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ESFTBANK COM INC
Form 10KSB/A
May 14, 2001

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-KSB/A
Amendment No. 1

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2000

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File No. 1-12293

eSFTBANK.COM, INC.

(Name of small business issuer in its charter)

Nevada

87-0394313

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification Number)

Flat A, United Plaza, 5022 Binhe Main Street, Futian District,
Shenzhen, PRC 518026

(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Include Area Code: 011-86-755-255-1130

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
None	None

Securities Registered Pursuant to Section 12(g) of the Act:

Common Stock, \$.001 par value

(Title of Class)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past twelve (12) months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past ninety (90) days. Yes X No

Check if disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements

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incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. []

The issuer's revenues for its most recent fiscal year were \$1,140,223

As of May 4, 2001, 12,920,000 shares of our common stock, \$.001 par value and 600 shares of our Series A convertible preferred stock, \$.001 par value were outstanding. As of such date, the aggregate market value of the common stock held by non-affiliates, based on the closing bid price on the NASD Bulletin Board, was approximately \$1,161,448.

DOCUMENTS INCORPORATED BY REFERENCE

Transitional Small Business Disclosure Format: Yes No X
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PART I

ITEM 1. DESCRIPTION OF BUSINESS

Corporate History

On March 31, 2000, Natural Way Technologies, Inc. (Natural Way) entered into an Exchange agreement (the Exchange) with World Concept Development Limited

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(World), an independent third party. In accordance with the Exchange, Natural Way acquired 100% of the issued and outstanding shares of World in exchange for 9,300,000 post reverse split shares of Natural Way. Prior to closing, Natural Way effected a one for five reverse stock split and changed the name of the Company to eSoftbank.com, Inc.

The Exchange has been accounted for using the purchase method of accounting as a reverse acquisition, whereby the company issuing its shares to effect the business combination is determined to be the acquiree in the business combination. This occurs when the shareholders of the issuer have less than a majority of voting control of the combined entity. The company whose shareholders retain the majority voting interest in the combined entity is presumed the acquirer. In the current Exchange, the existing shareholders of Natural Way will retain a 27% voting interest in the combined entity on completion of the Exchange. Accordingly, World is deemed to be the acquirer and the assets of Natural Way were required to be fair valued at acquisition. As Natural Way had no assets, as of the date of the Exchange, no fair value adjustment was required. The historical financial information prior to the Exchange are those of World.

World, a development stage enterprise, was incorporated on October 27, 1999, in the British Virgin Islands. World incorporated its wholly owned subsidiary eSoftbank Networks (Shenzhen) Co. Ltd. (Shenzhen) on December 30, 1999, in the Peoples' Republic of China (PRC). World and Shenzhen were incorporated to effect a merger, exchange of capital stock, asset acquisition or other business combination with a domestic or foreign, private or publicly held business. As of December 31, 1999, World had not commenced any formal business operations and the only activity related to the Company's formation.

On February 21, 2000, World, via Shenzhen, acquired 9.52% of the outstanding capital of SiTech Hainan Limited. (SiTech), a company related through common ownership and management from Dr. Hongbing Lan, a director and shareholder of both World and SiTech for approximately \$62,650. On the same date, Shenzhen acquired an additional 42.86% of SiTech from SiTech Hainan Holding Co., Ltd. (Holdings), a company related through common ownership and management, for approximately \$280,000. SiTech is a software designer and markets both packaged and custom designed Internet-related software applications. Since both entities involved in the acquisition were under common control, the transaction was accounted for at historical cost in a manner similar to that in pooling-of-interests accounting. The consolidated financial statements include the results of operations for World and its subsidiary from their inception.

On February 21, 2000, Shenzhen also acquired an 80% of the newly issued and outstanding stock of eSoftbank (Beijing) Software Systems Co., Ltd. (Beijing), a PRC company, from Holdings for an initial capital investment of approximately \$116,000. The remaining 20% of Beijing is owned by Mr. Hongyu Lan, the brother of Dr. Hongbing Lan.

