

FLEXTRONICS INTERNATIONAL LTD

Form 424B3

September 04, 2001

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Filed pursuant to Rule 424(b)(3)
Registration No. 333-68238

PROSPECTUS

FLEXTRONICS INTERNATIONAL LTD.
Up To 1,927,912 Ordinary Shares

The aggregate number of up to 1,927,912 ordinary shares covered by this prospectus represent the maximum number of shares which will be issued by us pursuant to our acquisition of Telcom Global Solutions Holdings, Inc. These ordinary shares, when issued, may be offered and sold over time by the shareholders named in this prospectus under the heading Selling Shareholders, by their pledgees or donees, or by other transferees that receive the ordinary shares in transfers other than public sales.

The selling shareholders may sell their Flextronics shares on Nasdaq, on the over-the-counter market, in connection with the writing of exchange-traded call options, in negotiated transactions or otherwise, and these sales may be at prevailing market prices or in private transactions at negotiated prices. They may sell the shares directly, or may sell them through underwriters, brokers or dealers. Underwriters, brokers or dealers may receive discounts, concessions or commissions from the selling shareholders, and this compensation might be in excess of the compensation customary in the type of transaction involved. See Plan of Distribution.

We will not receive any of the proceeds from the sale of these shares.

The ordinary shares are quoted on the Nasdaq National Market under the symbol FLEX. On August 31, 2001, the closing sale price of the ordinary shares was \$21.94 per share.

This investment involves a high degree of risk. See Risk Factors beginning on page 4.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is September 4, 2001.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. We have filed with the SEC a registration statement on Form S-3 under the Securities Act with respect to the ordinary shares offered under this prospectus. This prospectus does not contain all of the information in the registration statement, parts of which we have omitted, as allowed under the rules and regulations of the SEC. You should refer to the registration statement for further information with respect to us and our ordinary shares. Copies of this registration statement, along with the reports, proxy statements and other information filed with the SEC, may be read and copied at the SEC's public reference room at 450 Fifth Street, N.W., Washington D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Our SEC filings are also available on the SEC's website at <http://www.sec.gov>.

The SEC allows us to incorporate by reference information from other documents that we file with them, which means that we can disclose important information by referring to those documents. The information incorporated by reference is considered to be part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below, and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 prior to the sale of all the shares covered by this prospectus:

our Annual Report on Form 10-K for the fiscal year ended March 31, 2001;

our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2001; and

the description of our ordinary shares contained in our Registration Statement on Form 8-A dated January 31, 1994.

You may request a copy of these filings, at no cost, by writing or telephoning us at:

Flextronics International Ltd.
c/o Flextronics International USA, Inc.
2245 Lundy Drive
San Jose, California 95131
Attention: Laurette F. Slawson
Treasurer and Director of Investor Relations
Telephone: (408) 576-7000

You may also review copies of documents that are incorporated by reference at our web site. The address of the site is <http://www.flextronics.com>. Information contained in our website does not constitute a part of this prospectus.

You should rely only on the information incorporated by reference or provided in this prospectus or any supplement, other than any information superseded by a later document filed with the SEC and incorporated by reference in this prospectus. We have not authorized anyone else to provide you with different information. The selling shareholders may not make an offer of these shares in any state where the offer is not permitted. You should

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not assume that the information in this prospectus or any supplement is accurate as of any date other than the date on the front of those documents.

FORWARD-LOOKING STATEMENTS

This prospectus, including the documents incorporated by reference in the prospectus, contains forward-looking statements. The words will, may, designed to, outlook, believes, should, anticipates, plans, expects, intends, estimates and similar expressions identify the statements. These forward-looking statements are contained principally under the headings Flextronics International Ltd. and Risk Factors. Because these forward-looking statements are also subject to risks and uncertainties, actual results may differ materially from the expectations expressed in the forward-looking statements. Important factors that could cause actual results to differ materially from the expectations reflected in the forward-looking statements include those described in Risk Factors, as well as:

- our ability to integrate acquired companies and manage expanding operations;
- fluctuations in our customers' requirements and in demand for their products;
- our strategic relationship with Ericsson;
- increased competition;
- component shortages;
- the risks of the photonics market, including the emergence of new technologies;
- tax matters; and
- currency fluctuations.

