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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, 2014.

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, 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 Select Market**
Class A ordinary shares, par value US$0.00001 per share*	

* Not for trading, but only in connection with the listing on the NASDAQ Global Select 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: 346,803,765 Class A ordinary shares and 49,430,544 Class B ordinary shares, par value US$0.00001 per share, as of December 31, 2014.

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 by the International Accounting Standards Board ☐ Other ☐

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 ☑

(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;
- "variable interest entities," or "VIEs," refer to Beijing Yiyun Network Technology Co., Ltd. (previously known as Beijing aBitCool Network Technology Co., Ltd.), or 21Vianet Technology, Beijing iJoy Information Technology Co., Ltd., or BJ iJoy, and aBitcool Small Micro Network Technology (BJ) Co., Ltd., or aBitCool BJ, three domestic PRC companies in which we do not have equity interests but whose financial results have been consolidated into our consolidated financial statements in accordance with U.S. GAAP due to our having effective control over, and our being the primary beneficiary of, the three companies;
- "consolidated affiliated entities" refer to our variable interest entities and their direct and indirect subsidiaries; 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," "plan," "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 market;
- our expectations regarding demand for, and market acceptance of, our services;
- our expectations regarding keeping and strengthening our relationships with customers;
- 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.

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, 2012, 2013 and 2014 and our balance sheet data as of December 31, 2013 and 2014 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, 2010 and 2011 and our balance sheet data as of December 31, 2010, 2011 and 2012 have been derived from our audited financial statements not included in this annual report.

	For the Year Ended December 31,					
	2010	2011	2012	2013	2014	
	RMB	RMB	RMB	RMB	RMB	US$
	(in thousands, except share and per share data)					
Consolidated Statement of Operations Data:						
Net revenues:						
Hosting and related services	374,946	614,612	866,882	1,259,260	1,980,688	319,229
Managed network services	150,257	406,317	657,276	707,457	895,759	144,370
Total net revenues	525,203	1,020,929	1,524,158	1,966,717	2,876,447	463,599
Cost of revenues (1)	(396,858)	(744,371)	(1,098,477)	(1,449,845)	(2,066,304)	(333,028)
Gross profit	128,345	276,558	425,681	516,872	810,143	130,571
Operating expenses:						
Sales and marketing expenses (1)	(51,392)	(80,885)	(109,871)	(154,479)	(287,229)	(46,293)
General and administrative expenses (1)	(282,298)	(82,926)	(153,512)	(186,907)	(493,309)	(79,507)
Research and development expenses (1)	(19,924)	(34,657)	(63,929)	(77,831)	(121,676)	(19,611)
Changes in the fair value of contingent purchase consideration payable	(7,537)	(63,185)	(17,430)	(55,882)	(22,629)	(3,647)
Operating (loss) profit	(232,806)	14,905	80,939	41,773	(114,700)	(18,487)
Net (loss) profit from continuing operations	(234,715)	45,939	57,656	(47,003)	(328,477)	(52,942)
Loss from discontinued operations	(12,952)	—	—	—	—	—
Net (loss) profit	(247,667)	45,939	57,656	(47,003)	(328,477)	(52,942)
Net income attributable to non-controlling interest	(7,722)	(27,495)	(1,332)	(1,223)	(20,003)	(3,224)
Net (loss) profit attributable to Company's ordinary shareholders	(255,389)	18,444	56,324	(48,226)	(348,480)	(56,166)
(Loss) earnings per share:						
Net (loss) profit from continuing operations	(3.39)	0.07	0.16	(0.13)	(0.89)	(0.14)
Loss from discontinued operations	(0.18)	—	—	—	—	—
Basic	(3.57)	0.07	0.16	(0.13)	(0.89)	(0.14)
Net (loss) profit from continuing operations	(3.39)	0.06	0.16	(0.13)	(0.89)	(0.14)
Loss from discontinued operations	(0.18)	—	—	—	—	—
Diluted	(3.57)	0.06	0.16	(0.13)	(0.89)	(0.14)
(Loss) earnings per ADS:						
Net (loss) profit from continuing operations	(20.34)	0.42	0.96	(0.78)	(5.34)	(0.86)
Loss from discontinued operations	(1.08)	—	—	—	—	—
Basic	(21.42)	0.42	0.96	(0.78)	(5.34)	(0.86)
Net (loss) profit from continuing operations	(20.34)	0.36	0.96	(0.78)	(5.34)	(0.86)
Loss from discontinued operations	(1.08)	—	—	—	—	—
Diluted	(21.42)	0.36	0.96	(0.78)	(5.34)	(0.86)
Shares used in earnings (loss) per share computation:						
Basic	71,526,320	259,595,677	342,533,167	364,353,974	401,335,788	401,335,788
Diluted	182,492,500	316,807,661	356,784,209	364,353,974	401,335,788	401,335,788
Non-GAAP Financial Data:(2)						
Adjusted gross profit	141,990	307,103	457,381	568,670	924,228	148,958
Adjusted net profit	59,454	169,993	167,287	120,466	79,374	12,792
Adjusted EBITDA	83,657	209,026	294,165	365,613	558,938	90,083

