CleanTech Innovations, Inc.
Form S-1
December 16, 2010

As filed with the United States Securities and Exchange Commission on December 16, 2010

Registration No. 333-

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

FORM S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

CLEANTECH INNOVATIONS, INC.
(Name of Registrant as specified in its charter)

Nevada	3490	98-0516425
(State or other jurisdiction of incorporation)	(Primary Standard Industrial Classification Code Number)	(IRS Employer Identification No.)

C District, Maoshan Industry Park,
Tieling Economic Development Zone,
Tieling, Liaoning Province, China 112616
+(86) 0410-6129922
(Address and telephone number of principal executive offices and principal place of business)

Ms. Bei Lu
Chief Executive Officer
CleanTech Innovations, Inc.
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If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer,” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if smaller reporting company)	Smaller reporting company x

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per(2)	Proposed maximum aggregate offering price(3)	Amount of registration fee
Common Stock, par value $.00001 per share	2,500,000	$ 6.50	$ 16,250,000	$ 1,158.63
Common Stock, par value $.00001 per share Issuable on exercise of warrants	1,987,500	$ 6.50	$ 12,918,750	$ 921.11
Total	4,487,500		$ 29,168,750	$ 2,079.74

(1) In accordance with Rule 416(a), the Registrant is also registering hereunder an indeterminate number of shares that may be issued and resold resulting from stock splits, stock dividends or similar transactions.

(2) The shares being registered for resale by the selling shareholders were issued pursuant to private placements of securities completed on December 13, 2010, and are issuable upon the exercise of certain warrants of the Registrant.

(3) Estimated pursuant to Rule 457(c) of the Securities Act of 1933 solely for the purpose of computing the amount of the registration fee based on the average of the high and low bid and ask prices reported on the OTC Bulletin Board on December 13, 2010.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the United States Securities and Exchange Commission, acting pursuant to said section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS; SUBJECT TO COMPLETION, DATED DECEMBER 16, 2010

CLEANTECH INNOVATIONS, INC.

4,487,500 Shares of Common Stock

The selling shareholders identified in this prospectus may offer and sell up to 4,487,500 shares of our common stock consisting of (i) 2,500,000 shares of our common stock issued to investors in the Units (as defined below), (ii) up to 1,987,500 shares of our common stock issuable upon exercise of warrants of which (a) warrants to purchase 1,687,500 shares of our common stock were issued to investors in the Units and (b) warrants to purchase 300,000 shares of our common stock were issued to placement agents and qualified finders in connection with the sale of the Units.

We are not selling any shares of our common stock in this offering and will not receive any proceeds from this offering. We may receive proceeds on the exercise of outstanding warrants for shares of common stock covered by this prospectus if the warrants are exercised for cash.

The selling shareholders may offer the shares covered by this prospectus at fixed prices, at prevailing market prices at the time of sale, at varying prices or negotiated prices, in negotiated transactions, or in trading markets for our common stock. We will bear all costs associated with this registration.

Our common stock trades on the NASDAQ Capital Market under the symbol “CTEK.” The closing price of our common stock on the NASDAQ Capital Market on December 15, 2010, was $8.40 per share.

You should consider carefully the risk factors beginning on page 5 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is   , 2010.

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You may only rely on the information contained in this prospectus or that we have referred you to. We have not authorized anyone to provide you with different information. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the common stock offered by this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any common stock in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this prospectus nor any sale made in connection with this prospectus shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information contained by reference to this prospectus is correct as of any time after its date.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement we filed with the Securities and Exchange Commission ("SEC"). You should rely only on the information provided in this prospectus and incorporated by reference in this prospectus. We have not authorized anyone to provide you with information different from that contained in or incorporated by reference into this prospectus. The selling shareholders are offering to sell, and seeking offers to buy, shares of common stock only in jurisdictions where offers and sales are permitted. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of common stock. The rules of the SEC may require us to update this prospectus in the future.

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus and does not contain all of the information you should consider in making your investment decision. Before investing in the securities offered hereby, you should read the entire prospectus, including our financial statements and related notes included in this prospectus and the information set forth under the headings “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” In this prospectus, the terms “CleanTech,” the “Company,” “we,” “us,” and “our” refer to CleanTech Innovations, Inc. and its subsidiaries.

