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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Delta Networks, Inc., you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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**Delta Networks, Inc.**  
**達創科技股份有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 722)**

**PROPOSED GRANTING OF GENERAL MANDATES  
TO REPURCHASE SHARES AND TO ISSUE NEW SHARES OF THE COMPANY  
AND  
NOTICE OF THE ANNUAL GENERAL MEETING OF THE COMPANY**

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A notice convening an annual general meeting of Delta Networks, Inc. to be held at Jade Room, 6/F, Marco Polo Hongkong Hotel, Harbour City, Kowloon, Hong Kong on Friday, 24 April 2009 at 10:00 a.m. is set out on pages 8 to 11 of this circular. A form of proxy for use at the annual general meeting is enclosed with this circular. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.dninetworks.com](http://www.dninetworks.com)).

Whether or not you are able to attend the annual general meeting, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Branch Share Registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting if they so wish.

\* *for identification purposes only*

24 March 2009

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“Annual General Meeting”	an annual general meeting of the Company to be held at Jade Room, 6/F, Marco Polo Hongkong Hotel, Harbour City, Kowloon, Hong Kong on Friday, 24 April 2009 at 10:00 a.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 8 to 11 of this circular, or any adjournment thereof;
“Board”	the board of Directors;
“Buyback Mandate”	as defined in paragraph 2(a) of the Letter from the Board;
“Company”	Delta Networks, Inc., a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Issuance Mandate”	as defined in paragraph 2(b) of the Letter from the Board;
“Latest Practicable Date”	18 March 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Share(s)”	ordinary share(s) of US\$0.05 each in the capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Code on Takeovers and Mergers issued by the Securities and Futures Commission in Hong Kong;
“US\$”	United States dollars, the lawful currency of the United States of America.

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## LETTER FROM THE BOARD

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**Delta Networks, Inc.**  
**達創科技股份有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 722)**

*Executive Directors:*

Mr Liang Ker Uon, Sam  
*(Chairman & Chief Executive Officer)*  
Mr Cheng An, Victor

*Non-executive Directors:*

Mr Cheng Chung Hua, Bruce  
Mr Hai Ing-Jiunn, Yancey

*Independent Non-executive Directors:*

Mr Zue Wai To, Victor  
Mr Liu Chung Laung  
Mr Shen Bing

*Registered Office:*

Scotia Centre, 4th Floor  
P.O. Box 2804, George Town  
Grand Cayman KY1-1112  
Cayman Islands

*Head Office and Principal Place of  
Business in Taiwan:*

186 Ruey Kuang Road  
Neihu, Taipei 11491  
Taiwan

*Place of Business in Hong Kong:*

Level 28, Three Pacific Place  
1 Queen's Road East  
Hong Kong

24 March 2009

*To the shareholders*

Dear Sir/Madam,

**PROPOSED GRANTING OF GENERAL MANDATES  
TO REPURCHASE SHARES AND TO ISSUE NEW SHARES OF THE COMPANY  
AND  
NOTICE OF THE ANNUAL GENERAL MEETING OF THE COMPANY**

**1. INTRODUCTION**

The purpose of this circular is to provide Shareholders with information in respect of the resolutions to be proposed at the Annual General Meeting relating to (i) the granting of the Buyback Mandate to the Directors; (ii) the granting of the Issuance Mandate to the Directors; and (iii) the extension of the Issuance Mandate by adding to it the nominal amount of the issued Shares repurchased by the Company under the Buyback Mandate.

\* for identification purposes only

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## LETTER FROM THE BOARD

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### 2. PROPOSED GRANTING OF THE BUYBACK AND ISSUANCE MANDATES

At the annual general meeting of the Company held on 24 April 2008, general mandates were granted to the Directors to exercise the powers of the Company to repurchase Shares and to issue new Shares respectively. Such mandates, to the extent not used, will lapse at the conclusion of the Annual General Meeting.

Ordinary resolutions will be proposed at the Annual General Meeting to approve the granting of new general mandates to the Directors:

- (a) to purchase Shares on the Stock Exchange of an aggregate nominal amount not exceeding 10% of the total nominal amount of the issued share capital of the Company on the date of passing of such resolution (i.e. an aggregate nominal amount of Shares not exceeding US\$5,914,925 (equivalent to 118,298,500 Shares) on the basis that the issued share capital of the Company remains unchanged as at the date of the Annual General Meeting) (the “Buyback Mandate”);
- (b) to allot, issue or deal with new Shares of an aggregate nominal amount not exceeding 20% of the total nominal amount of the issued share capital of the Company as at the date of passing of such resolution (i.e. an aggregate nominal amount of Shares not exceeding US\$11,829,850 (equivalent to 236,597,000 Shares) on the basis that the issued share capital of the Company remains unchanged as at the date of the Annual General Meeting) (the “Issuance Mandate”); and
- (c) to extend the Issuance Mandate by an amount representing the aggregate nominal amount of Shares repurchased by the Company pursuant to and in accordance with the Buyback Mandate.

