

SouFun Holdings Ltd
Form 6-K
August 16, 2013

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 August 2013

Commission File Number: 001-34862

SOUFUN HOLDINGS LIMITED

(Exact name of registrant as specified in its charter)

F9M, Building 5, Zone E, Hanwei International Plaza, Fengmao South Road, Fengtai District

Beijing 100070, the People's Republic of China

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(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 and six months ended June 30, 2013 and a discussion of these results, which we previously publicly released on August 8, 2013.

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).

Second Quarter 2013 Results

Revenues

SouFun reported **total revenues** of \$144.1 million for the second quarter of 2013, representing an increase of 48.6% from the corresponding period in 2012, primarily driven by the growth in listing service and SouFun membership service.

Revenue from marketing services was \$58.9 million for the second quarter of 2013, an increase of 5.9% from \$55.7 million for the corresponding period in 2012.

Revenue from e-commerce services was \$45.0 million for the second quarter of 2013, an 84.2% increase from \$24.4 million for the same period in 2012, primarily due to the expansion of SouFun membership services in Beijing, Shanghai and other cities, including Chengdu and Chongqing.

Revenue from listing services was \$38.4 million for the second quarter of 2013, an increase of 147.3% from \$15.5 million for the corresponding period in 2012, primarily due to the substantial growth in agency subscribers.

Revenue from other value-added services was \$1.8 million for the second quarter of 2013, an increase of 30.8% from \$1.4 million for the corresponding period in 2012.

Cost of Revenue

Cost of revenue was \$26.1 million for the second quarter of 2013, an increase of 43.5 % from \$18.2 million for the corresponding period in 2012. The increase in cost of revenue was mainly driven by the increase in staff costs and taxes.

Gross margin was 81.9% for the second quarter of 2013, compared to 81.2% for the corresponding period in 2012.

Operating Expenses and Income

Operating expenses were \$42.4 million for the second quarter of 2013, an increase of 35.5 % from \$31.3 million for the corresponding period in 2012.

Selling expenses were \$23.0 million for the second quarter of 2013, an increase of 34.0% from \$17.1 million for the corresponding period in 2012, primarily due to increased staff cost.

General and administrative expenses were \$19.4 million for the second quarter of 2013, an increase of 37.4% from \$14.1 million for the corresponding period in 2012, primarily due to increased staff cost.

Operating income was \$75.8 million for the second quarter of 2013, an increase of 59.6% from \$47.5 million for the corresponding period in 2012, driven by revenue growth and effective cost control.

Income tax expense was \$24.7 million for the second quarter of 2013, a 40.2% increase compared to \$17.6 million for the corresponding period in 2012, mainly driven by profit growth.

Net income attributable to SouFun's shareholders was \$55.4 million for the second quarter of 2013, a 71.2% increase from \$32.3 million for the corresponding period in 2012. **Fully diluted earnings per share** were \$0.67 for the second quarter of 2013, a 67.5% increase from \$0.40 for the corresponding period in 2012.

As of June 30, 2013, SouFun had **cash, cash equivalents, and short-term investments (excluding the available-for-sale security)** of \$273.4 million, compared to \$143.6 million as of December 31, 2012. **Cash flow from operating activities** was \$79.6 million for the second quarter of 2013, a 79.7% increase from \$44.3 million for the same period in 2012.

First Half 2013 Results

Revenues

SouFun reported **total revenues** of \$235.2 million for the first half of 2013, representing an increase of 51.3% from the corresponding period in 2012, primarily driven by the growth in listing services and SouFun membership services.

Revenue from marketing services was \$94.8 million for the first half of 2013, an increase of 5.4% from \$89.9 million for the corresponding period in 2012.

Revenue from e-commerce services was \$71.3 million for the first half of 2013, a 95.6% increase from \$36.5 million for the same period in 2012, primarily due to the expansion of SouFun membership services in Beijing, Shanghai and other cities, including Chengdu and Chongqing.

Revenue from listing services was \$65.3 million for the first half of 2013, an increase of 146.5% from \$26.5 million for the corresponding period in 2012, primarily due to the substantial growth in agency subscribers.

