GC Tech: USI (601231.SS, NC) Mgmt. visit: Optical engine/ Optical modules expansion; faster AI accelerators ramp-up

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We hosted USI (601231.SS, Not Covered) management during our China Tech Tour on May 20-22. Key discussions were focused on the (1) Optical business expansion, (2) AI accelerators ramp up, and (3) SiP business opportunities. Overall, management highlighted the company's multiple growth drivers ahead including optical engine capacity expansion, AI accelerators ramp-up, PDU (Power Distribution Units), and SiP for AI/ AR glasses. Post the acquisition of Eugenlight (private), the company is expanding the 800G and above optical engine and optical module assembly capacity, and management is positive on the company's opportunities in offering optical components (e.g. ELSFP) for CPO scenarios.

Read-across to Optical industry: Management's positive comment on optical industry demand and CPO opportunities echoes our positive view of the expanding optical networking market. We are positive on the AI infrastructure ramp-up and rising computing power per rack, and expect all configurations to enjoy strong growth ahead, opening a larger TAM market. Read more: Global Optical Networking.

Company profile: USI (601231.SS, Non Covered) is one of the leading EMS providers globally, and has a leading market share in SiP (System-in-Package) module manufacturing, expanding to AI accelerators and optical (optical engine/ optical module/ component). The company owns 30+ production sites globally, and provides manufacturing solutions across communications, consumer electronics, industrial, cloud & storage, automotive electronics and medical.

Key takeaways

1. Optical business in expansion: USI's subsidiary acquired Eugenlight (private) in Jan 2026 and expanded to the optical business, targeting optical engine, optical module, and components business. Management notes the company is expanding optical engine and optical module assembly capacity in Chengdu and Vietnam, supported by in-house design capabilities and total offerings. On CPO solution, the company also plans to expand the ELSFP and other components to capture the incremental dollar content.

2. Ramp up of AI accelerators: The company provides AI accelerators for AI servers, and continues to ramp up capacity, from 90k per month in 4Q25, to 180k per month by 1H26 and 225k per month by 4Q26. With capacity expansion and improvements in the intelligence level, management expects to see accelerated ramp up this year. Management is positive on the company's expansion to the AI server motherboard

SMT business, and penetration of new CSP and brand clients.

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Reg AC

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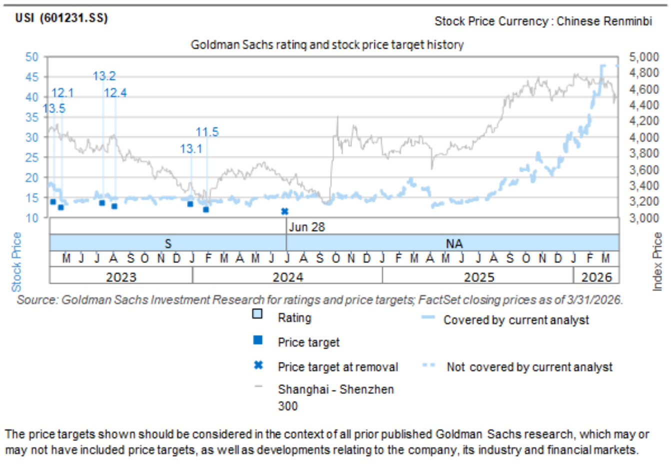

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