In addition, these forward-looking statements are subject to the other risks and uncertainties discussed under Management's Discussion and Analysis of Financial Condition and Results of Operations' Certain Factors Affecting Operating Results' in our most recent reports filed with the Securities and Exchange Commission on Form 10-K and Form 10-Q. We undertake no obligation to update or revise these forward-looking statements to reflect subsequent events or circumstances.

FLEXTRONICS INTERNATIONAL LTD.

We are a leading provider of advanced electronics manufacturing services to original equipment manufacturers, or OEMs, primarily in the telecommunications, networking, consumer electronics and computer industries. We provide a network of design, engineering and manufacturing operations in 27 countries across four continents. Our strategy is to provide customers with end-to-end solutions where we take responsibility for engineering, supply chain management, new product introduction and implementation, manufacturing and logistics management, with the goal of delivering of a complete packaged product. Our manufacturing services include the fabrication and assembly of plastic and metal enclosures, PCBs and backplanes and the assembly of complete systems and products. In addition, through our photonics division, we manufacture and assemble photonics components and integrate them into PCB assemblies and other systems. Throughout the production process, we offer design and technology services; logistics services, such as materials procurement, inventory management, vendor management, packaging and distribution; and automation of key components of the supply chain through advanced information technologies. In addition, we have added other after-market services such as network installation. We believe that our size and global presence, our ability to provide a full spectrum of design, manufacturing and logistics services and our advanced information technology expertise enable us to win large programs from leading multinational OEMs for the manufacture of advanced electronics products.

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ENFORCEMENT OF CIVIL LIABILITIES

We are incorporated in Singapore under the Companies Act. Some of our directors and executive officers reside in Singapore. All or a substantial portion of the assets of such persons, and a substantial portion of our assets, are located outside the United States. As a result, it may not be possible for persons purchasing ordinary shares to effect service of process within the United States upon such persons or Flextronics or to enforce against them, in the United States courts, judgments obtained in such courts predicated upon the civil liability provisions of the federal securities laws of the United States. We have been advised by our Singapore legal advisors, Allen & Gledhill, that there is doubt as to the enforceability in Singapore courts, either in original actions or in actions for the enforcement of judgments of United States courts, of civil liabilities predicated upon the federal securities laws of the United States.

RISK FACTORS

This offering involves a high degree of risk. You should carefully consider the risks described below and the other information in this prospectus, including the information incorporated by reference, before deciding to invest in our ordinary shares. If any of the risks described below materializes, our operating results and financial condition could be adversely affected and the trading price of our ordinary shares could decline.

If we do not manage effectively changes in our operations, our business may be harmed.

We have grown rapidly in recent periods. Our workforce has more than doubled in size over the last year as a result of internal growth and acquisitions. This growth is likely to strain considerably our management control systems and resources, including decision support, accounting management, information systems and facilities. If we do not continue to improve our financial and management controls, reporting systems and procedures to manage our employees effectively and to expand our facilities, our business could be harmed.

We plan to increase our manufacturing capacity in low-cost regions by expanding our facilities and adding new equipment. This expansion involves significant risks, including, but not limited to, the following:

we may not be able to attract and retain the management personnel and skilled employees necessary to support expanded operations;

we may not efficiently and effectively integrate new operations and information systems, expand our existing operations and manage geographically dispersed operations;

we may incur cost overruns;

we may encounter construction delays, equipment delays or shortages, labor shortages and disputes and production start-up problems that could harm our growth and our ability to meet customers' delivery schedules; and

we may not be able to obtain funds for this expansion, and we may not be able to obtain loans or operating leases with attractive terms.