Business of the Company

eSoftBank.com, Inc. is a leading Chinese web-based software development & sub-contracting services provider. We offer a wide range of value-added services including IT consulting, project outsourcing, quality control and software releasing. Our focus is on various e-commerce, network management and resource control systems for business and government enterprises. Our website, [HTTP://WWW.ESOFTBANK.COM](http://WWW.ESOFTBANK.COM), is a registry for Chinese web page designers and e-commerce developers, as well as institutions requiring the services of these people, on which we provide a cost-efficient platform for job exchanges and assignments. It is an interactive and integrated virtual software community offering technical databank, knowledge exchange, job subcontracting, software testing and support services. Through the website, we offer independent software

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engineers a source of business opportunities and web space, while companies are able to select from a variety of software engineers and software companies. Our revenues are derived from commissions on transaction volume on the platform, as well as handling fees and service charges for software engineering and technical support services. Our headquarters are in Shenzhen, China.

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We changed our company's name from Natural Way Technologies, Inc. to eSoftBank.com, Inc. on March 31, 2000 when we acquired (the "Acquisition") all of the issued and outstanding shares of World Concept Development Limited ("WCD"). WCD owns the software development and Internet-based software subcontracting platform operations conducted in China under the name eSoftBank.com.

eSoftBank has built the first software outsourcing infrastructure in China. Current, we have in excess of 70,000 individual and corporate members who are available to perform software development, outsourcing or collaboration on the eSoftBank.com platform. There are also approximately 900 Chinese software companies who are contracting with members for software collaboration and development.

Market Strategy

To gain greater visibility in China, we relocated our headquarters from Hainan to Shenzhen, the Silicon Valley of the People's Republic of China, and substantial operations to Beijing, the capital city of China, the home to a number of universities as well as Li-tech companies. This visibility has assisted the Company in its marketing efforts.

The Company has also concentrated on developing strategic alliances with both Chinese information technology (IT) companies and American IT consulting companies. These strategic alliances have had a dual benefit in that they have both helped the Company develop expertise in major software programming fields and have generated outsourcing engagements for the Company.

The Company continues to strengthen its positive in online software outsourcing by serving as an e-market place to bring together buyer and seller of IT services. During the fourth calendar quarter of 2000, we upgraded and expanded the Software Outsourcing Platform to provide for a matching of IT service providers and IT service contractors not just for the Chinese market, but for the international market as well.

On a prospective basis, we hope to establish outsourcing partnerships which will produce more recurring projects and more stable revenue sources.

Competition

Competition in software outsourcing market ins inevitable. We have competitors in China such as NEU-Apline, eNet and CCIDNET as well as foreign competitors. However our business model is different. NEU-Alpine provides software development by using their own technical resources. eNet and CCIDNET provide only a portal for software companies. However we are both our own technicians and a wide array of outside professionals already associated with us. TLL provides great flexibility and scaleability; we provide a software portal; and can also finish the software development by organizing our technical resources.

Research and Development

Research and development has a high priority:

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- * We continue to develop our core project management platform-OnTeam, which assists software companies in improving their software project management. We have now released the (beta)th version of this platform;
- * We continue to develop and upgrade Project Management Center, the software outsourcing business model of eSoftBank;
- * We are developing and expanding our network solutions, BroadenGate, which can assist clients do easily access the internet, monitor website visits and provide the mechanism to charge for internet service.

Patents and Trademarks

OnTeam is our leading project management platform conforming CMMII and ISO 9000 series. This platform integrates the functions including project management, development process, quality assurance, communication, configuration management, bug report etc. Now we are applying patents in both China and the United States.

Now we have the trademarks of:

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- * ESFTBANK (in China): the brand of our company, as well as the collaborative development and software outsourcing;
- * ONTEAM: a standardized project management platform, which can manage the whole process of software development. It provides an integrated software development and project environment;
- * BROADENGATE and E*LINUX (both in China): the product trademarks for our internet service package/platform;
- * DEVELOPMATRIX (in China): the solution for optimizing and reorganizing the resources management in IT outsourcing.

Government Regulation

We are not subject to any government regulations other than those that normally apply to other software developers, such as copyright and trademarks laws.

Employees

We have 180 employees; 20 of which are managerial, 110 of which are software engineers and 50 of which are clerical.

ITEM 2. DESCRIPTION OF PROPERTIES

We do not own any real estate, but lease three separate offices in Beijing, Shenzhen and Haikou.