The Buyback Mandate and the Issuance Mandate will continue in force until the conclusion of the next annual general meeting of the Company held after the Annual General Meeting or any earlier date as referred to in the proposed ordinary resolutions contained in items 5 and 6 of the notice of the Annual General Meeting set out on pages 8 to 11 of this circular. With reference to the Buyback Mandate and the Issuance Mandate, the Directors wish to state that they have no immediate plan to repurchase any Shares or issue any new Shares pursuant thereto.

In accordance with the requirements of the Listing Rules, the Company is required to send to Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the granting of the Buyback Mandate. The explanatory statement as required by the Listing Rules in connection with the Buyback Mandate is set out in the Appendix to this circular.

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## LETTER FROM THE BOARD

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### 3. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Annual General Meeting is set out on pages 8 to 11 of this circular. At the Annual General Meeting, resolutions will be proposed to approve, inter alia, the granting of the Buyback Mandate and the Issuance Mandate and the extension of the Issuance Mandate by the addition thereto of the nominal amount of Shares repurchased pursuant to the Buyback Mandate.

Pursuant to the amendments to the Listing Rules, which came into force on 1 January 2009, any vote of shareholders at a general meeting must be taken by poll. Accordingly, all the proposed resolutions will be put to vote by way of poll at the Annual General Meeting. An announcement on the poll vote results will be made by the Company after the Annual General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the Annual General Meeting is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.dninetworks.com](http://www.dninetworks.com)). Whether or not you are able to attend the Annual General Meeting, please complete and sign the form of proxy in accordance with the instructions printed thereon and return it, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority, to the Branch Share Registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the Annual General Meeting if you so wish and in such event, the proxy form shall be deemed to be revoked.

### 4. RECOMMENDATION

The Directors consider that the granting of the Buyback Mandate and the granting/extension of the Issuance Mandate are in the best interests of the Company, the Group and the Shareholders. Accordingly, the Directors recommend Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

### 5. GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix to this circular (Explanatory Statement on the Buyback Mandate).

Yours faithfully,  
By Order of the Board  
**Liang Ker Uon, Sam**  
*Chairman of the Board*

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## **APPENDIX EXPLANATORY STATEMENT ON THE BUYBACK MANDATE**

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The following is an explanatory statement required by the Listing Rules to be sent to Shareholders to enable them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the Annual General Meeting in relation to the granting of the Buyback Mandate.

### **1. REASONS FOR BUYBACK OF SHARES**

The Directors believe that the granting of the Buyback Mandate is in the interests of the Company and Shareholders.

Repurchases of Shares may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share. The Directors are seeking the granting of the Buyback Mandate to give the Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time, having regard to the circumstances then pertaining.

### **2. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,182,985,000 Shares.

Subject to the passing of the ordinary resolution set out in item 5 of the notice of the Annual General Meeting in respect of the granting of the Buyback Mandate and on the basis that the issued share capital of the Company remains unchanged as at the date of the Annual General Meeting, i.e. being 1,182,985,000 Shares, the Directors would be authorized under the Buyback Mandate to repurchase, during the period in which the Buyback Mandate remains in force, an aggregate nominal amount of Shares not exceeding US\$5,914,925 (equivalent to 118,298,500 Shares), representing 10% of the aggregate nominal amount of Shares in issue as at the date of the Annual General Meeting.

### **3. FUNDING OF REPURCHASES**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association, the laws of the Cayman Islands and/or any other applicable laws, as the case may be.

The Company is empowered by its memorandum and articles of association to repurchase Shares. The laws of the Cayman Islands provide that the amount of capital paid in connection with a share repurchase by a company may be paid out of either the profits of the company or out of the proceeds of a fresh issue of shares made for such purpose or, subject to the articles of association of the company and the laws of the Cayman Islands, out of capital. The amount of premium payable on repurchase may be paid out of profits of the company or out of the share premium account of the company or, subject to the articles of association of the company and the laws of the Cayman Islands, out of capital.

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## **APPENDIX EXPLANATORY STATEMENT ON THE BUYBACK MANDATE**

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### **4. IMPACT OF REPURCHASES**

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 December 2008) in the event that the Buyback Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Buyback Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels, which in the opinion of the Directors are from time to time befitting the Company.

### **5. TAKEOVERS CODE**

If, on the exercise of the power to repurchase Shares pursuant to the Buyback Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code for all the Shares not already owned by such Shareholder or group of Shareholders.

As at the Latest Practicable Date, Delta Networks Holding Limited, the Company's immediate holding company, was interested in 712,160,000 Shares, representing approximately 60.2% of the total issued share capital of the Company. Delta Networks Holding Limited is a wholly-owned subsidiary of Delta Electronics, Inc., which is a company listed on the Taiwan Stock Exchange. On the basis that both the issued share capital of the Company and the shareholding of Delta Networks Holding Limited remain unchanged immediately prior to the full exercise of the Buyback Mandate, in the event that the Directors exercise in full the power to repurchase Shares in accordance with the terms of the relevant ordinary resolution to be proposed at the Annual General Meeting, the shareholding interest of Delta Networks Holding Limited in the issued Shares would be increased to approximately 66.9% of the total issued share capital of the Company. The Directors are not aware of any consequences, which will arise under the Takeovers Code as a result of any repurchases to be made under the Buyback Mandate.