In addition, we expect to incur additional fixed operating expenses associated with our expansion efforts that will increase our cost of sales, including substantial increases in depreciation expense and rental expense. If our revenues do not increase sufficiently to offset these expenses, our operating results would be seriously harmed. Our expansion, both through internal growth and acquisitions, has contributed to our incurring significant unusual charges. For example, in connection with our acquisitions of DII, Palo Alto Products International, Chatham, Lightning and JIT, we recorded merger related charges and related facility closure costs of approximately \$258.7 million, net of tax.

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We depend on the telecommunications, networking, electronics and computer industries which continually produce technologically advanced products with short life cycles; our inability to continually manufacture such products on a cost-effective basis would harm our business.

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We depend on sales to customers in the telecommunications, networking, electronics and computer industries. Factors affecting these industries in general could seriously harm our customers and, as a result, us. These factors include:

the inability of our customers to adapt to rapidly changing technology and evolving industry standards, which result in short product life cycles;

the inability of our customers to develop and market their products, some of which are new and untested, the potential that our customers' products may become obsolete or the failure of our customers' products to gain widespread commercial acceptance; and

recessionary periods in our customers' markets.

If any of these factors materialize, our business would suffer. Currently, many sectors of the telecommunications, networking, electronics and computer industries are experiencing a significant decrease in demand for their products and services, which has led to reduced demand for the services provided by electronics manufacturing services, or EMS, companies. These changes in demand and generally uncertain economic conditions have resulted, and may continue to result, in some customers deferring delivery schedules for some of the products that we manufacture for them, which could affect our results of operations. Further, a protracted downturn in these industries could have a significant negative impact on our business, financial condition and results of operation.

Our customers may cancel their orders, change production quantities or delay production.

EMS providers must provide increasingly rapid product turnaround for their customers. We generally do not obtain firm, long-term purchase commitments from our customers and we continue to experience reduced lead-times in customer orders. Customers may cancel their orders, change production quantities or delay production for a number of reasons. The generally uncertain economic condition of several of the industries of our customers has resulted, and may continue to result, in some of our customers delaying the delivery of some of the products we manufacture for them. Cancellations, reductions or delays by a significant customer or by a group of customers would seriously harm our results of operations.

In addition, we make significant decisions, including determining the levels of business that we will seek and accept, production schedules, component procurement commitments, personnel needs and other resource requirements, based on our estimates of customer requirements. The short-term nature of our customers' commitments and the possibility of rapid changes in demand for their products reduce our ability to estimate accurately future customer requirements. This makes it difficult to schedule production and maximize utilization of our manufacturing capacity. We often increase staffing, purchase materials and incur other expenses to meet the anticipated demand of our customers. Anticipated orders may not materialize, and delivery schedules may be deferred as a result of changes in demand for our customers' products. On occasion, customers may require rapid increases in production, which can stress our resources and reduce margins. Although we have increased our manufacturing capacity, and plan further increases, we may not have sufficient capacity at any given time to meet our customers' demands. In addition, because many of our costs and operating expenses are relatively fixed, a reduction in customer demand could harm our gross profit and operating income.

Our operating results vary significantly.

We experience significant fluctuations in our results of operations. The factors that contribute to fluctuations include:

the timing of customer orders;

the volume of these orders relative to our capacity;

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market acceptance of customers' new products;

changes in demand for customers' products and product obsolescence;

our ability to manage the timing and amount of our procurement of components to avoid delays in production and excess inventory levels;

the timing of our expenditures in anticipation of future orders;

our effectiveness in managing manufacturing processes and costs;

changes in the cost and availability of labor and components;

changes in our product mix;

changes in economic conditions;

local factors and events that may affect our production volume, such as local holidays; and

seasonality in customers' product requirements.

One of our significant end-markets is the consumer electronics market. This market exhibits particular strength toward the end of the calendar year in connection with the holiday season. As a result, we have historically experienced stronger revenues in our third fiscal quarter as compared to our other fiscal quarters.

