Alibaba, Weibo see advantages in US listing

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Alibaba, an e-commerce giant that blends elements of Google, eBay and Amazon, confirmed its plans Sunday to launch a US listing. US press reports have said the offering could be as big as $15 billion, which would make it the largest Chinese IPO ever and the biggest since Facebook's in 2012.

Weibo, considered the Chinese version of microblogging site Twitter, said Friday it planned a US offering to raise $500 million.

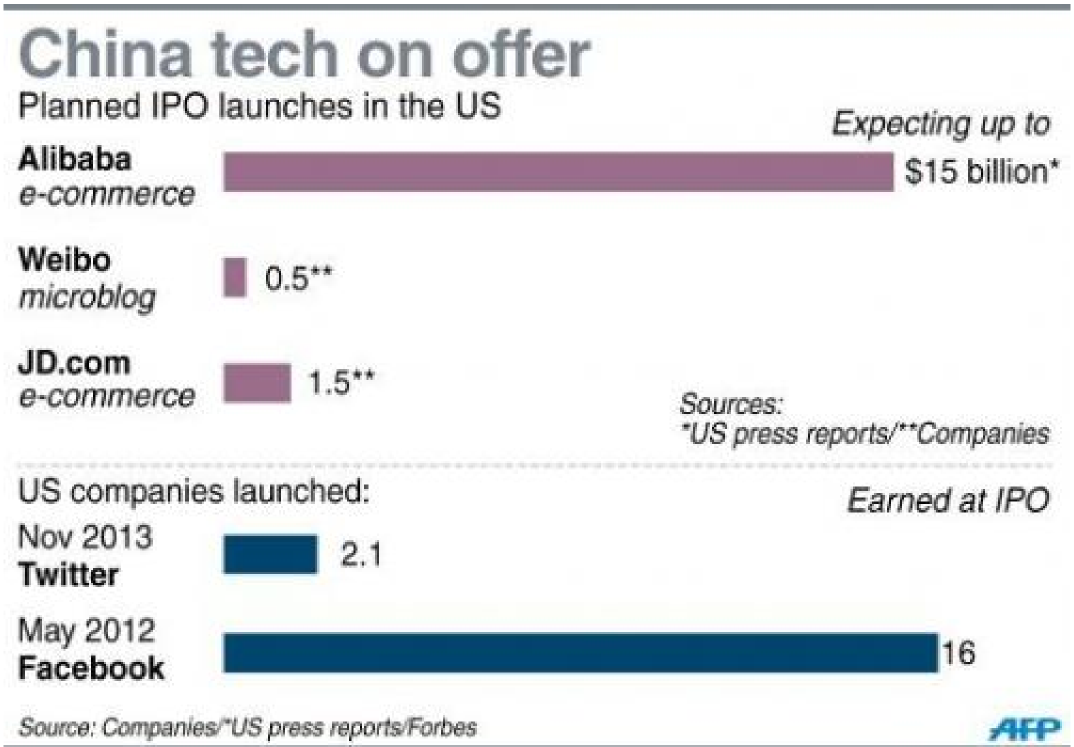
A third Chinese technology company, JD.com, an online retailer and a smaller competitor of Alibaba, in January filed to launch its own IPO in the US for up to $1.5 billion.

The listings have sent a charge through Wall Street, where new offerings through January and February are at their highest level since 2000, just before the Internet bubble burst, according to Renaissance Capital.

Investors are "salivating" over Alibaba, the best known of three companies, said Mace Blicksilver, director of Marblehead Asset Management.

For Alibaba, a New York listing allows it to avoid an offering on the Hong Kong Stock Exchange, which balked at efforts by founders and senior management to retain control over the board by issuing dual classes of stock.

But the US listing also means the company "will have access to the most liquid market in the world, where investors surely prefer to buy stock minted on Wall Street rather than in Hong Kong," said Gregori Volokhine, president of Meeschaert Capital Markets.



Graphic comparing the expected IPO value of Chinese Internet companies planning to launch in the United States

A US listing sends a message to investors that "we are international, even though most of our business is in China," said Jack Gold, president of the research firm J. Gold Associates.

Gold said a US listing could also enable the companies to grow more easily.

"The Internet these days is about growing by acquiring other companies," Gold said. "It's easier to pick up other companies while being US-listed than Chinese-listed."

Chinese IPOs' poor record

Scores of Chinese companies have gained US market listings in the past decade, the number of Chinese IPOs peaking in 2010 with 39 offerings, according to data from Dealogic.

But they sank to just two in 2012, amid investor distrust after numerous accusations of fraud and other ills, which led to plunging share prices and forced delistings.

Such problems were particularly acute in cases of "reverse mergers" in which Chinese companies bought publicly-traded but essentially defunct US companies, taking a backdoor route to a public listing.

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Blicksilver said investors are skeptical about small names, but that a big blue chip company like Alibaba will get the benefit of the doubt.

"Certainly that's been a problem in the past," Gold said of the Chinese listings. "But there have been other Chinese companies—Lenovo comes to mind—that have done OK in this regard. We'll have to see."

"It certainly could be a problem, especially if you assume, as most assume, that the Chinese government has their hands in pretty much all the big companies over there."

Another flashpoint could be concerns about allowing Chinese Internet companies to benefit from open US markets at the same time that Beijing blocks Facebook, Twitter and other US giants to the massive Chinese market.

"They want the best of both worlds," said Trip Chowdhry, an analyst at Global Equities Research. "If these companies from China want to raise money from the US, it would be fair in the spirit of capitalism that they open their market."

"This is hypocritical and not in the spirit of real capitalism."

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