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Chinese I.P.O.'s Try to Make a Comeback in U.S.

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Jinbo Yao, right, the chief of 58.com, celebrated his company's first day of trading at the New York Stock Exchange.

HONG KONG — Chinese companies are trying to leap back into the United States stock markets.

The return, still in its early days and involving just a handful of companies, comes after several years of accounting scandals that pummeled their share prices and prompted scores of companies to delist from markets in the United States.

But the spate of recent activity suggests investors may be warming once more to Chinese companies that seek initial public offerings in the United States.

Qunar Cayman Islands, a popular travel website owned by Baidu, China's leading search engine company, began trading on Nasdaq on Friday and nearly doubled in price. On Thursday, shares in 58.com, a Chinese classified ad website operator that is often compared to Craigslist, surged 42 percent on the first trading day in New York after its $187 million public offering.

The question now — for both American investors and the companies from China waiting in the wings to raise money from them — is whether these recent debuts are an anomaly or have truly managed to unfreeze a market that was once a top destination for Chinese companies seeking to list overseas.

Peter Fuhrman, chairman of China First Capital, an investment bank and advisory firm based in Shenzhen, China, said that for both sides, the recent signs of a détente between American investors and Chinese companies is "a matter of selectively hoping history repeats itself."

"Not the recent history of Chinese companies dogged by allegations, and some evidence, of accounting fraud and other suspect practices," he added. "Instead, the current group is looking back farther in history, to a time when some Chinese Internet companies with business models derived, borrowed or pilfered from successful U.S. companies were able to go public in the U.S. to great acclaim."

That initial wave of Chinese technology listings began in 2000 with the I.P.O. of Sina.com and later featured companies like Baidu, which has been described as China's answer to Google. In total, more than 200 companies from China achieved listings on American markets, raising billions of dollars through traditional public offerings or reverse takeovers.

But beginning about 2010, short-sellers and regulators started exposing what grew into a flurry of accounting scandals at Chinese companies with overseas listings. In some cases, such accusations have led to the filing of fraud charges by regulators or to the dissolution of the companies. Prominent examples include the Toronto-listed Sino-Forest Corporation, which filed for bankruptcy last year after Muddy Waters Research placed a bet against the company's shares in 2011 and accused it of being a "multibillion-dollar Ponzi scheme."

Concerns about companies based in China were reinforced in December when the United States Securities and Exchange Commission accused the Chinese affiliates of five big accounting firms of violating securities laws, contending that they had failed to produce documents from their audits of several China-based companies under investigation for fraud.

In response, American demand for new share offerings by Chinese companies evaporated, and investors dumped shares in Chinese companies across the board. It became so bad that the tide of listings reversed direction: Delistings by Chinese companies from American markets have outnumbered public offerings for the last two years.

Despite the renewed activity, it is too early to say whether Chinese stocks are back in favor. The listing by 58.com was only the fourth Chinese public offering in the United States this year, according toThomson Reuters data. LightInTheBox, an online retailer, raised $90.7 million in a June listing but is trading slightly below its offering price. China Commercial Credit, a microlender, has risen 50 percent since it raised $8.9 million in August. And shares in the Montage Technology Group, based in Shanghai, have risen 41 percent since it raised $80.2 million in late September.

Still, this year's activity is already an improvement from 2012, when only two such deals took place, according to figures from Thomson Reuters. Last month, two more Chinese companies — 500.com, an online lottery agent, and Sungy Mobile, an app developer — submitted initial filings for American share sales.

But the broader concerns related to Chinese companies have not gone away. In May, financial regulators in the United States and China signed a memorandum of understanding that could pave the way to increased American oversight of accounting practices at Chinese companies. But the S.E.C.'s case against the Chinese affiliates of the five big accounting firms remains in court.

The corporate structure of many Chinese companies is another unresolved area of concern. Because foreign companies and shareholders cannot own Internet companies in China, both 58.com and Qunar rely on a complex series of management and profit control agreements called variable interest entities. Whether such arrangements will stand up in court has been a cause for concern among foreign investors in Chinese companies.

And short-sellers continue to single out companies from China, often with great success.

In a report last month, Muddy Waters took aim at NQ Mobile, an online security company based in Beijing and listed in New York, accusing it of being "a massive fraud" and contending that 72 percent of its revenue from the security business in China last year was "fictitious."

NQ Mobile has rejected the accusations, saying that the report contained "numerous errors of facts, misleading speculations and malicious interpretations of events." The company's shares have fallen 37 percent since the report was published.

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