In Beijing, we lease 400 square meters (approximately 5,166 square feet) of office space at Room 706, Tower B, COFCO Plaza, No. 8, Jianguomennei Street, Dongcheng District, Beijing, 100005, the People's Republic of China. The rent for this facility is \$10,650 per month and the lease extends through March 2002.

In Shenzhen, we lease 300 square meters (approximately 3,875 square feet) of office space at Room 2111, Flat A, United Plaza, 5022 Binhe Main Street, Futian District, Shenzhen, 518026, the People's Republic of China. The rent for this facility is \$1,300 per month and the lease extends through April 30, 2001. This facility also serves as our corporate headquarters.

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In Haikou we lease 700 square meters (approximately 9,042 square feet) of office space at Room 1001, Haikou International Commercial Center, No. 38, Datong Road, Haikou, Hainan, The People's Republic of China. The rent for this facility is \$3,500 per month and the lease extends through August 2005.

ITEM 3. LEGAL PROCEEDINGS

To the best of management's knowledge, there are no legal proceedings threatened or pending against us.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted for vote to the shareholders during the fourth quarter of our fiscal year, nor were any voted upon other than at a meeting of shareholders.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

There is currently limited trading in our Common Stock. The following table sets forth the high and low bid price by calendar quarter of the Company's common stock. There was no trading in our common stock prior to the second quarter of 2000.

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Quarter Ended	High	Low
March 31, 2000	\$ -	\$ -
June 30, 2000	9.50	.937
September 30, 2000	3.125	1.25
December 31, 2000	1.50	.469

Shareholders of Record

As of April 20, 2001, there were approximately 301 record holders of our common stock. Our common stock trades on the OTC:BB under the symbol ESFB.

Dividends

We have never declared or paid any cash dividend on our Common Stock nor do we expect to declare or pay any dividend on our Common Stock in the foreseeable future.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

On March 31, 2000, Natural Way Technologies, Inc. (Natural Way) entered into an Exchange agreement (the Exchange) with World Concept Development Limited (World), an independent third party. In accordance with the Exchange, Natural Way acquired 100% of the issued and outstanding shares of World in exchange for 9,300,000 post reverse split shares of Natural Way. Prior to closing, Natural Way effected a one for five reverse stock split and changed the name of the Company to eSoftbank.com, Inc.

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The business of eSoftbank.com is currently conducted in Renminbi, the currency of China ("RMB"), which for purposes of this section and our financial statements are converted at an exchange rate of \$1.00 = RMB 8.30.

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Year Ended December 31, 2000 Compared to Year Ended December 31, 1999.

Revenues. Revenues increased by \$648,030 or 131.66% to \$1,140,223 for the year ended December 31, 2000 from \$492,193 for the year ended December 31, 1999. This increase in revenues resulted from an aggressive marketing plan initiated in the early part of the year along with the increased visibility from opening offices in Shenzhen and Beijing.

Cost of Sales. Cost of sales increased by \$396,392 or 342.75% to \$512,041 for the year ended December 31, 2000 from \$115,649 for the year ended December 31, 1999. Cost of sales as a percent of revenues was 44.91% for the year ended December 31, 2000 compared to 23.50% for the year ended December 31, 1999. This increase in cost of sales resulted from increased revenues and a change in the mix of products sold. The increase in cost of sales as a percentage of revenue is attributable to an increased percentage of sales from web-based software subcontracting which has a lower profit margin than software development.

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Selling and Administrative Expenses. Selling and administrative expenses increased by \$1,962,269 or 1,780.17% to \$2,072,498 for the year ended December 31, 2000 from \$110,229 for the year ended December 31, 1999. This increase in selling and administrative expenses resulted from costs associated with opening two additional offices, increased marketing expenses increased research and development expenses and increased professional fees.

Other Expenses, Net. Other expenses consists of interest income and expense, bank charges, recovery of prior expenses foreign exchange gains or losses and other miscellaneous income. Other expenses, net increased by \$28,966 or 12.554% to \$29,197 for the year ended December 31, 2000 from \$231 for the year ended December 31, 1999. This increase in other expenses, net resulted principally from interest expense which was partially offset by interest and miscellaneous income.