Revenue from other value-added services was \$3.8 million for the first half of 2013, an increase of 45.1% from \$2.6 million for the corresponding period in 2012.

Cost of Revenue

Cost of revenue was \$46.2 million for the first half of 2013, an increase of 32.9 % from \$34.7 million for the corresponding period in 2012. The increase in cost of revenue was primarily due to the increase in staff costs and business taxes.

Gross margin was 80.4% for the first half of 2013, improved from 77.7% for the corresponding period in 2012 as a result of effective cost control and revenue growth.

Operating Expenses and Income

Operating expenses were \$76.2 million for the first half of 2013, an increase of 29.1 % from \$59.0 million for the corresponding period in 2012.

Selling expenses were \$41.7 million for the first half of 2013, an increase of 32.0% from \$31.6 million for the corresponding period in 2012, primarily due to increased staff cost.

General and administrative expenses were \$34.5 million for the first half of 2013, an increase of 25.7% from \$27.4 million for the corresponding period in 2012, primarily due to increased staff cost.

Operating income was \$113.0 million for the first half of 2013, an increase of 83.1% from \$61.7 million for the corresponding period in 2012, driven by revenue growth and effective cost control.

Income tax expense was \$36.4 million for the first half of 2013, an 86.1% increase compared to \$19.6 million for the corresponding period in 2012. The increase was primarily due to a \$15.2 million incremental tax expense driven by profit growth and a \$1.6 million one-time tax benefit in the first half of 2012.

Net income attributable to SouFun's shareholders was \$83.8 million for the first half of 2013, an increase of 78.7% from \$46.9 million for the corresponding period in 2012. **Fully diluted earnings per share** were \$1.01 for the first half of 2013, a 74.1% increase from \$0.58 for the corresponding period in 2012.

Cash flow from operating activities was \$139.4 million for the first half of 2013, a 97.4% increase from \$70.7 million for the same period in 2012.

SouFun Holdings Limited

Condensed Consolidated Balance Sheets

(in U.S. dollars in thousands, except as noted)

| | June 30, 2013 (Unaudited) | Dec 31, 2012 (Audited) |
|--|---------------------------------|------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | 255,557 | 118,167 |
| Short-term investments | 17,803 | 26,841 |
| Accounts receivable, net | 43,282 | 30,029 |
| Funds receivable | 17,635 | 7,600 |
| Prepayment and other current assets | 7,763 | 9,226 |
| Deferred tax assets, current | 2,875 | 2,734 |
| Total current assets | 344,915 | 194,597 |
| Non-current assets: | | |
| Property and equipment, net | 221,212 | 79,564 |
| Restricted cash, non-current | 398,181 | 391,416 |
| Deferred tax assets, non-current | 2,084 | 1,723 |
| Deposit for non-current assets | 9,065 | 8,750 |
| Prepayment for BaoAn acquisition | | 111,367 |
| Other non-current assets | 19,234 | 13,744 |
| Total non-current assets | 649,776 | 606,564 |
| Total assets | 994,691 | 801,161 |
| LIABILITIES AND SHAREHOLDERS EQUITY | | |
| Current liabilities: | | |
| Short-term loans | 270,670 | 270,670 |
| Deferred revenue | 113,700 | 65,871 |
| Accrued expenses and other liabilities | 100,766 | 89,306 |
| Customers refundable fees | 30,187 | 18,449 |
| Income tax payable | 16,851 | 23,659 |
| Amounts due to a related party | 175 | |
| Total current liabilities | 532,349 | 467,955 |
| Non-current liabilities: | | |
| Long-term loans | 80,750 | 80,750 |
| Deferred tax liabilities, non-current | 93,714 | 64,947 |
| Other non-current liabilities | 473 | |
| Total non-current liabilities | 174,937 | 145,697 |
| Total Liabilities | 707,286 | 613,652 |
| 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 56,532,480 shares and 56,013,735 shares issued and outstanding as at June 30, 2013 and December 31, 2012, respectively | 7,259 | 7,192 |
| | 3,124 | 3,124 |