We are reconfiguring certain of our operations to further increase our concentration in low-cost locations. This shift of operations resulted in a restructuring charge of \$275.6 million, net of tax, in the fourth quarter of fiscal 2001, and will result in additional restructuring charges in fiscal 2002. In addition, many of our customers are currently experiencing increased volatility in demand, and in some cases reduced demand, for their products. This increases the difficulty of anticipating the levels and timing of future revenues from these customers, and could lead them to defer delivery schedules for products, which could lead to a reduction or delay in such revenues. Any of these factors or a combination of these factors could seriously harm our business and result in fluctuations in our results of operations.

We may encounter difficulties with acquisitions, which could harm our business.

In the past fiscal year, we completed a significant number of acquisitions of businesses and facilities, including our acquisitions of DII, Palo Alto Products International, Chatham, Lightning and JIT. We expect to continue to acquire additional businesses and facilities in the future and are currently in preliminary discussions to acquire additional businesses and facilities. Any future acquisitions may require additional debt or equity financing, which could increase our leverage or be dilutive to our existing shareholders. We cannot assure the terms of, or that we will complete, any acquisitions in the future.

To integrate acquired businesses, we must implement our management information systems and operating systems and assimilate and manage the personnel of the acquired operations. The difficulties of this integration may be further complicated by geographic distances. The integration of acquired businesses may not be successful and could result in disruption to other parts of our business.

In addition, acquisitions involve a number of other risks and challenges, including, but not limited to:

diversion of management's attention;

potential loss of key employees and customers of the acquired companies;

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lack of experience operating in the geographic market of the acquired business; and

an increase in our expenses and working capital requirements.

Any of these and other factors could harm our ability to achieve anticipated levels of profitability at acquired operations or realize other anticipated benefits of an acquisition.

Our strategic relationships with Ericsson and other major customers create risks.

In April 2001, we entered into a definitive agreement with Ericsson with respect to our management of its mobile telephone operations. Our ability to achieve any of the anticipated benefits of this new relationship with Ericsson is subject to a number of risks, including our ability to meet Ericsson's volume, product quality, timeliness and price requirements, and to achieve anticipated cost reductions. If demand for Ericsson's mobile phone products declines, Ericsson may purchase a lower quantity of products from us than we anticipate. If Ericsson's requirements exceed the volume anticipated by us, we may not be able to meet these requirements on a timely basis. Our inability to meet Ericsson's volume, quality, timeliness and cost requirements, and to quickly resolve any issues with Ericsson, could seriously harm our results of operations. As a result of these and other risks, we may be unable to achieve anticipated levels of profitability under this arrangement, and it may not result in any material revenues or contribute positively to our net income per share. Due to our relationship with Ericsson, other OEMs may not wish to

obtain logistics or operations management services from us.

We have entered into strategic relationships with other customers, have recently entered into a strategic relationship with Alcatel, and plan to continue to pursue such relationships. These relationships generally involve many, or all, of the risks involved in our new relationship with Ericsson. Similar to our other customer relationships, there are no volume purchase commitments under these relationships, and the revenues we actually achieve may not meet our expectations. In anticipation of future activities under these strategic relationships, we are incurring substantial expenses as we add personnel and manufacturing capacity and procure materials. Our operating results will be seriously harmed if sales do not develop to the extent and within the time frame we anticipate.

We depend on the continuing trend of outsourcing by OEMS.

A substantial factor in our revenue growth is the transfer to us of manufacturing and supply chain management activities from our OEM customers. Future growth partially depends on new outsourcing opportunities. To the extent that these opportunities are not available, our future growth would be unfavorably impacted. These outsourcing opportunities may include the transfer of assets such as facilities, equipment and inventory.

The majority of our sales comes from a small number of customers; if we lose any of these customers, our sales could decline significantly.