Income Taxes. Income tax increased by \$30,077 or 99.99% to \$60,188 for the year ended December 31, 2000 from \$30,111 for the year ended December 31, 1999. Although the income of the Company decreased and there is a net operating loss for the current year, income taxes in the People's Republic of China are a function of gross sales and not of net income. Since sales more than doubled in the year ended December 31, 2000, the income taxes also increased.

Minority Interest. Minority interest represents the 20% interest in eSoftBank (Beijing) Software Systems Co. Ltd. and the 47.6% of SiTech Hainan Ltd. not owned by the Company.

As a result of the foregoing, the net income of the Company decreased by \$1,324,894 from net income of \$123,650 for the year ended December 31, 1999 to a net loss of \$1,201,244 for the year ended December 31, 2000.

Liquidity and Capital Resources

As of December 31, 2000, we had cash of \$388,159 and a deficit in working capital of \$1,967,031. This compares with cash of \$75,825 and working capital of \$495,014 as of December 31, 1999.

Cash used by operating activities totaled \$1,038,548 for the year ended December 31, 2000. This compares with cash provided by operations of \$227,301 for the year ended December 31, 1999. The change in cash provided by (used in) operating activities due to a net operating loss for the current year compared to an operating profit in the prior year which was partially offset by increased depreciation and amortization in the current year and changes in current accounts.

Cash used by investing activities increased to \$511,277 for the year ended December 31, 2000 from \$151,318 for the year ended December 31, 1999. This increase resulted from an increase in capital expenditures and purchases of long-term investments which was partially offset by a reduction in capital expenditures for product development and advances from shareholders.

Cash provided by financing activities totaled \$1,862,158 for the year ended December 31, 2000 compared to cash used in financing activities of \$4,337 for the year ended December 31, 1999. The net change in cash provided by financing activities is attributable to an increase in borrowings and investments which was partially offset by the payment of a dividend.

Based on the current level of expenditures, it will be necessary for us to seek additional funding over the next twelve months. Without such funding, we will be unable to implement our business plan.

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Cautionary Statements

In addition to the other information in this Annual Report on Form 10-KSB, the following factors should be considered carefully in evaluating the Company.

Demand for our Products Softens in a Weekend Economy. In a general economic downturn, our customers are apt to curtail information technology expenses. This can result in lower sales, lower sales revenues and a lengthening of sales cycles during these periods. If we experience a decrease in demand for our products, we can't assure you that we will be able to cut costs quickly and effectively in response to decreased sales or increased returns.

Our Quarterly and Annual Revenues, Expenses and Operating Results May Fluctuate Significantly. These fluctuations may be due to a number of factors, including:

- * demand for our products
- * size and timing of significant orders and their fulfillment;
- * our ability to develop and upgrade our technology;
- * changes in our level of operating expenses;
- * our ability to compete in a highly competitive market
- * undetected software errors and other product quality problems;
- * changes in our sales incentive plans and staffing of sales territories; and
- * change in the mix of domestic and international revenues and the level of international expansion.

Intra-Quarter Fluctuations. Orders booked throughout a quarter may substantially impact product revenues in that quarter. Our sales also fluctuate throughout the quarter as a result of customer buying patterns. In addition, we base our expenses to a significant extent on our expectations of future revenues. Most of our expenses are fixed in the short term, and we may not be able to reduce spending quickly if our revenues are lower than we had projected. If our revenue levels do not meet our projections, we expect our operating results to be adversely and disproportionately affected.

Fixed Expenses. We base our expenses to a significant extent on our expectations of future revenues. Most of our expenses are fixed in the short term, and we may not be able to reduce spending quickly if our revenues are lower than we had projected. If our revenue levels do not meet our projections, we expect our operating results to be adversely and disproportionately affected.

Quarter-to-Quarter Comparisons. We believe quarter-to-quarter comparisons of our revenues, expenses and results of operations are not necessarily meaningful. You should not rely on our quarterly revenues, expenses and results of operations to predict our future performance.

Our Markets are Highly Competitive and Rapidly Changing. Our markets are highly competitive and rapidly changing. We face competition from small companies with niche offerings as well as public companies with a breadth of offerings. New competitors have arisen and can be expected to continue to arise in a rapidly evolving market.

