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Message from the Chairman

Dear Shareholders:

Year 2002 was another challenging year for the IT industry. However, the revenues of Delta Electronics, Inc. grew 14% to NTD 48.5 billion, with NTD 9.9 billion of gross profit and NTD 4.28 billion after tax profit. Earnings per share were NTD 3.08. It was a respectable result due largely to the management improvement measures introduced in recent years.

Delta continues to refine our strategies to keep the competitive edge. Technologies play a very important role in Delta's growth plans. All business units, including power system, video display, components and electro-mechanical, have recently introduced products based on technology innovation and will continue to do so. We are also paying close attention to the market trends. For example, we anticipate the digital television market will grow significantly, we therefore are prepared to grow with the market in the areas of projection display, power management and components. Our Wujiang campus, which was set up in late 2001, has become fully operational to provide necessary capacity and flexibility to fulfill various customer product demands. We have intensified the efforts to improve our management processes, including supply chain, production, inventory control, quality assurance, project management, finance and business planning, by using both internal and external resources. Our aim is to become a world-class operation in all aspects in the near future. The business environment has become so competitive, only the best and fittest will survive.

One important debate came up recently was whether Delta should be an ODM (original design manufacturer) or EMS (electronics manufacturing services) company. After careful studies, we have decided to build on our current strength of cutting-edge and market-oriented product development and continue with the ODM strategy. We have for many years maintained research collaborations with leading universities such as Virginia Tech and MIT to keep ourselves abreast of technological innovations and future trends. A good example is our Spoken Language Systems research team is working closely with MIT's Laboratory for Computer Science under an Affiliate Program for research in human-computer interaction via natural spoken language. We also started our Business Headquarters and Corporate R&D Center in Taipei last year in light of Delta's future sustainable growth. The R&D center is currently engaged in projects relating to spoken language systems, MEMS, and opto-electronics. These projects will thrive in a corporate environment where the company's commitment for longer-term success comes before quarter-to-quarter results.

There is a lot of uncertainty concerning the fledgling economic recovery. We have set aggressive business goals for 2003. At the same time we have prepared ourselves for the ever-changing marketplace and competitive challenges. Delta's best resources have always been our people: the design engineers, production workers, sales representatives, etc. Good business plans will only become meaningful when executed by a team of capable and devoted people. My colleagues and I hereby pledge to use all our efforts to maximize the company's value to meet the expectations of all stakeholders for this year, and years to come.

Sincerely yours,



Bruce Cheng
Chairman & CEO
Delta Electronics, Inc.



