

## Chairman's Statement



“Our aim is to build great companies that are able to play a major part in an exciting new era, and we are confident of our growth and success in the Asia Pacific region.”

**A**s Chairman of the Company, I am extremely pleased to present our Company's 2000 annual report.

With significant new technology developments and with volatile movements in the world's financial markets, the year 2000, was a tumultuous year. Through it all, our Company is better positioned today than it was at the beginning of 2000.

The volatility of the financial markets and the deterioration of market confidence that marked the end of the year, has left much confusion in the technology sector in Asia. We, however, are of the firm view that the new B2B technologies that have been introduced in the last few years, and the new developments that are coming to market, are already having a profound impact on the ways businesses operate around the globe. The disparity in performance between B2B enabled corporations and their competitors that are not, continue to grow. We are confident that our Company is uniquely positioned to continue to play a leading role in the B2B arena throughout the region.

The year 2000 was a period of laying the foundation for important future growth at our Company. Our main focus was on building up our resources that provide infrastructure and technology capability for B2B e-commerce in Asia.

During the year, we focused our human and financial resources on providing necessary resources and leadership to partner companies that have a vision of expanding their presence in Asia. We actively managed these companies and refined their business models to ensure that they are on the right track to revenue growth and profitability.

We made our debut in July 2000 with the acquisition of MegaVillage.com Holdings Limited ("MegaVillage"), a virtual sourcing agent for multinational companies in light consumer product industries. MegaVillage provides buyers one-stop solutions for sourcing a wide-range of consumer products manufactured in the Greater China region, and provides various functionalities that support real-time B2B transactions.

In October, we entered into an agreement with Breakaway Solutions, Inc. ("Breakaway") for the formation of a joint-venture company, Breakaway Solutions Asia Pacific Limited ("Breakaway Asia Pacific"). The new joint venture is expected to become the leading full-service provider of e-business solutions for growing enterprises in Asia, offering strategic consulting, systems integration and enterprise software services. Through this joint venture, we plan to bring Breakaway's cutting-edge technologies and know how to the rapidly growing Asian markets. Breakaway Asia Pacific, will also form the cornerstone of our drive into the IT services sector across the region. We have established ICG Consulting K.K. in Japan to provide our IT service capabilities to Japanese corporate clients. In addition, we have announced the acquisition of Whizz-Work Holdings Limited, a rapidly growing internet network infrastructure service provider. We anticipate aggressive growth in this business in the coming year.

Further, the Company acquired interests in FreeBorders.com, Inc. ("FreeBorders") through stock purchase agreements and convertible loans. The San Francisco-based-company is a leading global supply chain solution provider that focuses on creating efficiency in the soft goods industries, including apparel, textile and retail products. Leveraging IBM's technology, FreeBorders has developed a comprehensive design-to-delivery solution that integrates design, sourcing and delivery applications, all customized to the customer's environment and needs. This investment highlights the Company's intention to provide cutting-edge software solutions to Asian corporations and industries.

Our latest move was in Japan, where we wanted to expand our presence in the World's second largest economy. We achieved this through combining the resources of the Company with ICG Japan K.K. ("ICGJ"), a B2B e-commerce and IT company. Under an asset purchase agreement entered into on 21 February 2001, the Company would acquire an investment made by ICGJ and other assets of the company. ICGJ has pushed forward to cement strong partnerships with leading Japanese corporations. Among these, are B2B Platform Inc., a 50 : 50 joint venture with Itochu Corporation, as well as e-Xcelerator, a joint venture with Sanyo Electric Co., Ltd., in which ICGJ holds a 60% equity interest.

B2B e-commerce is a global activity, and so are our opportunities. Combining our presence throughout Asia allows us to effectively seek out great opportunities across the region and develop business initiatives on a larger scale. Our businesses will now operate seamlessly across the region. At our Company, our focus is to build a region-wide capabilities in IT services, enterprise software, B2B e-commerce and wireless technology.

The synergy of our partners' strengths forms part of the platform we are putting together to capitalize on the enormous opportunities presented by B2B e-commerce in Asia. Our aim is to build great companies that are able to play a major part in an exciting new era, and we are confident of our growth and success in the Asia Pacific region.

**Kenneth A. Fox**

*Chairman*

Hong Kong, 3 April 2001



## Internet Capital Group, Inc.

**About Internet Capital Group, Inc.** (Nasdaq: ICGE)

ICGE, [www.internetcapital.com](http://www.internetcapital.com), is a leading B2B e-commerce company. It is an Internet company actively engaged in B2B e-commerce through a network of partner companies. ICGE's goal is to build companies that can obtain a No. 1 or No. 2 market position in their respective markets by delivering the software and services to help businesses increase efficiencies and cost savings. It provides operational assistance, capital support, expertise, and a strategic network of business relationships intended to maximize the long-term market potential of more than 70 B2B e-commerce partner companies. Headquartered in Wayne, Pennsylvania, USA, Internet Capital Group has offices in San Francisco, Boston, Hong Kong and Tokyo.