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Our Products are Subject to Rapid Technological Change. The market for our products is characterized by rapid technological change, frequent new product introductions and enhancements, uncertain product life cycles, changes in customer demands and evolving industry standards. Our products could be rendered obsolete if new products based on new technologies are introduced or new industry standards emerge.

Limited Protection of Proprietary Technology; Risks of Infringement. Our success depends to a significant degree upon our software and other proprietary technology. The software industry has experienced widespread unauthorized reproduction of software products. We rely on a combination of copyright and trade secret law as well as contractual restrictions to protect our technology. These legal protections provide only information. However, we may not be able to detect unauthorized use or take appropriate steps to enforce our intellectual property rights. If we litigated to enforce our rights, litigation would be expensive, would divert management resources and may not be adequate to protect our business. We also could be subject to claims alleging infringement of third-party intellectual property rights. In addition, we may be required to indemnify our distribution partners and end-users for similar claims made against them. Any claims against us could require us to spend significant time and money in litigation, pay damages, develop non-infringing intellectual property or acquire licenses to intellectual property that is the subject of the infringement claims. As a result, claims against us could materially adversely affect our business.

Risks Associated with Completed and Potential Acquisitions. We have made and may continue to make investments in complementary companies, technologies, services or products if we find appropriate opportunities. If we buy a company, we could have difficulty assimilating the personnel and operations of the acquired company. If we make other types of acquisitions, assimilating the technology, services or products into our operations could be difficult. Acquisitions can disrupt our ongoing business, distract management and other resources and make it difficult to maintain our standards, controls and procedures. We may not succeed in overcoming these risks or in any other problems we might encounter in connection with any future acquisitions. We may be required to incur debt or issue equity securities to pay for any future acquisitions. In addition, there can be no assurance that we will be able to successfully integrate our recent acquisitions of Netect and Entevo or that we will be able to integrate the products and technology we acquired into our sales model or product offerings.

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Risks of Undetected Software Errors. Our software products are complex and may contain certain undetected errors, particularly when first introduced or when new versions or enhancements are released. We have previously discovered software errors in certain of our new products after their introduction. We cannot be certain that, despite our testing, such errors will not be found in current versions, new versions or enhancements of our products after commencement of commercial shipments. Such undetected errors could result in adverse publicity, loss of revenues, delay in market acceptance or claims against us by customers, all of which could materially adversely affect our business.

Country Risk. Substantially all of the Company operations are conducted in the PRC and accordingly, the Company is subject to special considerations and significant risks not typically associated with companies operating in North America and Western Europe. These include risks associated with the political, economic and legal environments and with foreign currency exchange, among others. The Company's results may be affected by, among other things by changes in the political and social conditions in the PRC and changes in government policies with respect to laws and regulations, anti-inflation measures, currency

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conversion, remittance abroad and rates and method of taxation. The PRC government has implemented economic reform policies in recent years, and these reforms may be refined or changed by the government at any time. It is possible that a change in the PRC leadership could lead to changes in economic policy. In addition, a substantial portion of the Company revenue is denominated in Renminbi, which must be converted into other currencies before remittance outside the PRC. Both the conversion of the Renminbi and other foreign currencies and remittance of foreign currencies abroad require approval of the PRC government.

ITEM 7. FINANCIAL STATEMENTS

The consolidated financial statements of the Company, together with the independent auditors' report on these statements by Blackman Kallick Bartelstein LLP are included on pages F-2 through F-22 of this Form 10-KSB. (See Index to Financial Statements on page F-1 of this Form 10-KSB.)

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There were no changes in or disagreements with the certifying accountants or on any accounting or financial disclosure item during any period covered by this Form 10-KSB.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

The following are the names, ages and positions held by each of our officers and directors:

Name	Age	Title	
-----	-----	-----	
Director Since			

Dr. Hongbing Lan	34	Chairman, Chief Executive Officer and Director	1999
Mr. Chunlin Tang	30	Chief Financial Officer	
Ms. Ling Wen	40	Vice-President	

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Mr. Henry Lan	28	Chief Technical Officer	
Mr. Xinmin Gao	62	Director	2000
Mr. Fa Ding Liu	38	Director	2000
Mr. Daniel A. Norcross	27	Chief Marketing Officer	2000

The term of office of each director is one year, subject to removal by the shareholders, or until his successor is elected and qualified at our annual meeting of shareholders. The term of office for each officer is for one year, subject to removal by the Board of Directors, or until a successor is elected.

