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## **OmniaLuo Set to Put Chinese Brand on U.S. Map**

**By Sharon Edelson**

**NEW YORK** — American and European retailers are rushing to enter the exploding Chinese market, but OmniaLuo, a Shenzhen-based women's specialty chain, is setting its sights on the U.S.

While continuing to grow its business at home, OmniaLuo is working toward establishing itself in the U.S. After completing a reverse merger in October, the company was listed on Nasdaq under the trading symbol OLOU.OB. The stock on Tuesday closed at \$1.40 in over-the-counter trading, unchanged. Its 52-week range is \$1.10 to \$2.15.

Michelle Liu, the company's American-educated chief financial officer who received an M.B.A. from Wharton; Christine Luo, the sister of OmniaLuo's chief designer, Cindy Luo, and Liping Zhang, a public relations officer, held a round of meetings here with investors last month. The company is planning to stage a runway show for Cindy Luo in Bryant Park during New York Fashion Week in September. "We have submitted an application for a runway show in one of the tents," said Liu. "We're trying to get an afternoon slot."

OmniaLuo, which posted sales of \$7.5 million last year, is projected to double its revenues and net income this year. The retailer has 202 stores throughout China and expects to have 250 units in operation by yearend. The majority of OmniaLuo's existing units are coowned with a franchisee and deliver a 40 to 50 percent profit margin. Once the store count reaches 300, the company will begin opening stores in the U.S. with a partner, Liu said.

Cindy Luo and her design team create 1,600 styles a year, 500 of which are earmarked for mass production. "When we expand in the U.S. we'll be looking at the higher end," Liu said. She pointed to a wool and cashmere scarf for \$400 as an example. Prices for OmniaLuo's spring collection range from \$40 to \$200. "We try to incorporate a lot of design into the fabric," Liu said. "It adds value and makes it more difficult to copy." Clothing and accessories feature handmade elements such as fabric brooches, crochet trims and passementerie embroidery.

"We have an advantage with our cost structure," Liu said. "This black wool and silk scarf with jewels is \$70. The cost to [produce] it is less than \$10, excluding marketing costs."

Cindy Luo subscribes to the more is more philosophy. Her feminine and

sophisticated designs often feature more than one type of embellishment on a garment, such as braided trim, a ribbon brooch and carved buttons on a jacket from the fall line. Professional women ages 25 to 35 with annual incomes of \$2,500 to \$22,500, are the target demographic in China. With a combined disposable income that's expected to grow more than 300 percent to \$2.3 trillion by 2025, that target market is a consumer group ripe with potential. To appeal to women earning more than \$22,500 — OmniaLuo refers to the group as Golden Collar professionals — Cindy Luo plans to introduce Collections, a line of high-end tailored apparel.

"The current women's clothing market in China is about \$25 billion," Liu said. "A 1 percent market share would translate to \$250 million. Women can spend up to 75 percent of their income on clothes, makeup and shoes because they live at home with their parents until they get married."

China's population of 1.3 billion is becoming more brand conscious, said Liu, adding: "The company is positioned well to capture growth in China. The middle class is growing in China as the country shifts from a manufacturing to a service economy. We are one of the few brands backed by a designer."

OmniaLuo capitalizes on Cindy Luo's high profile. The designer is interviewed and photographed by Chinese editions of Cosmopolitan and Harper's Bazaar. Celebrities such as Ziyi Zhang, Jinglei Xu and Bingbing Fan are courted and dressed for public events in OmniaLuo designs.

"We look at Donna Karan and Liz Claiborne and are trying to position ourselves like that," said Liu. "We want to become a household name in the U.S. Cindy is an up-and-coming designer. It has always been her ambition to have a spotlight on an international stage."