

SouFun Holdings Ltd
Form 6-K
May 30, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of May 2014

Commission File Number: 001-34862

SOUFUN HOLDINGS LIMITED
(Exact name of registrant as specified in its charter)

F9M, Building 5, Zone 4, Hanwei International Plaza
No. 186 South 4th Ring Road
Fengtai District, Beijing 100070

The People's Republic of China

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Unless we otherwise specify, when used in this Form 6-K the terms SouFun, we and our refer to SouFun Holdings Limited and its subsidiaries and consolidated controlled entities.

This Form 6-K contains our unaudited financial results as of and for the three months ended March 31, 2014 and a discussion of these results, which we previously publicly released on May 7, 2014.

This Form 6-K, excluding Exhibit 99.1, is hereby incorporated by reference into our Registration Statement on Form F-3 (Registration No. 333-181407).

First Quarter 2014 Results

Revenues

SouFun reported total revenue of \$121.2 million in the first quarter of 2014, representing an increase of 33.2% from the corresponding period in 2013, primarily driven by the growth in listing services and marketing services.

Revenue from marketing services was \$47.0 million in the first quarter of 2014, an increase of 31.2% from \$35.8 million in the corresponding period in 2013, primarily due to more overall advertising spending by developers during the quarter.

Revenue from e-commerce services was \$29.4 million in the first quarter of 2014, an 11.6% increase from \$26.4 million in the same period in 2013.

Revenue from listing services was \$42.1 million in the first quarter of 2014, an increase of 57.1% from \$26.8 million for the corresponding period in 2013, primarily due to increased paying agent subscribers.

Revenue from other value-added services was \$2.7 million in the first quarter of 2014, an increase of 32.3% from \$2.0 million in the corresponding period in 2013.

Cost of Revenue

Cost of revenue was \$24.9 million in the first quarter of 2014, an increase of 24.3% from \$20.0 million in the corresponding period in 2013. The increase in cost of revenue was mainly driven by the increase in taxes and surcharges and staff cost.

Gross margin was 79.5% in the first quarter of 2014, compared to 78.0% in the corresponding period in 2013.

Operating Expenses

Operating expenses were \$46.9 million in the first quarter of 2014, an increase of 38.6% from \$33.8 million for the corresponding period in 2013.

Selling expenses were \$27.5 million in the first quarter of 2014, an increase of 47.0% from \$18.7 million in the corresponding period in 2013, primarily due to increased staff cost and advertising and promotional expenses.

General and administrative expenses were \$19.3 million in the first quarter of 2014, an increase of 28.3% from \$15.1 million in the corresponding period in 2013, primarily due to increased staff cost.

Operating Income

Operating income was \$49.5 million in the first quarter of 2014, an increase of 33.1% from \$37.2 million in the corresponding period in 2013.

Income Tax Expenses

Income tax expense was \$15.2 million in the first quarter of 2014, a 30.7% increase compared to \$11.6 million for the corresponding period in 2013, which was due to the increase in income before taxes, partially offset by certain subsidiaries being subject to a lower dividend-related withholding tax rate compared to the corresponding period in 2013.

Net Income and EPS

Net income attributable to SouFun's shareholders was \$41.5 million in the first quarter of 2014, a 46.2% increase from \$28.4 million in the corresponding period in 2013. Fully diluted earnings per ADS were \$0.10 in the first quarter of 2014, an increase of 42.9% from \$0.07 in the corresponding period in 2013.

Cash

As of March 31, 2014, SouFun had cash, cash equivalents, and short-term investments of \$943.7 million, compared to \$591.1 million as of December 31, 2013. Cash flow from operating activities was \$118.2 million in the first quarter of 2014, a 97.7% increase from \$59.8 million in the same period in 2013.

SouFun Holdings Limited
Condensed Consolidated Balance Sheet
(in U.S. dollars in thousands)

| | March 31, 2014 (Unaudited) | December 31, 2013 (Audited) |
|--|----------------------------------|-----------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | 287,613 | 581,010 |
| Restricted cash, current | | 255,917 |
| Short-term investments | 656,069 | 10,138 |
| Accounts receivable, net | 46,098 | 44,541 |
| Funds receivable | 12,600 | 37,124 |
| Prepayment and other current assets | 21,054 | 31,758 |
| Deferred tax assets, current | 3,220 | 3,165 |
| Total current assets | 1,026,654 | 963,653 |
| Non-current assets: | | |
| Property and equipment, net | 218,466 | 221,442 |
| Restricted cash, non-current | 206,367 | 257,499 |
| Deferred tax assets, non current | 1,641 | 1,728 |
| Deposit for non-current assets | 37,797 | 38,140 |
| Long-term investments | 33,159 | |
| Other non-current assets | 23,894 | 22,627 |
| Total non-current assets | 521,324 | 541,436 |
| Total assets | 1,547,978 | 1,505,089 |
| LIABILITIES AND SHAREHOLDERS EQUITY | | |
| Current liabilities: | | |
| Short-term loans | | 90,000 |
| Deferred revenue | 138,631 | 115,043 |
| Accrued expenses and other liabilities | 141,012 | 143,292 |
| Income tax payable | 52,815 | 43,688 |
| Customers' refundable fees | 64,545 | 53,066 |
| Amounts due to a related party | 687 | 537 |
| Total current liabilities | 397,690 | 445,626 |
| Non-current liabilities: | | |
| Long-term loans | 180,750 | 180,750 |
| Convertible senior notes | 400,000 | 350,000 |