Sales to our ten largest customers have represented a significant percentage of our net sales in recent periods. Our ten largest customers in the first three months of fiscal 2002 and 2001 accounted for approximately 62% and 58% of net sales in the first three months of fiscal 2002 and fiscal 2001, respectively. Our largest customer during the first three months of fiscal 2002 and fiscal 2001 was Ericsson, who accounted for approximately 23% and 11% of net sales in the first three months of fiscal 2002 and fiscal 2001, respectively. No other customer accounted for more than 10% of net sales in the first three months of fiscal 2002 and fiscal 2001. We anticipate that our strategic relationship with Ericsson will substantially increase the percentage of our sales attributable to Ericsson.

The identity of our principal customers have varied from year to year, and our principal customers may not continue to purchase services from us at current levels, if at all. Significant reductions in sales to any of these customers, or the loss of major customers, would seriously harm our business. If we are not able to timely replace expired, canceled or reduced contracts with new business, our revenues could be harmed.

Our industry is extremely competitive.

The EMS industry is extremely competitive and includes hundreds of companies, several of which have achieved substantial market share. Current and prospective customers also evaluate our capabilities against the merits

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of internal production. Some of our competitors have substantially greater market share and manufacturing, financial and marketing resources than us.

In recent years, many participants in the industry, including us, have substantially expanded their manufacturing capacity. If overall demand for electronics manufacturing services should decrease, this increased capacity could result in substantial pricing pressures, which could seriously harm our operating results.

We may be adversely affected by shortages of required electronic components.

At various times, there have been shortages of some of the electronic components that we use, and suppliers of some components have lacked sufficient capacity to meet the demand for these components. In some cases, supply shortages and delays in deliveries of particular components have resulted in curtailed production, or delays in production, of assemblies using that component, which has contributed to an increase in our inventory levels. If we are unable to obtain sufficient components on a timely basis, we may experience manufacturing and shipping delays, which could harm our relationships with current or prospective customers and reduce our sales.

Our customers may be adversely affected by rapid technological change.

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Our customers compete in markets that are characterized by rapidly changing technology, evolving industry standards and continuous improvement in products and services. These conditions frequently result in short product life cycles. Our success will depend largely on the success achieved by our customers in developing and marketing their products. If technologies or standards supported by our customers' products become obsolete or fail to gain widespread commercial acceptance, our business could be adversely affected.

We are subject to the risk of increased income taxes.

We have structured our operations in a manner designed to maximize income in countries where:

tax incentives have been extended to encourage foreign investment; or

income tax rates are low.

We base our tax position upon the anticipated nature and conduct of our business and upon our understanding of the tax laws of the various countries in which we have assets or conduct activities. However, our tax position is subject to review and possible challenge by taxing authorities and to possible changes in law which may have retroactive effect. We cannot determine in advance the extent to which some jurisdictions may require us to pay taxes or make payments in lieu of taxes.

Several countries in which we are located allow for tax holidays or provide other tax incentives to attract and retain business. We have obtained holidays or other incentives where available. Our taxes could increase if certain tax holidays or incentives are not renewed upon expiration, or tax rates applicable to us in such jurisdictions are otherwise increased. In addition, further acquisitions of businesses may cause our effective tax rate to increase.

We conduct operations in a number of countries and are subject to risks of international operations.

The geographical distances between the Americas, Asia and Europe create a number of logistical and communications challenges. Our manufacturing operations are located in a number of countries throughout East Asia, the Americas and Europe. As a result, we are affected by economic and political conditions in those countries, including:

fluctuations in the value of currencies;

changes in labor conditions;

longer payment cycles;

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greater difficulty in collecting accounts receivable;

the burdens and costs of compliance with a variety of foreign laws;

political and economic instability;

increases in duties and taxation;

imposition of restrictions on currency conversion or the transfer of funds;

limitations on imports or exports;

expropriation of private enterprises; and

a potential reversal of current tax or other policies encouraging foreign investment or foreign trade by our host countries.

