



Contact:

John G. Nesbett/David K. Waldman
Lippert/Heilshorn & Associates
212-838-3777, ext. 6631
e-mail: jnesbett@lhai.com

DESWELL INDUSTRIES INC. ANNOUNCES CHANGE OF AUDITORS

HONG KONG (March 24, 2003) - Deswell Industries, Inc. (Nasdaq: DSWL) today announced that it has changed its auditors to PricewaterhouseCoopers from Deloitte Touche Tohmatsu.

Mr. Richard Lau, chief executive officer of Deswell, said, "We have had an excellent relationship with Deloitte Touche Tohmatsu for the past ten years. As is customary in Hong Kong, we decided it was time to rotate our auditors to ensure independence. We look forward to a similarly strong relationship with PricewaterhouseCoopers."

Deswell manufactures injection-molded plastic parts and components, electronic products and subassemblies, and metallic products for original equipment manufacturers ("OEMs") and contract manufacturers at its factories in the People's Republic of China. The Company produces a wide variety of plastic parts and components used in the manufacture of consumer and industrial products; printed circuit board assemblies using surface mount ("SMT"), and pin-through-hole ("PHT") interconnection technologies; and finished products such as telephones, telephone answering machines, sophisticated studio-quality audio equipment and computer peripherals. The Company's customers include Kyocera Mita Industrial Co. (H.K.) Limited, Epson Precision (H.K.) Ltd., Inter-Tel Incorporated, Digidesign, Inc., Vtech Telecommunications Ltd., Peavey Electronics Corporation and Emerson.

To learn more about Deswell Industries, Inc., please visit the Company's web site at www.deswell.com.

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