Our Company

We are a manufacturer of structural towers for megawatt-class wind turbines as well as other highly engineered clean technology metal components in the People’s Republic of China (“China” or “PRC”). We currently design, manufacture, test and sell structural towers for 1 and 1.5 megawatt (“MW”) on-land and 3MW off-shore wind turbines and have the expertise and manufacturing capability to provide towers for larger MW on-land and off-shore turbines as they become more prevalent in China. We are currently the only certified wind tower manufacturer within Tieling, Liaoning Province, which provides significant competitive advantage in supplying towers into the wind-rich northern provinces of China. We also manufacture patented, specialty metal products that require advanced manufacturing and engineering capabilities, including bellows expansion joints and connecting bend pipes used for waste heat recycling in steel production and in ultra-high-voltage electricity transmission grids, as well as industrial pressure vessels. Our products provide clean technology solutions for China’s increasing energy demand and environmental issues.

We sell our products exclusively in the domestic market. Our current wind tower customers include two of China’s five largest state-owned utilities, which are among the top wind farm operators in China as measured by installed wind capacity. We produce wind towers, a component of wind turbine installations, but do not compete with wind turbine manufacturers. Our patented specialty metal products are used by large-scale industrial companies involved mainly in the steel and coke, petrochemical, high-voltage electricity transmission and thermoelectric industries, which are actively seeking ways to reduce their carbon and pollutant emissions.

We were founded in September 2007 and have since experienced significant growth. For the nine month period ending September 30, 2010, our net revenue was $14.7 million, a 440% increase over the twelve month period ended December 31, 2009, and we generated a 29% gross margin and a 20% net margin. Sales of our wind tower products are increasing rapidly; we have shipped 137 wind towers, including towers for 3MW off-shore wind turbines, since their recent introduction in February 2010. Wind towers accounted for over 90% of our revenue for the nine month period ending September 30, 2010.

Notwithstanding the large increase in revenues, we may have payment delays and we do not recognize revenue until our products are delivered, tested and accepted by our customers. Our agreements with our customers generally provide for payments of 30% of the purchase price to be due on order placement, completion of manufacturing milestones and upon customer acceptance, with the final 10% payment due up to 24 months from the customer acceptance date. Our payment delays may last up to six months from the due date, but we fully expect to receive all payments because the majority of our customers are state-owned and publicly traded utilities and industrial companies.

We believe our rapid growth will continue to benefit from the following competitive strengths:

- § Strong customer relationships with leading utility, wind and industrial companies
- § Geographical proximity to the multi-gigawatt pipeline of wind development projects in the northern provinces of China
- § Technically-advanced, precision manufacturing expertise demonstrated, in part, by our Class III A2 pressure vessel manufacturing license, a key criteria in customer selection of wind tower suppliers
- § Proprietary product designs and intellectual property
- § Excellent reputation for high-quality manufacturing, stringent testing, timely delivery and customer service

Our Company is headquartered in Tieling, Liaoning Province, China where we currently operate two production facilities with approximately 16,120 square meters of combined production space and an annual production capacity of up to 600 wind tower units. As of October 2010, we had 175 full time employees.

Our Industry

Wind power is the world's fastest-growing energy sector and China currently represents the world's largest market for wind products. According to the Global Wind Energy Council (“GWEC”) “Global Wind Energy Outlook 2010” (“GWEC 2010 Global Wind Outlook”), global installed wind capacity grew at a 27.8% CAGR from 2000 through 2009. In 2009, according to the GWEC “Global Wind 2009 Report” (“GWEC 2009 Global Wind Report”), global installed wind capacity grew at a record 31.8%, adding 38.3 gigawatts (“GW”) and bringing total installed wind capacity to 158.5GW. China accounted for 36% of all newly installed wind capacity and 16% of total worldwide wind capacity, first and second among all countries, respectively, according to the World Wind Energy Association (“WWEA”) “World Wind Energy Report 2009” (“WWEA 2009 Wind Report”). Installed wind capacity within China grew at a 61.5% CAGR from 2000 through 2009 – more than double the overall global rate – and capacity has more than doubled for the past four consecutive years, according to the WWEA 2009 Wind Report. In 2009, according to the GWEC “China Wind Power Outlook 2010” (“GWEC 2010 China Wind Outlook”), the domestic wind market grew 114.7%, adding 10,129 wind turbines or 13.8GW of new capacity and bringing total installed wind capacity to 25.8GW. According to the GWEC 2009 Global Wind Report, China will add 20GW of wind capacity annually through 2014 and the domestic wind market will reach 200-250GW in installed capacity by 2020.