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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 June 30, 2013 and December 31, 2012, respectively

| | | |
|--|----------------|----------------|
| Additional paid-in capital | 76,671 | 69,637 |
| Accumulated other comprehensive income | 32,913 | 23,974 |
| Retained earnings | 166,729 | 82,952 |
| Total SouFun shareholders' equity | 286,696 | 186,879 |
| Noncontrolling interests | 709 | 630 |
| Total equity | 287,405 | 187,509 |
| TOTAL LIABILITIES AND EQUITY | 994,691 | 801,161 |

SouFun Holdings Limited

Condensed Consolidated Statements of Comprehensive Income

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

| | Three months ended | | Six months ended | |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | June 30, 2013 (Unaudited) | June 30, 2012 (Unaudited) | June 30, 2013 (Unaudited) | June 30, 2012 (Unaudited) |
| Revenues: | | | | |
| Marketing services | 58,947 | 55,658 | 94,760 | 89,910 |
| E-commerce services | 44,972 | 24,417 | 71,335 | 36,462 |
| Listing services | 38,423 | 15,535 | 65,257 | 26,469 |
| Other value-added services | 1,802 | 1,378 | 3,826 | 2,637 |
| Total revenues | 144,144 | 96,988 | 235,178 | 155,478 |
| Cost of Revenues: | | | | |
| Cost of services | (26,124) | (18,208) | (46,154) | (34,730) |
| Total Cost of Revenues | (26,124) | (18,208) | (46,154) | (34,730) |
| Gross Profit | 118,020 | 78,780 | 189,024 | 120,748 |
| Operating expenses and income: | | | | |
| Selling expenses | (22,965) | (17,136) | (41,697) | (31,594) |
| General and administrative expenses | (19,424) | (14,138) | (34,484) | (27,437) |
| Other income | 167 | | 167 | |
| Operating Income | 75,798 | 47,506 | 113,010 | 61,717 |
| Foreign exchange gain | 2 | 57 | 2 | 55 |
| Interest income | 6,315 | 4,529 | 11,993 | 8,956 |
| Interest expense | (3,218) | (2,593) | (6,555) | (5,210) |
| Government grants | 432 | 486 | 854 | 923 |
| Other-than-temporary impairment on available-for-sale security | | | | (14) |
| Realized gain on available-for-sale security (includes \$821 accumulated other comprehensive income reclassifications for unrealized net gains on available-for-sale security) | 821 | | 821 | |
| Gain on bargain purchase | | | 102 | |
| Income before income taxes and noncontrolling interests | 80,150 | 49,985 | 120,227 | 66,427 |
| Income tax expenses | | | | |
| Income tax expenses | (24,747) | (17,645) | (36,380) | (19,553) |
| Net income | 55,403 | 32,340 | 83,847 | 46,874 |
| Net income attributable to noncontrolling interests | 35 | | 70 | |
| Net income attributable to SouFun shareholders | 55,368 | 32,340 | 83,777 | 46,874 |
| Other comprehensive income, net of tax | | | | |
| Foreign currency Translation | 8,323 | (1,742) | 9,691 | (1,603) |
| Realized gain on available-for-sale security | (821) | | (821) | |
| Unrealized gain on available-for-sale security | | 500 | 78 | 500 |
| Total other comprehensive income, net of tax | 7,502 | (1,242) | 8,948 | (1,103) |
| Comprehensive income | 62,905 | 31,098 | 92,795 | 45,771 |
| Earnings per share for Class A and Class B ordinary shares | | | | |

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| | | | | |
|--|------------|------------|------------|------------|
| Basic | 0.71 | 0.42 | 1.07 | 0.61 |
| Diluted | 0.67 | 0.40 | 1.01 | 0.58 |
| Weighted average number of Class A and Class B ordinary shares outstanding: | | | | |
| Basic | 77,923,911 | 76,878,518 | 77,962,391 | 77,241,192 |
| Diluted | 83,124,647 | 81,392,881 | 83,266,708 | 81,328,134 |

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: August 15, 2013

Exhibit Index

Exhibit 99.1 Press Release