

Epistar, Epitech and Highlink Agree to Merge

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Epistar Corporation, Epitech Technology Corporation, two of the biggest suppliers of high brightness LED (HBLED) epiwafers and chips in Taiwan, along with Highlink Technology Corporation, one of the premier companies also specialized in HBLED epiwafers and chips, announced today that they have entered into a merger agreement that Epitech and Highlink will be consolidated into Epistar. The merger of the three companies will further solidify the new Epistar's leading position in AlGaInP LED worldwide. In addition, the new Epistar will become one of top five InGaN LED suppliers in the world.

Under the terms of the agreement, 3.08 shares of Epitech's common stocks and 5.50 shares of Highlink's common stocks will be converted into one share of Epistar's common stocks, respectively. The transaction is subject to the approval by the shareholders of the three companies and to the necessary regulatory clearance in Taiwan. It is expected to be completed by March 1st, 2007.

"Epistar is not only the No.1 HBLED manufacturer in Taiwan, but also a first-tier HBLED supplier in the global upstream LED industry" said by Charles Chen, Chairman of Epistar and "through this merger, the new Epistar will be able to further enhance its international competitiveness." B.J. Lee, President of Epistar, also said "with the integration of technology and patent portfolio, the new Epistar will have all the capabilities to be a major player in the global LED industry and offer integrated and high-quality products to meet the needs of customers worldwide."

Stan Hung, Chairman of Epitech, said "Combining the production capacity of the three companies, the new Epistar will have complete resources to satisfy the fast-growing market demand including handset, small and medium size LCD backlight, Notebook PC, LCD monitor and TV, autos, outdoor displays and many new lighting fields."

"The sales channels of Epistar and both Epitech and Highlink do not overlap with one another." said by Semi Wang, Chairman of Highlink, and "after the merger, the new Epistar will offer a variety of products to the existing customers as well as develop the cooperation with new customers by

strengthened product mix and production capacity.”

Epistar is the world largest AlGaInP LED supplier and a leader in ITO high brightness blue and green LEDs. Epitech and Highlink together have the largest capacity for InGaN blue and green LEDs in Taiwan. As a result, the three companies are highly complimentary of each other in the global market. The merger will bring an even more complete product line-up and a broader customer basis for the new Epistar. With more than 800 patents in total, it will further strengthen the company's already strong patent portfolio. Through cooperation and integration in sales, production and R&D, the merger will enable the realization of synergies in new product development and cost reduction, as well as increasing revenue and profitability.

After the merger with UEC last year, Epistar has successfully integrated the resources of both companies. It has recorded a revenue of close to 3 billions NT for the first half of 2006, up by more than 102% compared to the same period of 2005. The net profit reaches 617 millions NT, up by more than 370%. With such a success, Epistar is well prepared to take the challenge of new consolidation in a fast and efficient way.

With emerging applications in backlight for notebook PC, LCD monitor and TV on the horizon, the demand for high brightness LED will be booming for the next few years to come. The new Epistar is certainly expected to continuously play a pivotal role in the global LED supply chain for these applications. In the long run, the new Epistar will be well positioned to be the world leading manufacturing center for solid-state lighting by HBLEDs..

About Epistar

Epistar, a leading supplier of HBLED chips in Taiwan, offers a full range of HB LED chips including AlGaInP and InGaN LED chips and epi-wafers. Epistar is the largest AlGaInP LED chip supplier and one of the leading InGaN LED chip suppliers around the world. Visit <http://www.epistar.com.tw> for more information.

About Epitech

Epitech, located in the Tainan Science-based Industrial Park, was established in 2000. Epitech is one of the major suppliers of high brightness AlGaInP and InGaN LED chips and epi-wafers in Taiwan. Visit www.epitech.com.tw for more information.

About Highlink

Highlink, located in the Hsin-Chu Science-based Industrial Park, was established in 2000, Highlink has focused on the InGaN LED chips which include high brightness blue, blue-green and green LED chips, epi-wafers, laser chips and epi-wafers. Visit <http://www.highlinktech.com/> for more information.