The attractiveness of our services to our U.S. customers can be affected by changes in U.S. trade policies, such as most favored nation status and trade preferences for some Asian nations. In addition, some countries in which we operate, such as Brazil, the Czech Republic, Hungary, Mexico, Malaysia and Poland, have experienced periods of slow or negative growth, high inflation, significant currency devaluations or limited availability of foreign exchange. Furthermore, in countries such as China and Mexico, governmental authorities exercise significant influence over many aspects of the economy, and their actions could have a significant effect on us. Finally, we could be seriously harmed by inadequate infrastructure, including lack of adequate power and water supplies, transportation, raw materials and parts in countries in which we operate.

We depend on our key personnel.

Our success depends to a large extent upon the continued services of our key executives, managers and skilled personnel. Generally our employees are not bound by employment or non-competition agreements, and we cannot assure that we will retain our key officers and employees. We could be seriously harmed by the loss of key personnel. In addition, in order to manage our growth, we will need to recruit and retain additional skilled management personnel and if we are not able to do so, our business and our ability to continue to grow could be harmed.

We are subject to environmental compliance risks.

We are subject to various federal, state, local and foreign environmental laws and regulations, including those governing the use, storage, discharge and disposal of hazardous substances in the ordinary course of our manufacturing process. In addition, we are responsible for cleanup of contamination at some of our current and former manufacturing facilities and at some third party sites. If more stringent compliance or cleanup standards under environmental laws or regulations are imposed, or the results of future testing and analyses at our current or former operating facilities indicate that we are responsible for the release of hazardous substances, we may be subject to additional remediation liability. Further, additional environmental matters may arise in the future at sites where no problem is currently known or at sites that we may acquire in the future. Currently unexpected costs that we may incur with respect to environmental matters may result in additional loss contingencies, the quantification of which cannot be determined at this time.

The market price of our ordinary shares is volatile.

The stock market in recent years has experienced significant price and volume fluctuations that have affected the market prices of technology companies. These fluctuations have often been unrelated to or disproportionately impacted by the operating performance of these companies. The market for our ordinary shares may be subject to similar fluctuations. Factors such as fluctuations in our operating results, announcements of technological innovations

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or events affecting other companies in the electronics industry, currency fluctuations and general market conditions may cause the market price of our ordinary shares to decline.

USE OF PROCEEDS

We will not receive any of the proceeds from the sale of shares by the selling shareholders.

SELLING SHAREHOLDERS

The following table sets forth information regarding the selling shareholders named below, the shares that may be offered and sold from time to time by the selling shareholders pursuant to this prospectus, and the nature of any position, office or other material relationship which each selling shareholder named below has had with Flextronics. The selling shareholders named below, together with any pledgee or donee of any named selling shareholders, and any person who may purchase shares offered hereby from any named selling shareholders in a private transaction in which they are assigned the shareholders' rights to registration of their shares, are referred to in this prospectus as the selling shareholders.

Except as indicated below, the shares that may be offered and sold pursuant to this prospectus represent the maximum number of shares which we anticipate will be issued or issuable to each named selling shareholder as of August 31, 2001. All of these shares were acquired or will be acquired, as the case may be, by the named selling shareholders in connection with our acquisition of Telcom Global Solutions Holdings, Inc. Percentage ownership is based upon 482,799,705 outstanding ordinary shares of Flextronics as of August 1, 2001.

The selling shareholders may offer from time to time all or some of their shares under this prospectus. Because the selling shareholders are not obligated to sell their shares, and because the selling shareholders also may acquire our publicly traded ordinary shares, we cannot estimate how many shares the selling shareholders will own after this offering.

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Name	Maximum Number of Shares which may be Beneficially Owned		Shares Being Offered
	Number	Percent	
Bear Stearns Merchant Banking Partners II, L.P. (1)	377,310	*	377,310
Elmer Strieker (2) 215,302 * 215,302			
Stan Waldrop (3) 209,939 * 209,939			
SDW Investments, Ltd. (4) 206,277 * 206,277			
Bear Stearns MB-PSERS II, L.P. (5) 199,406 * 199,406			
The BSC Employee Fund IV, L.P. (6) 183,141 * 183,141			
Strieker Capital, Ltd. (7) 103,138 * 103,138			
The BSC Employee Fund III, L.P. (8) 103,063 * 103,063			
Tim Holcomb (9) 97,981 * 97,981			
Kevin Saldanha (10) 97,981 * 97,981			
Bear Stearns Merchant Banking Investors II, L.P. (11) 85,044 * 85,044			
Other selling shareholders (12) 49,330 * 49,330			

*Less than 1%.