(1) Share-based compensation was included in the related operating expense categories as follows:

	For the Year Ended December 31,					
	2010	2011	2012	2013	2014	
	RMB	RMB	RMB	RMB	RMB	US$
	(in thousands)					
Allocation of share-based compensation expenses:						
Cost of revenues	4,645	2,157	4,517	8,054	7,163	1,154
Sales and marketing expenses	11,884	5,763	10,508	13,405	13,482	2,173
General and administrative expenses	254,936	31,420	47,749	40,711	208,914	33,671
Research and development expenses	6,416	2,619	4,858	5,599	4,176	673
Total share-based compensation expenses	277,881	41,959	67,632	67,769	233,735	37,671

(2) See "—Discussion of Non-GAAP Financial Measures."

The following table presents a summary of our consolidated balance sheet data as of December 31, 2010, 2011, 2012, 2013 and 2014.

	As of December 31,					
	2010	2011	2012	2013	2014	
	RMB	RMB	RMB	RMB	RMB	US$
	(in thousands)					
Consolidated Balance Sheet Data:						
Cash and cash equivalents	83,256	410,389	432,254	1,458,856	644,415	103,861
Restricted cash (current asset)	4,441	4,578	191,766	193,020	161,649	26,053
Short-term investments	—	894,540	222,701	1,101,826	911,242	146,866
Accounts and notes receivable, net	76,373	147,624	293,369	610,413	739,945	119,258
Total current assets	193,957	1,551,221	1,263,157	3,600,584	2,866,620	462,012
Restricted cash (non-current asset)	—	—	221,628	219,056	121,415	19,569
Total assets	725,587	2,402,952	2,976,919	6,131,562	9,640,181	1,553,713
Total current liabilities	210,559	462,537	810,147	1,061,358	2,989,115	481,756
Total liabilities	444,004	733,228	1,087,614	3,656,261	6,639,518	1,070,095
Total mezzanine equity	991,110	—	—	—	773,706	124,699
Total shareholders' (deficit) equity	(709,527)	1,669,724	1,889,305	2,475,301	2,226,957	358,919

Discussion of Non-GAAP Financial Measures

In evaluating our business, we consider and use the following non-GAAP measures as supplemental measures to review and assess our operating performance: adjusted gross profit, adjusted operating expenses, adjusted net profit and adjusted EBITDA. The presentation of these non-GAAP financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with U.S. GAAP. We define adjusted gross profit as gross profit excluding share-based compensation expenses and amortization expenses of intangible assets derived from acquisitions. We define adjusted operating expenses as operating expenses excluding share-based compensation expenses and changes in the fair value of contingent purchase consideration payable. We define adjusted net profit as net (loss) profit from continuing operations excluding share-based compensation expenses, amortization expenses of intangible assets derived from acquisitions, changes in the fair value of contingent purchase consideration payable and loss on debt extinguishment. We define adjusted EBITDA as EBITDA excluding share-based compensation expenses, changes in the fair value of contingent purchase consideration payable and loss on debt extinguishment, and EBITDA as net profit (loss) from continuing operations before income tax expense (benefit), foreign exchange gain (loss), other expenses, other income, interest expense, interest income and depreciation and amortization.