We believe that it costs approximately $1 billion to install 1GW of wind capacity in China, thereby resulting in capital investments of approximately $200-$250 billion by 2020. Wind energy resources are widely distributed in China, with rich resources concentrated in the three northern (northeast, north and northwest), southeast coastal and inland regions. According to Zenith International Research, “Wind Power Capacity Analysis, February 25, 2009” (“Zenith 2009 Wind Analysis”), approximately 80% of all wind resources in China exist within the nine northern provinces of China, five of which are located within 500 miles of our manufacturing facilities.

Company History

We operate through two wholly owned subsidiaries organized under the laws of the PRC – Liaoning Creative Bellows Co., Ltd. (“Creative Bellows”) and Liaoning Creative Wind Power Equipment Co., Ltd. (“Creative Wind Power”). Creative Bellows, which was incorporated on September 17, 2007, is our wholly foreign-owned enterprise (“WFOE”) and it owns 100% of Creative Wind Power, which was incorporated on May 26, 2009. Creative Bellows produces bellows expansion joints, pressure vessels and other fabricated metal specialty products. Creative Wind Power markets and sells wind towers designed and manufactured by Creative Bellows, which provides the production expertise, employees and facilities for wind tower production.

We were incorporated in the State of Nevada on May 9, 2006, under the name Everton Capital Corporation as an exploration stage company with no revenues and no operations and engaged in the search for mineral deposits or reserves. On June 18, 2010, we changed our name to CleanTech Innovations, Inc. and authorized an 8-for-1 forward split of our common stock effective July 2, 2010. Prior to the forward split, we had 5,501,000 shares of our common stock outstanding, and, after giving effect to the forward split, we had 44,008,000 shares of our common stock outstanding. We authorized the forward stock split to provide a sufficient number of shares to accommodate the trading of our common stock in the OTC marketplace after the acquisition of Creative Bellows as described below.

The acquisition of Creative Bellows’ ordinary shares was accomplished pursuant to the terms of a Share Exchange Agreement and Plan of Reorganization, dated July 2, 2010 (the “Share Exchange Agreement”), by and between Creative Bellows and the Company. Pursuant to the Share Exchange Agreement, we acquired from Creative Bellows all of its equity interests in exchange for the issuance of 15,122,000 shares of our common stock to the shareholders of Creative Bellows (the “Share Exchange”). Concurrent with the closing of the transactions contemplated by the Share Exchange Agreement and as a condition thereof, we entered into an agreement with Mr. Jonathan Woo, our former Chief Executive Officer and Director, pursuant to which he returned 40,000,000 shares of our common stock to us for cancellation. Mr. Woo received compensation of $40,000 from us for the cancellation of his shares of our common stock. Upon completion of the foregoing Share Exchange transactions, we had 19,130,000 shares of common stock issued and outstanding. For accounting purposes, the Share Exchange transaction was treated as a reverse acquisition and recapitalization of Creative Bellows because, prior to the transaction, the Company was a non-operating public shell and, subsequent to the transaction, the Creative Bellows’ shareholders beneficially owned a majority of the outstanding common stock of the Company and will exercise significant influence over the operating and financial policies of the consolidated entity.

Our principal offices are located at C District, Maoshan Industry Park, Tieling Economic Development Zone, Tieling, Liaoning Province, China 112616. Our phone number is (86) 0410-6129922 and our website address is www.ctiproduct.com. The information contained on our website is not a part of this prospectus.