(1) Bear Stearns Merchant Banking Partners II, L.P. was a significant shareholder of Telcom Global Solutions Holdings, Inc. until its acquisition by Flextronics.

(2) Elmer Strieker was a director and significant shareholder of Telcom Global Solutions Holdings, Inc. until its acquisition by Flextronics.

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(3) Stan Waldrop is an employee of a subsidiary of Flextronics and was an officer, director and significant shareholder of Telcom Global Solutions Holdings, Inc. until its acquisition by Flextronics.

(4) SDW Investments, Ltd. was a significant shareholder

of Telcom
Global
Solutions
Holdings,
Inc. until its
acquisition
by
Flextronics.(5) Bear
Stearns
MB-PSERS
II, L.P. was a
significant
shareholder
of Telcom
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Flextronics.(6) The
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L.P. was a
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of Telcom
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Inc. until its
acquisition
by
Flextronics.(7) Strieker
Capital, Ltd.
was a
shareholder
of Telcom
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Holdings,
Inc. until its
acquisition
by
Flextronics.(8) The
BSC
Employee
Fund III,
L.P. was a
shareholder
of Telcom
Global
Solutions
Holdings,
Inc. until its
acquisition
by
Flextronics.(9) Tim
Holcomb is
an employee
of a

subsidiary of
Flextronics
and was an
officer,
director and
shareholder
of Telcom
Global
Solutions
Holdings,
Inc. until its
acquisition
by
Flextronics.(10) Kevin
Saldanha is
an employee
of a
subsidiary of
Flextronics
and was an
officer,
director and
shareholder
of Telcom
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Flextronics.(11) Bear
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Banking
Investors II,
L.P. was a
shareholder
of Telcom
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Solutions
Holdings,
Inc. until its
acquisition
by
Flextronics.(12) The
shares held
by these
other selling
shareholders
do not
exceed 1% of
our
outstanding
ordinary
shares. In the
past three
years, none
of these other
selling
shareholders
has had a
material

relationship
with
Flextronics,
except that
certain of
them have
become
non-officer
employees of
Flextronics
or a
subsidiary of
Flextronics.

PLAN OF DISTRIBUTION

The selling shareholders may sell or distribute some or all of the shares registered hereby from time to time through underwriters, dealers, brokers or other agents or directly to one or more purchasers, including pledgees. The selling shareholders may sell the shares on the Nasdaq National Market, on a national securities exchange, in the over-the-counter market or otherwise, at market prices prevailing at the time of sale, at prices related to the prevailing market prices, or at negotiated prices or at fixed prices, which may be changed. The selling shareholders may offer and sell some or all of their shares through:

a block trade in which a broker-dealer or other person may resell all or part of the block, as principal or agent, in order to facilitate the transaction;

purchases by a broker-dealer or other person, as principal, and a subsequent resale by the broker-dealer for its account;

pledges of shares to a broker-dealer or other person, who may, in the event of default, purchase or sell the pledged shares; or

ordinary brokerage transactions and transactions in which a broker solicits purchasers.

In addition, selling shareholders may enter into option, derivative or hedging transactions with respect to the shares, and any related offers or sales of shares may be made pursuant to this prospectus. For example, the selling shareholders may:

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enter into transactions involving short sales of the shares by broker-dealers in the course of hedging the positions they assume with selling shareholders;

sell shares short themselves and deliver the shares registered hereby to settle such short sales or to close out stock loans incurred in connection with their short positions;

write call options, put options or other derivative instruments (including exchange-traded options or privately negotiated options) with respect to the shares, or which they settle through delivery of the shares;

enter into option transactions or other types of transactions that require the selling shareholder to deliver shares to a broker, dealer or other financial institution, who may then resell or transfer the shares under this prospectus; or

lend the shares to a broker, dealer or other financial institution, which may sell the lent shares.