The non-GAAP financial measure disclosed by us should not be considered a substitute for financial measures prepared in accordance with U.S. GAAP. You should carefully evaluate the financial results we have

reported in accordance with U.S. GAAP and our reconciliation of GAAP to non-GAAP results. The non-GAAP financial measure used by us may be prepared differently from and, therefore, may not be comparable to similarly titled measures used by other companies.

We believe that the use of these non-GAAP measures facilitates investors' assessment of our operating performance from period to period and from company to company by backing out potential differences caused by variations in items such as capital structures (affecting relative interest expenses), the book amortization of intangibles (affecting relative amortization expenses), the age and book value of property and equipment (affecting relative depreciation expenses) and other non-cash expenses (affecting share-based compensation expenses). We also present these non-GAAP measures because we believe these non-GAAP measures are frequently used by securities analysts, investors and other interested parties as measures of the financial performance of companies in our industry.

These non-GAAP financial measures are not defined under U.S. GAAP and are not measures presented in accordance with U.S. GAAP. These non-GAAP financial measures have limitations as analytical tools, and when assessing our operating performance, investors should not consider them in isolation, or as a substitute for net income (loss) or other consolidated income statement data prepared in accordance with U.S. GAAP. Some of these limitations include, but are not limited to:

- they do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our debt;
- they do not reflect income taxes or the cash requirements for any tax payments;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized often will have to be replaced in the future, and adjusted net profit, adjusted EBITDA do not reflect any cash forward looking requirements for such replacements;
- while share-based compensation is a component of cost of revenues and operating expenses, the impact to our financial statements compared to other companies can vary significantly due to such factors as assumed life of the options and assumed volatility of our ordinary shares; and
- other companies may calculate adjusted gross profit, adjusted operating expenses, adjusted net profit and adjusted EBITDA differently than we do, limiting the usefulness of these non-GAAP measures as comparative measures.

We compensate for these limitations by relying primarily on our U.S. GAAP results and using adjusted gross profit, adjusted operating expenses, adjusted net profit and adjusted EBITDA only as supplemental measures. Our adjusted gross profit, adjusted operating expenses, adjusted net profit and adjusted EBITDA are calculated as follows for the periods presented:

