

21Vianet Group, Inc.  
Form 20-F  
April 18, 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 12(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**  
**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**

**For the transition period from                      to**

**Commission file number: 001-35126**

# 21Vianet Group, Inc.

(Exact Name of Registrant as Specified in Its Charter)

N/A

(Translation of Registrant's Name into English)

Cayman Islands

(Jurisdiction of Incorporation or Organization)

M5, 1 Jiuxianqiao East Road,

Chaoyang District

Beijing, 100016

The People's Republic of China

(Address of Principal Executive Offices)

Mr. Shang-Wen Hsiao, President and Chief Financial Officer

21Vianet Group, Inc.

M5, 1 Jiuxianqiao East Road,

Chaoyang District

Beijing, 100016

The People's Republic of China

Phone: (86) 10 8456-2121

Facsimile: (86) 10 8456-2619

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

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

Title of each class	Name of exchange on which registered
American Depositary Shares, each representing six Class A ordinary shares, par value US\$0.00001 per share	NASDAQ Global Market
Class A ordinary shares, par value US\$0.00001 per share*	

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\* Not for trading, but only in connection with the listing on the NASDAQ Global Market of the American Depositary Shares.

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

**None**

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

**None**

(Title of Class)

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: 180,993,644 Class A ordinary shares and 154,632,392 Class B ordinary shares, par value US\$0.00001 per share, as of December 31, 2011.

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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or 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 a 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:

US 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

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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

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

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**INTRODUCTION**

Unless otherwise indicated and except where the context otherwise requires, references in this annual report on Form 20-F to:

ADSs refers to our American depositary shares, each representing six Class A ordinary shares;

21Vianet, we, us, our company, and our refer to 21Vianet Group, Inc., its subsidiaries and its consolidated affiliated entities;

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

ordinary shares or shares refer to our ordinary shares, which include both Class A ordinary shares, par value US\$0.00001 per share and Class B ordinary shares, par value US\$0.00001 per share, collectively; and

RMB and Renminbi refer to the legal currency of China.

**FORWARD-LOOKING STATEMENTS**

This annual report on Form 20-F 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. Known and unknown risks, uncertainties and other factors, including those listed under Risk Factors, 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 some of these forward-looking statements by words or phrases such as may, will, expect, anticipate, aim, estimate, intend, believe, is/are likely to, potential, continue 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:

our goals and strategies and our expansion plans;

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

the expected growth of the data center services and internet infrastructure services market;

our expectations regarding demand for and market acceptance of our services;

our expectations regarding keeping and strengthening our relationships with customers;

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our plans to invest in research and development to enhance and complement our existing solution and service offerings;  
and

general economic and business conditions in the regions where we provide our solutions and services.

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These forward-looking statements involve various risks and uncertainties. Although we believe that our expectations expressed in these forward-looking statements are reasonable, our expectations may later be found to be incorrect. Our actual results could be materially different from our expectations. Other sections of this annual report include additional factors that 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 read thoroughly this annual report and the documents that we refer to 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.

**PART I**

**ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS**

Not applicable.

**ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE**

Not applicable.

**ITEM 3. KEY INFORMATION**

A. Selected Financial Data

**Selected Consolidated Financial Data**

The following selected consolidated financial information for the periods and as of the dates indicated should be read in conjunction with our consolidated financial statements and related notes and Item 5. Operating and Financial Review and Prospects in this annual report.

Our selected consolidated financial data presented below for the years ended December 31, 2009, 2010 and 2011 and our balance sheet data as of December 31, 2010 and 2011 have been derived from our audited consolidated financial statements included elsewhere in this annual report. Our audited consolidated financial statements are prepared in accordance with U.S. GAAP. Our selected consolidated financial data presented below for the year ended December 31, 2008 and our balance sheet data as of December 31, 2008 and 2009 have been derived from our audited financial statements not included in this annual report.



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We have not included financial information for the year ended December 31, 2007, as such information is not available on a basis that is consistent with the consolidated financial information for the years presented below without unreasonable effort or expense.

	2008 RMB	For the Year Ended December 31,			2011 US\$
		2009 RMB	2010 RMB	2011 RMB	
(in thousands, except share and per share data)					
<b>Consolidated Statement of Operations Data:</b>					
Net revenues:					
Hosting and related services	213,181	284,780	374,946	614,612	97,652
Managed network services	27,590	28,855	150,257	406,317	64,557
Total net revenues	240,771	313,635	525,203	1,020,929	162,209
Cost of revenues <sup>(1)</sup>	(174,598)	(229,304)	(396,858)	(744,371)	(118,269)
Gross profit	66,173	84,331	128,345	276,558	43,940
Operating expenses:					
Sales and marketing expenses <sup>(1)</sup>	(21,125)	(24,132)	(51,392)	(80,885)	(12,851)
General and administrative expenses <sup>(1)</sup>	(31,823)	(25,457)	(282,298)	(82,926)	(13,176)
Research and development expenses <sup>(1)</sup>	(5,858)	(7,607)	(19,924)	(34,657)	(5,506)
Changes in the fair value of contingent purchase consideration payable			(7,537)	(63,185)	(10,039)
Operating profit (loss)	7,367	27,135	(232,806)	14,905	2,368
Net profit (loss) from continuing operations	10,608	59,981	(234,715)	45,939	7,299
Loss from discontinued operations	(28,566)	(63,910)	(12,952)		
Net (loss) profit	(17,958)	(3,929)	(247,667)	45,939	7,299
Net income attributable to non-controlling interest	(295)	(1,990)	(7,722)	(27,495)	(4,369)
Net (loss) profit attributable to Company's ordinary shareholders	(18,253)	(5,919)	(255,389)	18,444	2,930
Earnings (loss) per share:					
Net profit (loss) from continuing operations	0.14	0.81	(3.39)	0.07	0.01
Loss from discontinued operations	(0.40)	(0.89)	(0.18)		
Basic	(0.26)	(0.08)	(3.57)	0.07	0.01
Net profit (loss) from continuing operations	0.06	0.32	(3.39)	0.06	0.01
Loss from discontinued operations	(0.16)	(0.35)	(0.18)		
Diluted	(0.10)	(0.03)	(3.57)	0.06	0.01
Earnings (loss) per ADS:					
Net profit (loss) from continuing operations	0.84	4.86	(20.34)	0.42	0.06
Loss from discontinued operations	(2.40)	(5.34)	(1.08)		
Basic	(1.56)	(0.48)	(21.42)	0.42	0.06
Net profit (loss) from continuing operations	0.36	1.92	(20.34)	0.36	0.06
Loss from discontinued operations	(0.96)	(2.10)	(1.08)		