| | | |
|---|------------------|------------------|
| Deferred tax liabilities, non-current | 89,035 | 84,767 |
| Other non-current liabilities | 475 | 479 |
| Total non-current liabilities | 670,260 | 615,996 |
| Total Liabilities | 1,067,950 | 1,061,622 |
| Shareholders equity: | | |
| Class A ordinary shares, par value Hong Kong Dollar (HK\$) 1 per share, 600,000,000 shares authorized for Class A and Class B in aggregate, and 57,568,424 shares and 57,440,895 shares issued and outstanding as at March 31, 2014 and December 31, 2013, respectively | 7,392 | 7,376 |
| Class B ordinary shares, par value HK\$1 per share, 600,000,000 shares authorized for Class A and Class B in aggregate, and 24,336,650 shares and 24,336,650 shares issued and outstanding as at March 31, 2014 and December 31, 2013 , respectively | 3,124 | 3,124 |
| Additional paid-in capital | 91,928 | 89,071 |
| Accumulated other comprehensive income | 35,547 | 43,381 |
| Retained earnings | 342,037 | 300,515 |
| Total SouFun Holdings Limited shareholders equity | 480,028 | 443,467 |
| Noncontrolling interests | | |
| Total shareholders equity | 480,028 | 443,467 |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | 1,547,978 | 1,505,089 |

SouFun Holdings Limited

Condensed Consolidated Statements of Comprehensive Income

(in thousands of U.S. dollars, except share data and per share data)

| | Three months ended | |
|--|----------------------------------|----------------------------------|
| | March 31, 2014 (Unaudited) | March 31, 2013 (Unaudited) |
| Revenues: | | |
| Marketing services | 46,983 | 35,813 |
| E-commerce services | 29,415 | 26,363 |
| Listing services | 42,145 | 26,834 |
| Other value-added services | 2,678 | 2,024 |
| Total revenues | 121,221 | 91,034 |
| Cost of Revenues: | | |
| Cost of services | (24,905) | (20,030) |
| Total Cost of Revenues | (24,905) | (20,030) |
| Gross Profit | 96,316 | 71,004 |
| Operating expenses and income: | | |
| Selling expenses | (27,534) | (18,732) |
| General and administrative expenses | (19,316) | (15,060) |
| Other income | 53 | |
| Operating Income | 49,519 | 37,212 |
| Foreign exchange loss | (12) | |
| Interest income | 11,344 | 5,678 |
| Interest expense | (5,094) | (3,337) |
| Government grants | 966 | 422 |
| Gain on bargain purchase | | 102 |
| Income before income taxes and noncontrolling interests | 56,723 | 40,077 |
| Income tax expenses | | |
| Income tax expense | (15,201) | (11,633) |
| Net income | 41,522 | 28,444 |
| Net income attributable to noncontrolling interests | | 35 |
| Net income attributable to SouFun Holdings Limited shareholders | 41,522 | 28,409 |
| Other comprehensive income, net of tax | | |
| Foreign currency translation adjustments | (7,834) | 1,368 |
| Unrealized gain on available-for-sale security | | 78 |
| Total other comprehensive income, net of tax | (7,834) | 1,446 |

| | | |
|--|---------------|---------------|
| Comprehensive income | 33,688 | 29,890 |
| Earnings per share for Class A and Class B ordinary shares | | |
| Basic | 0.51 | 0.36 |
| Diluted | 0.48 | 0.34 |
| Earnings per ADS | | |
| Basic | 0.10 | 0.07 |
| Diluted | 0.10 | 0.07 |
| Weighted average number of Class A and Class B ordinary shares outstanding: | | |
| Basic | 81,852,230 | 77,898,531 |
| Diluted | 92,606,216 | 83,308,983 |
| Weighted average number of ADSs outstanding: | | |
| Basic | 409,261,150 | 389,492,655 |
| Diluted | 463,031,080 | 416,544,915 |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SOUFUN HOLDINGS LIMITED

By: /s/ Vincent Tianquan Mo
Name: Vincent Tianquan Mo
Title: Executive Chairman

Date: May 30, 2014

Exhibit Index

Exhibit 99.1 Press Release

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