	For the Year Ended December 31,					
	2010	2011	2012	2013	2014	
	RMB	RMB	RMB	RMB	RMB	US$
	(in thousands)					
Gross profit	128,345	276,558	425,681	516,872	810,143	130,571
Plus: share-based compensation expenses	4,645	2,157	4,517	8,054	7,163	1,154
Plus: amortization expenses of intangible assets derived from acquisitions	9,000	28,388	27,183	43,744	106,922	17,233
Adjusted gross profit	**141,990**	**307,103**	**457,381**	**568,670**	**924,228**	**148,958**
Operating expenses	(361,151)	(261,653)	(344,742)	(475,099)	(924,843)	(149,058)
Plus: share-based compensation expenses	273,236	39,802	63,115	59,715	226,572	36,517
Plus: changes in the fair value of contingent purchase consideration payable	7,537	63,185	17,430	55,882	22,629	3,647
Adjusted operating expenses	**(80,378)**	**(158,666)**	**(264,197)**	**(359,502)**	**(675,642)**	**(108,894)**
Net (loss) profit from continuing operation	(234,715)	45,939	57,656	(47,003)	(328,477)	(52,942)
Plus: share-based compensation expenses	277,881	41,959	67,632	67,769	233,735	37,671
Plus: amortization of intangible assets derived from acquisitions	9,000	28,388	27,183	43,744	106,922	17,233
Plus: changes in the fair value of contingent purchase consideration payable and related deferred tax impact	7,288	53,707	14,816	55,956	25,613	4,128
Plus: Loss on debt extinguishment	—	—	—	—	41,581	6,702
Adjusted net profit	**59,454**	**169,993**	**167,287**	**120,466**	**79,374**	**12,792**
Operating profit (loss)	(232,806)	14,905	80,939	41,773	(114,700)	(18,487)
Plus: depreciation	19,673	58,873	92,787	141,286	278,986	44,964
Plus: amortization	11,372	30,104	35,377	58,903	138,288	22,288
Plus: share-based compensation expenses	277,881	41,959	67,632	67,769	233,735	37,671
Plus: changed in the fair value of contingent purchase consideration payable	7,537	63,185	17,430	55,882	22,629	3,647
Adjusted EBITDA	**83,657**	**209,026**	**294,165**	**365,613**	**558,938**	**90,083**

Exchange Rate Information

Substantially all of our operations are conducted in China and substantially all of our revenues are denominated in Renminbi. This annual report contains translations of Renminbi amounts into U.S. dollars at specific rates solely for the convenience of the reader. The conversion of RMB into U.S. dollars in this annual report is based on the noon buying rate in New York City for cable transfers of RMB as certified for customs purposes by the Federal Reserve Bank of New York. Unless otherwise noted, all translations from RMB to U.S. dollars and from U.S. dollars to RMB in this annual report were made at a rate of RMB6.2046 to US$1.00, the noon buying rate in effect as of December 31, 2014. We make no representation that any RMB or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or RMB, as the case may be, at any particular rate, or at all. The PRC government imposes control over its foreign currency reserves in part through direct regulation of the conversion of RMB into foreign exchange and through restrictions on foreign trade. On April 3, 2015, the noon buying rate was RMB6.1930 to US$1.00.

The following table sets forth information concerning exchange rates between the RMB and the U.S. dollar for the periods indicated.

Period	Noon Buying Rate			
	Period-End	Average (1)	Low	High
	(RMB per U.S. Dollar)			
2010	6.6000	6.7696	6.8330	6.6000
2011	6.2939	6.4475	6.6364	6.2939
2012	6.2301	6.2990	6.3879	6.2221
2013	6.0537	6.1412	6.2438	6.0537
2014	6.2046	6.1704	6.2591	6.0402
October	6.1124	6.1251	6.1385	6.1107
November	6.1429	6.1249	6.1429	6.1117
December	6.2046	6.1886	6.2256	6.1490
2015				
January	6.2495	6.2181	6.2535	6.1870
February	6.2695	6.2518	6.2695	6.2399
March	6.2145	6.2422	6.2741	6.1955
April (through April 3, 2015)	6.1930	6.1958	6.1976	6.1930

Source: Federal Reserve Statistical Release

(1) Annual averages are calculated using the average of month-end rates of the relevant year. Monthly averages are calculated using the average of the daily rates during the relevant period.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Risks Related to Our Business and Industry

We may not be able to successfully implement our growth strategies.

We plan to further increase our services capacities. In 2014, we increased the aggregate number of cabinets under our management by more than 7,400 to approximately 21,500. In order to support our growing customer demand, we plan to add a similar level of new cabinets in 2015 through new self-built data centers, new phases of existing self-built data centers and partnered data centers. In addition, we plan to expand our private optical fiber network to cover all of our major data centers throughout China and plan to increase our network services capacity. To achieve this expansion plan, we will be required to commit a substantial amount of operating and financial resources. Our planned capital expenditures, together with our ongoing operating expenses, will cause substantial cash outflows. If we are not able to generate sufficient operating cash flows or obtain alternative financings, our ability to fund our growth strategy may be limited. Alternative debt or equity financing may not be available when needed or, if available, may not be available on satisfactory terms. Any inability to obtain additional debt or equity financing or to generate sufficient cash from operations may require us to prioritize projects or curtail capital expenditures and could adversely affect our results of operations.