The Listing Rules prohibit a company from making repurchase of shares on the Stock Exchange if the result of the repurchase would be that less than 25% (or such other prescribed minimum percentage as determined by the Stock Exchange) of the company's issued share capital would be in public hands. The Directors do not propose to repurchase Shares, which would result in less than the prescribed minimum percentage of Shares in public hands.

### **6. GENERAL**

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company in the event that the granting of the Buyback Mandate is approved by Shareholders.



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## APPENDIX EXPLANATORY STATEMENT ON THE BUYBACK MANDATE

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The Company has not been notified by any connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the granting of the Buyback Mandate is approved by Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases of Shares pursuant to the Buyback Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

### 7. MARKET PRICES OF SHARES

The highest and lowest prices per Share at which the Shares have traded on the Stock Exchange during each of the following months were as follows:

<b>Month</b>	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2008</b>		
March	2.15	1.45
April	2.45	2.01
May	2.45	1.95
June	2.55	2.20
July	2.43	2.00
August	2.35	2.00
September	2.03	1.70
October	1.80	1.00
November	1.24	0.90
December	1.26	0.66
<b>2009</b>		
January	1.43	1.00
February <sup>#</sup>	1.57	1.00
March (up to the Latest Practicable Date) <sup>#</sup>	1.78	1.67

<sup>#</sup> *The trading of Shares on the Stock Exchange had been suspended from 23 February 2009 to 12 March 2009.*

### 8. REPURCHASES OF SHARES MADE BY THE COMPANY

No repurchase of Shares has been made by the Company during the previous 6 months (whether on the Stock Exchange or otherwise).

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## NOTICE OF THE ANNUAL GENERAL MEETING

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**Delta Networks, Inc.**  
**達創科技股份有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 722)**

**NOTICE IS HEREBY GIVEN** that an Annual General Meeting of Delta Networks, Inc. (the “Company”) will be held at Jade Room, 6/F, Marco Polo Hongkong Hotel, Harbour City, Kowloon, Hong Kong on Friday, 24 April 2009 at 10:00 a.m. for the following purposes:

1. To consider and receive the audited consolidated financial statements of the Company and the reports of the directors and of the auditor for the year ended 31 December 2008;
2. To declare a final dividend of 0.83 US cent per share for the year ended 31 December 2008;
3. To elect directors, if any, and to authorize the board of directors to fix directors’ remuneration;
4. To re-appoint PricewaterhouseCoopers as auditor and to authorize the board of directors to fix auditor’s remuneration;
5. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

**“THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors during the Relevant Period (as defined below) of all the powers of the Company to purchase its shares, subject to and in accordance with the applicable laws, be and is hereby generally and unconditionally approved;
- (b) the total nominal amount of shares of the Company to be purchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution and the said approval shall be limited accordingly; and

\* for identification purposes only

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## NOTICE OF THE ANNUAL GENERAL MEETING

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- (c) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the revocation or variation of the authority given under this resolution by an ordinary resolution passed by the Company’s shareholders in a general meeting; and
  - (iii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held.”;
- 6. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT:**

- (a) subject to paragraph (c) below, the exercise by the directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with authorized and unissued shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorize the directors to make or grant offers, agreements and options during the Relevant Period which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the total nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted by the directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
  - (i) a Rights Issue (as defined below);
  - (ii) the exercise of options under a share option scheme of the Company or any other option, scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; and
  - (iii) any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company,

shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution and the said approval shall be limited accordingly; and

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## NOTICE OF THE ANNUAL GENERAL MEETING

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(d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the revocation or variation of the authority given under this resolution by an ordinary resolution passed by the Company’s shareholders in a general meeting; and
- (iii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and

“Rights Issue” means an offer of shares open for a period fixed by the directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction or the requirements of any recognized regulatory body or any stock exchange).”; and

7. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** conditional upon the passing of the resolutions set out in items 5 and 6 of the notice convening this meeting (the “Notice”), the general mandate referred to in the resolution set out in item 6 of the Notice be and is hereby extended by the addition to the aggregate nominal amount of shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the directors pursuant to such general mandate of an amount representing the aggregate nominal amount of shares purchased by the Company pursuant to the mandate referred to in the resolution set out in item 5 of the Notice, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution.”.

By order of the Board  
**Liang Ker Uon, Sam**  
*Chairman of the Board*

Taipei, Taiwan, 24 March 2009

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## NOTICE OF THE ANNUAL GENERAL MEETING

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**Notes:**

1. Any member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him to attend and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Branch Share Registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding this meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at this meeting and in such event, the form of proxy shall be deemed to be revoked.
3. The register of members of the Company will be closed from Tuesday, 21 April 2009 to Friday, 24 April 2009, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the proposed final dividend for the year ended 31 December 2008 and for attending and voting at this meeting, unregistered holders of shares of the Company should ensure that all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the Branch Share Registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Monday, 20 April 2009.
4. In relation to the resolutions set out in items 5, 6 and 7 of this notice, the directors wish to state that they have no immediate plan to repurchase any existing shares or issue any new shares of the Company.