90 days	Payment in advance/up to 90 days
Supplier Payment Term	Payment in advance/up to 90 days	Payment in advance/up to 90 days

Inventory turnover days has increased from 120 days for the year ended December 31, 2015 to 145 days for the nine-month ended September 30, 2016 due to the Company's strategy to take advantage of the lower purchase price of the raw materials and to stock up the inventory for the increasing demand from Sichuan plant. The Company has the credit terms with major suppliers for 90 days in 2016, in order to better manage its operating cash flows. Turnover days of payables have remained stable at 90 days for both the year ended December 31, 2015 and the nine-month ended September 30, 2016.

Based on past performance and current expectations, we believe our cash and cash equivalents provided by operating activities and financing activities will satisfy our working capital needs, capital expenditures and other liquidity requirements associated with our operations for at least the next 12 months. It is anticipated that the redemption will be funded by the Company's cash and bank deposits, existing credit facilities and other funding sources.

The majority of the Company's revenues and expenses were denominated primarily in Renminbi ("RMB"), the currency of the People's Republic of China. There is no assurance that exchange rates between the RMB and the U.S. Dollar will remain stable. Inflation has not had a material impact on the Company's business.

COMMITMENTS AND CONTINGENCIES

Contractual Obligations

Our contractual obligations as of September 30, 2016 are as follows:

Contractual obligations	Total	Payment due less than 1 year	1 – 3 years	3-5 years	More than 5 years
Lease commitments	4,256,928	1,518,916	1,550,884	199,437	987,691
Purchase of land use rights, plant equipment, and construction in progress (2)(3)	34,099,653	33,785,867	313,786	-	-
Long-term bank loans (1)	396,180,566	122,745,924	219,871,924	53,562,718	-
				-	
Total	434,537,147	158,050,707	221,736,594	53,762,155	987,691

(1) Includes interest of US$23.4 million accrued at the interest rate under the loan agreements. For borrowings with a floating rate, the most recent rate as of September 30, 2016 was applied.

(2) Sichuan plant construction and equipment

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On March 8, 2013, Xinda Holding (HK) Company Limited ("Xinda Holding (HK)") entered into an investment agreement with Shunqing Government, pursuant to which Xinda Holding (HK) will invest RMB1.8 billion in property, plant and equipment and approximately RMB0.6 billion in working capital, for the construction of Sichuan plant. As of September 30, 2016, the Company has a remaining commitment of RMB72.5 million (equivalent to US$10.9 million) mainly for facility construction.

In September 2016, HLJ Xinda Group and Sichuan Xinda entered into equipment purchase contracts with Harbin Hailezi Science and Technology Co., Ltd. ("Hailezi"). Subsequently, on November 7, 2016, in order to seek a better solution for equipment, HLJ Xinda Group and Sichuan Xinda agreed with Hailezi to partially terminate the abovementioned contracts such that the remaining consideration under these contracts with Sichuan Xinda are RMB15.4 million (equivalent to US$2.3million) to purchase storage facility and testing equipment. Sichuan Xinda has prepaid RMB6.0 million (equivalent to US$ 0.9million) and has a remaining commitment of RMB9.4 million (equivalent to US$1.4 million) as of September 30, 2016.

(3) Dubai plant construction and equipment

On January 5, 2015, AL Composites entered into an equipment purchase contract with Peaceful for a total consideration of US$271.2 million to purchase certain production and testing equipment. As of September 30, 2016, the Company has a remaining commitment of US$5.9 million for the remaining equipment acquisition. On April 28, 2015, AL Composites entered into a warehouse construction contract with Falcon Red Eye Contracting Co. L.L.C. for a total consideration of AED6.7 million (equivalent to US$1.8 million). As of September 30, 2016, the Company has a remaining commitment of US$0.9 million. On September 21, 2016, AL Composites entered into a plant purchasing contract with Samim Group FZE for a total consideration of ADE55.3 million (equivalent to US$15.0 million).As of September 30, 2016, the has a remaining commitment of US$15.0 million.

