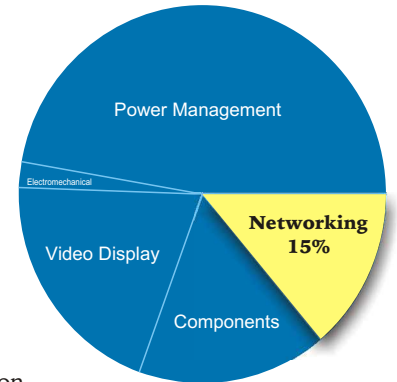


Networking

Year 2002 was still another challenging year for the IT industry. The stagnant growth in the PC industry has put great pressure on the players in the overall supply chain, so has the networking industry. However, our networking division, DNI, still made some major breakthroughs and achieved significant growth in its operations. The revenues growth of the networking division for the year 2002 was over 15% and the organization has also expanded on its engineering team to sustain for future growth.



With continuous efforts in innovative R&D and better production efficiency, last year networking group has successfully developed management switches in the higher end gigabit LAN technology. At the same time, we successfully won the trust of many top tier multinational networking companies and have obtained the outsourcing orders from them. Meanwhile, we continue to devote ourselves to the next level of technology advancements. In the LAN technology area, we continue to develop the layer three switches over the 2002-2003 time frame. Therefore, we can expect within this year more higher end, new generation of data equipments will come into marketplace for OEM customers from our networking business.

We believe that the human capital will be the most important asset for our sustainable growth into the future. The recruit of more new blood into the organization is a continuous process. Last year, we also invited Mr. Sam Liang to join our networking division. Sam has more than 30 years of practical knowledge and experience in the networking industry.

Under his leadership, we believe the prospect for our networking business will look even brighter.



**16-Port
Gigabit Uplink Switch**



ADSL Router



Gigabit Intelligent Switch



**Internet Telephony Gateway
(VoIP Gateway)**

Last year, our broadband business has also shown a stable growth. Our broadband equipments include xDSL modems, VPN, and firewall. The sales into European and Japanese market were especially successful. With the advent of wireless LAN solution, we also participated in the wireless LAN business and delivered products like wireless adaptors, access points, and wireless routers.

Equipped with all the major networking technologies from LAN, broadband, to wireless LAN, Delta Networks has well positioned itself as a dedicated ODM total solution provider for the networking outsourcing opportunities.



General Purpose Server

NAS



Rack Mount Server



Wireless LAN



Stackable Switch