Biographical Information

Dr. Hongbing Lan. Dr. Hongbing Lan, Chairman, Chief Executive Officer and director received a doctorate degree in Automation Control from Wuhan HuaZhong Science University. In 1995, he established the State Information Center Software Laboratory. In 1996, Dr. Lan formed Si Tech Hainan Co. Ltd. where he

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worked until 1999 when he formed eSoftBank.com, Inc., the predecessor of our Company.

Mr. Chunlin Tang. Mr. Chunlin Tang joined the Company in March, 2000 as our Chief Financial Officer. Prior to joining the Company, Mr. Tang worked in Johnson and Johnson Medical Co., Ltd as Finance Manager from March 1999 to March 2000. He received his Bachelor from Tsinghua University in 1994 and a Master in accounting from the same university in 1997. He also studied in France at College Des Ingenieurs in 1998 and then worked as instructor in Economics & Management School, Tsinghua University till March 1999. He is a Chinese CPA.

Ms. Ling Wen. Ms. Ling Wen joined the Company in January 2000 and is our Vice President in charge of business strategic partnerships. Prior to joining the Company, Ms. Wen was employed by Hainan 1st Investment Co., Ltd from March 1995 till January 2000. Ms. Wen holds an MBA degree from Shanghai Fudan University.

Mr. Daniel A. Norcross. Mr. Daniel Norcross joined the Company in May 2000 and serves as our Chief Marketing Officer and director. Prior to joining the Company, Mr. Norcross was employed by QwikQuote Development, Inc. as a Project Manager from 1999 to 2000. He also acted as a software developer in Atlantic Media Corporation from 1998 to 1999 and in Great Easter Reinsurance Inc. from 1997 to 1997. He the a Bachelor's degree of Computer in Williams College in 1997 and a Master's degree from Harvard University in 1999.

Mr. Henry Lan. Mr. Henry Lan joined the Company in 1998 and serves as our Chief Technical Officer. Prior to joining the Company, Mr. Lan was employed by Hainan Telecom from 1997 to 1998. From 1990 to 1997, he finished his bachelor and master study plan. Mr. Lan holds a Masters Degree in Computer Science from Huazhong University of Science and Technology.

Mr. Xinmin Gao. Mr. Xinmin Gao was selected as a director of our Company in April 2000 and is the Chief Scientist of the Company. Prior to joining the Company, Mr. Gao was employed by China Information Association as the deputy Director from 1999. He also acted as the director of State Information Center of China for nearly 8 years from the year 1991.

Mr. FaDing Liu. Mr. FaDing Liu was selected as a director of our Company in April 2000. Prior to joining the Company, Mr. Liu had been employed by New York Office, Nanfang Security Co., Ltd as the office manager for over 5 years from the

Compliance with Section 16(a) of the Securities Exchange Act of 1934

Under the Securities laws of the United States, our Executive Officers, Directors and beneficial owners of more than ten percent (10%) of any class of our securities are required to report their initial ownership of our securities and any subsequent changes in that ownership to the Securities and Exchange Commission. However, none of these persons has yet filed the forms as required with the Securities and Exchange Commission.

ITEM 10. EXECUTIVE COMPENSATION

The following tables set forth certain summary information concerning the compensation paid or accrued for each of the Company's last completed fiscal years to the Company's or its principal subsidiaries chief executive officer and each of its other executive officers that received compensation in excess of \$100,000 during such period (as determined at December 31, 1998, the end of the Company's last completed fiscal year):

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Summary Compensation Table

Name and Principal ----- Position -----	Year -----	Annual Compensation		Long Term Compensation				
		Salary -----	Bonus (\$) -----	Awards ----- Other Annual Compensation	Stock Awards	Options / SARS	LTIP Payout	Payout compensat -----
Dr. Hongbing Lan	1998	\$10,200	0	0	0	0	0	0
Chairman, Chief	1999	11,800	0	0	0	0	0	0
Executive Officer and Director	2000	14,200	0	0	0	0	0	0

Options /SAR Grants in Last Fiscal Year

The Company has never granted options or stock appreciation rights.