Legal Proceedings

The Company and certain of its officers and directors have been named as defendants in two putative securities class action lawsuits filed in the United States District Court for the Southern District of New York. These actions, which allege violations of Section 10(b) and Section 20(a) of the Securities Exchange Act of 1934, were filed on July 15, 2014 and July 16, 2014 and are captioned Yang v. Han, et al., No. 14-cv-5308 (GBD) and Tompkins v. China XD Plastics Company Ltd., et al., No. 14-cv-5359 (GBD), respectively. On November 21, 2014, the Court consolidated the actions and appointed lead plaintiffs. On February 17, 2015, the lead plaintiffs filed a Consolidated Class Action Complaint on behalf of a class of all persons other than the defendants who purchased the common stock of China XD Plastics Company Limited between March 25, 2014 and July 10, 2014, both dates inclusive. Specifically, the lead plaintiffs alleged that the Company and two of its officers made false or misleading statements and/or omitted material facts in the Company's Form 10-K for the year ended December 31, 2013 and the Company's Form 10-Q for the first quarter ended March 31, 2014. They also asserted that the individual defendants are liable because they allegedly controlled the Company during the time the allegedly false and misleading statements and omissions were made. The lead plaintiffs sought damages in unspecified amounts. On April 3, 2015, the Company moved to dismiss the Consolidated Class Action Complaint. On March 23, 2016, the Court entered an Opinion and Order dismissing the Consolidated Class Action Complaint without prejudice. On May 6, 2016, the lead plaintiffs moved the Court for leave to amend the Consolidated Class Action Complaint. On June 24, 2016, the Company filed its opposition to the lead plaintiffs' motion. On August 8, 2016, in conjunction with filing the reply brief in support of their motion, the lead plaintiffs moved to strike certain documents referred to in the Company's opposition. The Company filed its opposition to the lead plaintiffs' motion to strike on September 16, 2016. The lead plaintiffs filed their reply on October 7, 2016. Management believes the proposed amendment is without merit and intends to vigorously defend against it.

Off-Balance Sheet Arrangements

We have not engaged in any off-balance sheet transactions.

Item 3. Quantitative and Qualitative Disclosures about Market Risks

Interest Rate Risk

We are exposed to interest rate risk primarily with respect to our short-term loans, long-term bank loans, cash and cash equivalents, restricted cash and time deposits. Although the interest rates, which are based on the banks' prime rates are fixed for the terms of the loans and deposits, increase in interest rates will increase our interest expense.

A hypothetical 1.0% increase in the annual interest rate for all of our credit facilities under which we had outstanding borrowings as of September 30, 2016 would decrease income before income taxes by approximately US$5.4 million for the nine-month ended September 30, 2016. Management monitors the banks' prime rates in conjunction with our cash requirements to determine the appropriate level of debt balances relative to other sources of funds. We have not entered into any hedging transactions in an effort to reduce our exposure to interest rate risk.

Foreign Currency Exchange Rates

The majority of our revenues are collected in and our expenses are paid in RMB. We face foreign currency rate translation risks when our results are translated to U.S. dollars.

The RMB was relatively stable against the U.S. dollar at approximately 8.28 RMB to the US$1.00 until July 21, 2005 when the Chinese currency regime was altered resulting in a 2.1% revaluation versus the U.S. dollar. From July 21, 2005 to June 30, 2010, the RMB exchange rate was no longer linked to the U.S. dollar but rather to a basket of currencies with a 0.3% margin of fluctuation resulting in further appreciation of the RMB against the U.S. dollar. Since June 30, 2009, the exchange rate had remained stable at 6.8307 RMB to 1.00 U.S. dollar until June 30, 2010 when the People's Bank of China allowed a further appreciation of the RMB by 0.43% to 6.798 RMB to 1.00 U.S. dollar. The People's Bank of China allowed the RMB and U.S. dollar exchange rate to fluctuate within 1% on April 16, 2012 and 2% on March 17, 2014, respectively. On September 30, 2016, the RMB traded at 6.6778 RMB to 1.00 U.S. dollar.

There remains international pressure on the Chinese government to adopt an even more flexible currency policy and the exchange rate of RMB is subject to changes in China's government policies which are, to a large extent, dependent on the economic and political development both internationally and locally and the demand and supply of RMB in the domestic market. There can be no assurance that such exchange rate will continue to remain stable in the future amongst the volatility of currencies, globalization and the unstable economies in recent years. Since (i) our revenues and net income of our PRC operating entities are denominated in RMB, and (ii) the payment of dividends, if any, will be in U.S. dollars, any decrease in the value of RMB against U.S. dollars would adversely affect the value of the shares and dividends payable to shareholders, in U.S. dollars.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

The Company's management has evaluated, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, the effectiveness of the design and operations of the Company's disclosure controls and procedures (as defined in Securities Exchange Act Rule 13a-15(e)), as of the end of the period covered by this report. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were not effective because of material weakness in our internal control over financial reporting as disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Notwithstanding management's assessment that our internal control over financial reporting was ineffective as of December 31, 2015 due to one material weakness as identified in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, we believe that our unaudited condensed consolidated financial statements included in this Quarterly Report present fairly our financial position, results of operations and cash flows for the quarter ended June 30, 2016 in all material respects.

