

SouFun Holdings Ltd
Form 20-F
April 26, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2011

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ **to** _____

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report: _____

SouFun Holdings Limited

(Exact name of Registrant as specified in its charter)

Cayman Islands

(Jurisdiction of incorporation or organization)

8th Floor, Tower 3, Xihuan Plaza

No. 1 Xizhimenwai Avenue

Xicheng District, Beijing 100044

The People's Republic of China

(Address of principal executive offices)

Contact Person: Executive Chairman

Telephone: +86-10-5930 6668

Fax: +86-10-5930 6137

(Telephone, E-mail and/or Facsimile Number of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
American Depositary Shares, each representing one Class A ordinary share, par value HK\$1.00 each	The New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

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Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

Class A ordinary shares, par value HK\$1.00 each	53,813,918
Class B ordinary shares, par value HK\$1.00 each	24,336,650

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued Other

by the International Accounting Standards Board

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow: Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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INTRODUCTION

Except where the context otherwise requires and for purposes of this annual report only:

we, us, Company, our or SouFun refers to SouFun Holdings Limited (formerly known as SouFun.com Limited), and (i) its PRC subsidiaries as follows:

Beijing SouFun Network Technology Co., Ltd., or SouFun Network,

Beijing Zhong Zhi Shi Zheng Information Technology Co., Ltd., or Beijing Zhong Zhi Shi Zheng,

Shanghai SouFun Information Co., Ltd., or SouFun Shanghai,

SouFun Information (Shenzhen) Co., Ltd., or SouFun Shenzhen,

SouFun Information (Tianjin) Co., Ltd., or SouFun Tianjin,

SouFun Information (Guangzhou) Co., Ltd., or SouFun Guangzhou,

SouFun Media Technology (Beijing) Co., Ltd., or SouFun Media,

Beijing Hong An Tu Sheng Network Technology Co., Ltd., or Beijing Hong An Tu Sheng,

Beijing Tuo Shi Huan Yu Network Technology Co., Ltd., or Beijing Tuo Shi Huan Yu,

Beijing Jia Shang Li Nian Network Technology Co., Ltd., or Beijing Jia Shang Li Nian, and

Beijing Zhong Zhi Xun Bo Information Technology Co., Ltd., or Beijing Zhong Zhi Xun Bo;
(ii) its offshore subsidiaries as follows:

Bravo Work Investments Limited, incorporated in Hong Kong, or Bravo Work,

China Home Holdings Limited, incorporated in Cayman Islands,

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China Home Holdings (BVI) Limited, incorporated in the British Virgin Islands,

China Home Holdings (HK) Limited, incorporated in Hong Kong,

SouFun International Limited (formerly known as China Index Academy Limited), incorporated in Hong Kong, or Soufun International,

China Real Estate Agent University, incorporated in Hong Kong,

China Index Academy Limited (formerly known as Max Impact Investments Limited), incorporated in Hong Kong, or China Index Academy,

Pendiary Investments Limited, incorporated in the British Virgin Islands, or Pendiary Investments,

Selovo Investments Limited, incorporated in the British Virgin Islands, or Selovo Investments,

China Property Holdings Limited, incorporated in Cayman Islands,

China Property Holdings (BVI) Limited, incorporated in the British Virgin Islands,

Hong Kong Property Network Limited, incorporated in Hong Kong,

Sou You Tian Xia Holdings Limited, incorporated in Cayman Islands,

Sou You Tian Xia Holdings (BVI) Limited, incorporated in the British Virgin Islands,

Sou You Tian Xia Holdings (HK) Limited, incorporated in Hong Kong,

Best Scholar Holdings Limited, incorporated in the British Virgin Islands,

Best Scholar Holdings (Delaware) Limited, incorporated in Delaware,

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Best Work Holdings (New York) LLC, incorporated in New York, and

Wall Street Index Research Center LLC, incorporated in New York; and
(iii) in the context of describing our operations and consolidated financial statements, our 12 consolidated controlled entities in China (also referred to as PRC Domestic Entities in our consolidated financial statements and related notes included elsewhere in this annual report) as follows:

Beijing China Index Information Co., Ltd., or Beijing China Index,

Beijing Century Jia Tian Xia Technology Development Co., Ltd., or Beijing JTX Technology,

Beijing Jia Tian Xia Advertising Co., Ltd., or Beijing Advertising,

Beijing Li Tian Rong Ze Technology Development Co., Ltd., or Beijing Li Tian Rong Ze,

Beijing SouFun Internet Information Service Co., Ltd., or Beijing Internet,

Beijing SouFun Science and Technology Development Co., Ltd., or Beijing Technology,

