



Contact:

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

**DESWELL INDUSTRIES INC. ANNOUNCES BDO INTERNATIONAL AS NEW
INDEPENDENT AUDITORS**

HONG KONG (July 3, 2003) - Deswell Industries, Inc. (Nasdaq: DSWL), today announced that its board of directors has resolved to change its auditors to BDO International for the fiscal year ended March 31, 2003 from 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 technology ("SMT"); 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.

###