These option, derivative and hedging transactions may require the delivery to a broker, dealer or other financial institution of shares offered hereby, and such broker, dealer or other financial institution may resell such shares pursuant to this prospectus. Selling shareholders also may resell all or a portion of the shares in open market transactions in reliance upon Rule 144 under the Securities Act, provided they meet the criteria and comply with the requirements of that rule.

Brokers, dealers, agents or underwriters participating in transactions as agent may receive compensation in the form of discounts, concessions or commissions from the selling shareholders (and, if they act as agent for the purchaser of the shares, from such purchaser). The discounts, concessions or commissions as to a particular broker, dealer, agent or underwriter might be in excess of those customary in the type of transaction involved.

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The selling shareholders and any underwriters, brokers, dealers or agents that participate in such distribution may be deemed to be underwriters within the meaning of the Securities Act, and any discounts, commissions or concessions received by any underwriters, brokers, dealers or agents might be deemed to be underwriting discounts and commissions under the Securities Act. Neither Flextronics nor the selling shareholders can presently estimate the amount of such compensation.

We will pay substantially all of the expenses incident to this offering of the shares by the selling shareholders to the public other than commissions and discounts of underwriters, brokers, dealers or agents. We have agreed to indemnify the selling shareholders against certain liabilities, including liabilities arising under the Securities Act, in connection with the offer and sale of the shares, and selling shareholders may indemnify brokers, dealers, agents or underwriters that participate in transactions involving sales of the shares against certain liabilities, including liabilities arising under the Securities Act.

In order to comply with certain states' securities laws, if applicable, the shares will be sold in jurisdictions only through registered or licensed brokers or dealers. In addition, in certain states the shares may not be sold unless the shares have been registered or qualified for sale in that state or an exemption from registration or qualification is available and is complied with.

We may suspend the use of this prospectus if we learn of any event that causes this prospectus to include an untrue statement of a material fact or omit to state a material fact required to be stated in this prospectus or necessary to make the statements in this prospectus not misleading in light of the circumstances then existing. If this type of event occurs, a prospectus supplement or post-effective amendment, if required, will be distributed to each selling shareholder.

The shares offered under this prospectus represent the maximum number of shares which will be issued by us to former shareholders of Telcom Global Solutions Holdings, Inc. in connection with the acquisition of that company by us pursuant to exemptions from the registration requirements of the Securities Act provided by Section 4(2) thereof and/or Regulation D under the Securities Act. In connection with this acquisition, we agreed to register the ordinary shares offered under this prospectus under the Securities Act.

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LEGAL MATTERS

The validity of the securities offered hereby has been passed upon for us by Allen & Gledhill, Singapore.

EXPERTS

Our consolidated financial statements and schedules appearing in our Annual Report on Form 10-K for the fiscal year ended March 31, 2001 filed with the SEC on June 29, 2001, incorporated by reference in this registration statement, have been audited by Arthur Andersen LLP, independent public accountants, as set forth in their report. In that report, that firm states that with respect to The DII Group, Inc. its opinion is based on the report of other independent public accountants, namely Deloitte & Touche LLP. The consolidated financial statements and supporting schedules referred to above have been incorporated by reference herein in reliance upon the authority of those firms as experts in giving said reports.

The consolidated financial statements and schedules of The DII Group, Inc. as of January 2, 2000 and for each of the two years in the period ended January 2, 2000, incorporated by reference in the Annual Report on Form 10-K for the fiscal year ended March 31, 2001, incorporated by reference in this registration statement, have been audited by Deloitte & Touche LLP, independent auditors, as stated in their reports, which are incorporated herein by reference, and have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

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PROSPECTUS

September 4, 2001