Shanghai China Index Consultancy Co., Ltd., or Shanghai China Index,

Shanghai Jia Biao Tang Real Estate Broking Co., Ltd., or Shanghai JBT,

Shanghai SouFun Advertising Co., Ltd., or Shanghai Advertising,

Tianjin Jia Tian Xia Advertising Co., Ltd., or Tianjin JTX Advertising,

Tianjin Xin Rui Jia Tian Xia Advertising Co., Ltd., or Tianjin Xin Rui, and

Beijing Yi Ran Ju Ke Technology Development Co., Ltd., or Beijing Yi Ran Ju Ke;

China or PRC or Chinese refers to the People's Republic of China, excluding, for the purpose of this annual report only, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan;

MIIT refers to the Ministry of Industry and Information Technology and its competent local branches;

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MOFCOM refers to the Ministry of Commerce and its competent local branches;

GFA refers to gross floor area;

sq.m. refers to square meter(s);

shares or ordinary shares refers to our ordinary shares, including both Class A ordinary shares and Class B ordinary shares;

ADSs refers to our American depositary shares, each of which represents one Class A ordinary share, and ADRs refers to American depositary receipts, which, if issued, evidence our ADSs;

RMB or Renminbi refers to the legal currency of China;

SAIC refers to the State Administration for Industry and Commerce and its competent local branches;

SAFE refers to the State Administration of Foreign Exchange and its competent local branches;

Hong Kong dollars or HK\$ refers to the legal currency of the Hong Kong Special Administrative Region; and

U.S. dollars or US\$ refers to the legal currency of the United States of America.

This annual report on Form 20-F includes our audited consolidated statements of income for the years ended December 31, 2009, 2010 and 2011, our audited consolidated balance sheets as of December 31, 2010 and 2011, and our audited consolidated statements of cash flows for the years ended December 31, 2009, 2010 and 2011.

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FORWARD LOOKING STATEMENTS

This annual report contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical facts are forward-looking statements. These forward-looking statements are made under the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

You can identify these forward-looking statements by words or phrases such as may, will, expect, is expected to, anticipate, aim, estimate, intend, plan, believe, are likely to or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, but are not limited to:

our anticipated growth strategies;

our future business development, results of operations and financial condition;

expected changes in our revenues and certain cost or expense items;

our ability to attract clients and further enhance our brand recognition;

trends and competition in the real estate, Internet and online advertising industries; and

PRC laws, regulations and policies relating to the real estate, Internet and online advertising industries.

You should read thoroughly this annual report and the documents that we refer to in this annual report with the understanding that our actual future results may be materially different from and worse than what we expect. We qualify all of our forward-looking statements by these cautionary statements. Other sections of this annual report include additional factors which could adversely impact our business and financial performance. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Except as required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION**A. Selected financial data**

We have derived our selected consolidated statement of income data (except for ADS information) for the years ended December 31, 2009, 2010 and 2011 and our selected consolidated balance sheet data as of December 31, 2010 and 2011, from our audited consolidated financial statements included in this annual report. Our selected statement of income data (except for ADS information) for the year ended December 31, 2007 and 2008 and our selected consolidated balance sheet data as of December 31, 2007, 2008 and 2009, have been derived from our audited consolidated financial statements not included in this annual report. Our financial statements have been prepared in accordance with the accounting principles generally accepted in the United States, or U.S. GAAP, and have been audited by Ernst & Young Hua Ming, an independent registered public accounting firm.

You should read the following information in conjunction with our audited consolidated financial statements and related notes and Item 5 Operating and Financial Review and Prospects in this annual report. Our historical operating results presented below are not necessarily indicative of the results to be expected for any future fiscal period.

	Year ended December 31,				
	2007	2008	2009	2010	2011
	(US\$ in thousands, except for number of shares and per share data)				
Consolidated statement of income data					
Revenues					
Marketing services	46,552	86,252	102,367	167,711	246,634
Listing services	9,885	16,070	17,559	40,355	67,125
E-commerce services					1,657
Other value-added services	1,439	1,802	1,745	3,001	28,410
Other value-added products			5,378	13,423	
Total revenues	57,876	104,124	127,049	224,490	343,826
Cost of revenues					
Cost of services	(12,630)	(22,162)	(26,484)	(49,120)	(66,571)
Cost of other value-added products			(4,863)	(12,891)	
Total cost of revenues	(12,630)	(22,162)	(31,347)	(62,011)	(66,571)
Gross profit	45,246	81,962	95,702	162,479	277,255
Operating expenses:					
Selling expenses	(13,221)	(18,708)	(25,186)	(42,512)	(67,207)
General and administrative expenses	(12,158)	(19,857)	(22,176)	(41,547)	(70,891)
Operating income:	19,867	43,397	48,340	78,420	139,157
Foreign exchange (loss) /income	8	(2,826)	(59)	(462)	1
Interest income	707	1,221	1,205	2,390	10,483
Interest expense		&nb			