Bonuses and Deferred Compensation

None

Compensation Pursuant to Plans

The Company does not have any compensation or option plans.

Pension Plans

Not applicable

Other Compensation

None

Directors who are not officers of the Company receive \$2,000 per year as compensation.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the number of shares of the Company's Common Stock, par value \$0.01, held by each person who is believed to be the beneficial owner of 5% or more of the shares of the Company's common stock outstanding at April 13, 2001, based on the Company's transfer agent's list, representations and affidavits from shareholders and beneficial shareholder lists provided by the Depository Trust and securities broker dealers, and the names and number of shares held by each of the Company's officers and directors and by all officers and directors as a group.

Title of Class -----	Name and Address of Beneficial Owner Beneficial Ownership -----	Amount and Nature of Beneficial Ownership -----	Percent of Class -----
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Common	Dr. Hongbing Lan (1) (2)	4,193,660	32.46%
Common	Mr. Chunlin Tang (1)	-	-
Common	Ms. Ling Wen (1)	-	-

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Common	Mr. Henry Lan (1)	-	-
Common	Mr. Xinmin Gao (1)	-	-
Common	Mr. Fa Ding Liu (1)	-	-
Common	Pacific Winner Development Ltd. (1) (2)	4,193,660	32.46%
Common	China Enterprise Confederation No. 17, Zizhuyuan Nanzu Beijing, PRC	647,480	5.01%
Common	World Concept Holding 2/F, Flat D & E, Cheong Ming Bldg. 80-86 Argyle Street, Mongkok Kowloon, Hong Kong	978,100	7.57%
Common	Shenzhen Commercial Bank No. 1099, Shen Nan Zhonghu Shenzhen Commercial Bank Building Shenzhen, PRC	1,020,000	7.89%
All officers and Directors, and as a Group (6 Person)		4,193,660	32.46%

(1) Address for all persons and entities is Flat A, United Plaza, 5022 Binhe Main Street, Futian District, Shenzhen, PRC 518026

(2) Beneficially owned by Dr. Hongbing Lan

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Name of parties and Nature of transaction	1999 Rmb ---	2000 Rmb ---	2000 US\$ ---
Dr. Hongbing Lan - Travel and trip expenses paid on behalf of the Company	(260,494)	2,316,408	279,085
SiTech Holding (Hainan) Company Limited - Cash advances	1,485,426	-	-

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Sitech Holding (Hainan) Company Limited is an entity controlled by Dr. Hongbing Lan an officer, director and controlling shareholder of the Company.

The balances with Dr. Hongbing Lan are unsecured, interest-free and repayable on demand.

The Company jointly developed and designed two projects with SiTech Holding (Hainan) Company, which generated gross revenue of Rmb 199,310 in 1999.

The 20% equity interest of eSoftBank (Beijing) Software Systems Co., Ltd. not owned by us, is owned by Hongyu Lan, the brother of Dr. Hongbing Lan an officer of our Company.

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PART IV

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

- 2.1* Exchange Agreement by and among Natural Way Technologies, Inc. and the shareholders of World Concept Development Limited
- 3.1* Amended and Restated Articles of Incorporation
- 3.2* Certificate of Decrease and Increase in Authorized Shares 3.3 Bylaws, as amended to date (1)
- 21.1* Subsidiaries of Registrant

* As previously filed with the Form 10-KSB for year ended December 31, 1999

(b) Reports on Form 8-K

None

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

eSoftBank.com, Inc.

By: /s/ Dr. Hongbing Lan

Dr. Hongbing Lan
Chief Executive Officer

By: /s/ Chunlin Tang

Chunlin Tang
Principal Accounting Officer

Dated: May 14, 2001

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Name	Title	Date
------	-------	------

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----- /s/ Hongbing Lan ----- Dr. Hongbing Lan	----- Chairman, Chief Executive Officer	----- May 14, 2001
----- /s/ Xinmin Gao ----- Mr. Xinmin Gao	----- Director	----- May 14, 2001
----- /s/ Fa Ding Liu ----- Mr. Fa Ding Liu	----- Director	----- May 14, 2001

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