(b) Changes in internal controls.

During the nine-month ended September 30, 2016, our efforts to improve our internal controls over financial reporting include (1) recruiting qualified accounting staff in Xinda CI (Beijing) Investment Holding Company Limited with requisite expertise and knowledge to help improve our internal control procedures, (2) adopting procedures to evaluate and assess performance of directors, officers and employees of the Company, (3) internal meetings, discussions, trainings and seminars periodically to review and improve our internal control procedures. We plan to improve on the above-referenced weakness by the end of the fiscal year ending December 31, 2016.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company and certain of its officers and directors have been named as defendants in two putative securities class action lawsuits filed in the United States District Court for the Southern District of New York. These actions, which allege violations of Section 10(b) and Section 20(a) of the Securities Exchange Act of 1934, were filed on July 15, 2014 and July 16, 2014 and are captioned Yang v. Han, et al., No. 14-cv-5308 (GBD) and Tompkins v. China XD Plastics Company Ltd., et al., No. 14-cv-5359 (GBD), respectively. On November 21, 2014, the Court consolidated the actions and appointed lead plaintiffs. On February 17, 2015, the lead plaintiffs filed a Consolidated Class Action Complaint on behalf of a class of all persons other than the defendants who purchased the common stock of China XD Plastics Company Limited between March 25, 2014 and July 10, 2014, both dates inclusive. Specifically, the lead plaintiffs alleged that the Company and two of its officers made false or misleading statements and/or omitted material facts in the Company's Form 10-K for the year ended December 31, 2013 and the Company's Form 10-Q for the first quarter ended March 31, 2014. They also asserted that the individual defendants are liable because they allegedly controlled the Company during the time the allegedly false and misleading statements and omissions were made. The lead plaintiffs sought damages in unspecified amounts. On April 3, 2015, the Company moved to dismiss the Consolidated Class Action Complaint. On March 23, 2016, the Court entered an Opinion and Order dismissing the Consolidated Class Action Complaint without prejudice. On May 6, 2016, the lead plaintiffs moved for leave to amend the Consolidated Class Action Complaint. On June 24, 2016, the Company filed its opposition to the lead plaintiffs' motion. On August 8, 2016, in conjunction with filing the reply brief in support of their motion, the lead plaintiffs moved to strike certain documents referred to in the Company's opposition. The Company filed its opposition to the plaintiffs' motion to strike on September 16, 2016. The lead plaintiffs filed their reply on October 7, 2016. Management believes the proposed amendment is without merit and will continue to vigorously defend against it.

Item 1A. Risk Factors

Part I. Item 1A. "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2015 includes a detailed discussion of risks and uncertainties which could adversely affect our future results. We operate in a changing environment that involves numerous known and unknown risks and uncertainties that could materially affect our operations. The risks, uncertainties and other factors set forth in our Annual Report on Form 10-K may cause our actual results, performances and achievements to be materially different from those expressed or implied by our forward-looking statements. If any of these risks or events occurs, our business, financial condition or results of operations may be adversely affected. During the nine months ended September 30, 2016, there have been no material changes to the Risk Factors disclosed in "Part I. Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Document Description
31.1	Certification of the Chief Executive Officer pursuant to Rule 13A-14(A)/15D-14(A) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Rule 13A-14(A)/15D-14(A) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. 1350 (Section 906 of the Sarbanes-Oxley Act of 2002).
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. 1350 (Section 906 of the Sarbanes-Oxley Act of 2002).
101	Interactive Data Files Pursuant to Rule 405 of Regulation S-T.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

China XD Plastics Company Limited

Date: November 9, 2016 By: /s/ Jie Han
Name: Jie Han
Title: Chief Executive Officer
(Principal Executive Officer)

Date: November 9, 2016 By: /s/ Taylor Zhang
Name: Taylor Zhang
Title: Chief Financial Officer

Exhibit Index

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