EL SEGUNDO, CA – Mobile handset shipments growth by manufacturers headquartered in China will slow considerably in 2008, dropping to about 19.7%, says **iSuppli Corp** .

The research firm forecasts shipments of 274 million units, up from 229 million units last year, when shipments gained 76.2%.

"There were two major drivers for the fast growth in China's handset industry during 2007," said Kevin Wang, senior analyst, China research for iSuppli.

"One was the continuous increase in domestic demand from first-time buyers and the replacement market. The other factor was the significant increase in export shipments from Chinese handset manufacturers. Domestic OEMs, such as **Huawei** and **ZTE**, doubled their export shipments. Furthermore, domestic gray market suppliers shipped millions of handsets to developing countries."

Last year, the domestic Chinese handset market totaled about 200 million units, consisting of 150 million licensed handset units and about 50 million gray-market handsets.

Sustained increases in the consumer price index, rising housing prices and major stock market fluctuations in China are expected to hurt consumer confidence in 2008. Except for handsets supporting GPS and mobile TV functionality, there are no popular new handset features to drive sales. Because of higher average selling prices, iSuppli expects GPS and mobile-TV equipped phones will remain niche consumer products for now.

Consequently, the replacement market will experience limited growth during 2008, restraining increases in shipments in 2008.

However, iSuppli anticipates sales of handsets supporting TD-SCDMA and EDGE will ramp up quickly in 2008 as they become more widely available.