The Offering

Common stock outstanding before the offering	24,963,322 shares
Common stock offered by selling shareholders	Up to 4,487,500 shares

	The maximum number of shares to be sold by the selling shareholders, 4,487,500 shares, represents 16.65% of our outstanding stock, assuming full exercise of the warrants
Common stock to be outstanding after the offering	26,950,822 shares, assuming full exercise of the warrants
Use of proceeds	We will not receive any proceeds from the sale of the common stock. To the extent that the selling shareholders exercise for cash all of the warrants covering the 1,987,500 shares of common stock issuable upon exercise of all of the warrants, we would receive $7,950,000 from such exercises. We intend to use such proceeds for general corporate and working capital purposes. See "Use of Proceeds" for a complete description.
Risk Factors	The purchase of our common stock involves a high degree of risk. You should carefully review and consider the "Risk Factors" beginning on page 5.

The number of shares of our common stock shown in the preceding table to be outstanding after this offering is based on 24,963,322 shares outstanding as of December 13, 2010, which excludes 833,310 shares of our common stock issuable upon exercise of warrants outstanding as of December 13, 2010, at an exercise price of $3.00 per share and stock options outstanding as of December 13, 2010, to purchase 30,000 shares of our common stock at an exercise price of $8.44 per share.

The shares of our common stock offered by the selling shareholders identified in this prospectus were acquired by the selling shareholders through a private placement offering conducted by the Company. On December 13, 2010, we completed a closing of the private placement offering pursuant to which we sold 2,500,000 Units (as defined below) to the selling shareholders at $4.00 per Unit for $10,000,000. Each “Unit” was offered and sold at a purchase price of $4.00 per Unit and consisted of one share of our common stock and a warrant to purchase 67.5% of one share of our common stock. All warrants are immediately exercisable, expire on the fifth anniversary of their issuance and entitle their holders to purchase one share of our common stock at $4.00 per share. All of the shares and warrants were issued to the selling shareholders prior to the filing of this prospectus in a private placement offering exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”), under Regulation S promulgated thereunder.

RISK FACTORS

Our business and an investment in our securities are subject to a variety of risks. The following risk factors describe the most significant events, facts or circumstances that could have a material adverse effect upon our business, financial condition, results of operations, ability to implement our business plan, and the market price for our securities. Many of these events are outside of our control. If any of these risks actually occurs, our business, financial condition or results of operation may be materially adversely affected. In such case, the trading price of our common stock could decline and investors in our common stock could lose all or part of their investment.

Risks Related to Our Business

Our limited operating history may not serve as an adequate basis to judge our future prospects and results of operations, and our limited revenues may affect our future profitability.

We and our subsidiaries began operations for the production of fabricated metal specialty components in September 2007 and introduced our bellows expansion joints products and pressure vessels in the first quarter of 2009 and our wind tower products in the first quarter of 2010. Our limited history of designing and manufacturing these fabricated metal specialty components may not provide a meaningful basis on which to evaluate our business. Moreover, we have limited revenues and we cannot assure you we will be able to expand our business and gross revenue with sufficient speed to maintain our profitability and not incur net losses in the future. While we expect our operating expenses to increase as we expand, any significant failure to realize anticipated revenue growth could result in significant operating losses. We will continue to encounter risks and difficulties frequently experienced by companies at a similar stage of development, including our potential failure to:

§ maintain our proprietary technology;

§ expand our product offerings and maintain the high quality of our products;

§ manage our expanding operations, including the integration of any future acquisitions;

§ obtain sufficient working capital to support our expansion and to fill customers’ orders in time;

- § maintain adequate control of our expenses;
- § implement our product development, marketing, sales, and acquisition strategies and adapt and modify them as needed;
- § anticipate and adapt to changing conditions in the wind power, steel, petrochemical and thermoelectric industries as well as the impact of any changes in government regulation, mergers and acquisitions involving our competitors, technological developments and other significant competitive and market dynamics.

Our inability to manage successfully any or all of these risks may materially and adversely affect our business.

Our plans for growth rely on an increasing emphasis on the wind power industry; this sector faces many challenges, which may limit our potential for growth in this new market.

Our principal plan for growth is to manufacture wind towers, our latest fabricated metal specialty component, for the China domestic wind power industry. As of September 30, 2010, approximately 92% of our revenues were from sales of our wind towers. We expect a majority of our future revenues and earnings to come from sales of wind towers for the growing wind power industry in China.

The wind power industry sector in China faces many challenges as it expands, however, including a reliance on continued PRC government environmental and energy conservation policies and incentive programs, which together are one of the industry's major growth drivers. Wind power accounts for a small percentage of the power generated in China currently, and the existing power grid and transmission system lags behind existing and planned wind power plant construction. Furthermore, the wind power industry is generally not competitive without government incentive programs and initiatives because of the relatively high generation costs for wind power compared to most other energy sources. The current government incentive programs and initiatives include a feed-in tariff paid to wind power producers by grid utility companies, the mandatory obligation of grid utility companies to purchase all the electricity generated by renewable energy projects within its grid coverage, preferential tax treatment and government spending and grants for renewable energy programs. Most of our customers are highly dependent on these government incentives, initiatives and other favorable policies to support their operations at a relatively acceptable cost level. There can be no assurance that PRC government support of the wind power industry will continue at its current level or at all, and any decrease or elimination of government incentives currently available to industry participants may result in increased operating costs incurred by our current customers or discourage our potential customers from purchasing our products.

Our ability to market to this industry segment is dependent upon both an increased acceptance of wind power as an energy source in China and the industry's acceptance of our products. We believe there will continue to be an increased demand for wind power in China and that the power companies installing wind-generated power equipment will purchase our products. We cannot assure you that we will be able to continue to develop this business successfully, however, and our failure to develop the business further will have a material adverse effect on our overall financial condition and the results of our operations. Additionally, any uncertainties or adverse changes in government incentives, initiatives or policies relating to the wind power industry will materially and adversely affect the investment plans of our customers and consequently our growth.

Contracts for wind power projects in China are awarded through competitive public bids and there is no assurance that we will be asked to bid on new projects or that we will win these bids.

Utilities in China award contracts for wind towers on a competitive basis. We are generally aware of upcoming projects by region as established in annual NDRC wind development plans and through our proprietary customer relationships. However, utilities disclose specific requests for proposals publicly via the Internet, which we monitor on a regular basis, when they are prepared to accept bids. As a precursor to bidding, suppliers like us must maintain their status as a qualified supplier to the utility as well as possess a license to manufacture Class III A2 pressure vessels, which is often a specific requirement to bid on wind tower contracts. A substantial deposit based upon contract amount, typically around $125,000, is required for each bid and is returned to the bidder approximately three months following bid submission. This process helps to ensure that only companies with competent manufacturing and sufficient capitalization bid on projects. Competitive factors on wind tower bids include price, geographical proximity of the manufacturer to the wind power project and manufacturer reputation for quality and on-time delivery. It is our experience that typically three to six companies bid per contract.

We may not be successful in future bids and may fail to obtain new projects as a result. We believe we remain competitive in our pricing and delivery schedules for wind towers, but we cannot assure you our competitors will not underbid us. If we are unable to maintain our good relationships and qualified supplier status with the utilities, we may not be allowed to participate in the bidding process on new projects. Our license to manufacture Class III A2 pressure vessels expires in January 2013, and, although management believes we will be able to renew the license without issue, if we are unable to renew our license, we may not be able to bid on new wind tower contracts. Furthermore, we must maintain sufficient capital to source deposits made in connection with our bids, which may limit our ability to optimize our working capital allocation. To the extent we are unsuccessful in our bids to provide wind towers to new wind power projects, our future growth may be materially and adversely affected.

We derive a substantial part of our revenues from several major customers. If we lose any of these customers or they reduce the amount of business they do with us, our revenues may be seriously affected.

Our four largest customers accounted for approximately 51% of total sales for the fiscal year ended December 31, 2009, and our largest customer accounted for approximately 19% of total sales in the fiscal year ended December 31, 2009. Our four largest customers accounted for approximately 85% of total sales for the nine months ended September 30, 2010, and our largest customer accounted for approximately 24% of total sales for the nine months ended September 30, 2010. These customers may not maintain the same volume of business with us in the future. If we lose any of these customers or they reduce the amount of business they do with us, our revenues and profitability may be seriously affected. With our recent entry into the wind tower market, we expect to generate significant revenues from a limited number of large-scale industrial cus