In addition, site selection is a critical factor in our expansion plans, and there may not be suitable properties available with the necessary combination of high power capacity and optical fiber connectivity, which may have a negative impact on our revenue growth. Moreover, we may not have sufficient customer demand in the markets where our data centers are located. We may overestimate the demand for our services and as a result may increase our data center capacity or expand our internet network more aggressively than needed, resulting in a negative impact to our gross profit margins. Furthermore, the costs of construction and maintenance of new data centers constitute a significant portion of our capital expenditures and operating expenses. If our planned expansion does not achieve the desired results, our operating margins could be materially reduced, which would materially impair our profitability and adversely affect our business and results of operations.

Delays in the construction of new data centers or the expansion of existing data centers could involve significant risks to our business.

In order to meet customer demand in some of our existing and new markets, we need to expand existing data centers, lease new facilities or obtain suitable land to build new data centers. Expansion of existing data centers and/or construction of new data centers are currently underway, or being contemplated, in many of our markets. Such expansion and/or construction require us to carefully select and rely on the experience of one or more designers, general contractors, and subcontractors during the design and construction process. If a designer, general contractor, or significant subcontractor experiences financial or other problems during the design or construction process, we could experience significant delays and/or incur increased costs to complete the projects, resulting in negative impacts on our results of operations.

In addition, we need to work closely with the local power suppliers where our proposed data centers are located. If we experience significant delays in the supply of power required to support the data center expansion or new construction, either during the design or construction phases, the progress of the data center expansion and/or construction could deviate from our original plans, which could cause material and negative effect to our revenue growth, profitability and results of operations.

Any significant or prolonged failure in our infrastructure or services would lead to significant costs and disruptions and would reduce our revenues, harm our business reputation and have a material adverse effect on our financial results.

Our data centers, power supplies and network are vulnerable to disruptions and to failure. Problems with the cooling equipment, generators, backup batteries, routers, switches, or other equipment, whether or not within our control, could result in service interruptions and data losses for our customers as well as equipment damage. Our customers locate their computing and networking equipment in our data centers, and any significant or prolonged failure in our infrastructure or services could significantly disrupt the normal business operations of our customers and harm our reputation and reduce our revenue. While we offer data backup services and disaster recovery services, which could mitigate the adverse effects of such a failure, most of our customers do not subscribe for these services. Accordingly, any failure or downtime in one of our data centers could affect many of our customers. The total destruction or severe impairment of any of our data centers could result in significant downtime of our services and loss of customer data. Since our ability to attract and retain customers depends on our ability to provide highly reliable service, even minor interruptions in our service could harm our reputation.

While we have not experienced any material interruptions in the past, services interruptions continue to be a significant risk for us and could materially impact our business. Any services interruptions could:

- require us to waive fees or provide free services;
- cause our customers to seek damages for losses incurred;
- require us to replace existing equipment or add redundant facilities;
- cause existing customers to cancel or elect to not renew their contracts;

- affect our reputation as a reliable provider of data center services; or
- make it more difficult for us to attract new customers or cause us to lose market share.

Any of these events could materially increase our expenses or reduce our revenue, which would have a material adverse effect on our results of operations.

We compete with, and our business substantially depends on, China Telecom and China Unicom for hosting facilities and other telecommunication resources.

Our business depends on our relationships with China Telecom and China Unicom, two major telecommunications carriers in China, for hosting facilities and bandwidth, and to some extent, for optical fibers. We directly enter into agreements with the local subsidiaries of China Telecom or China Unicom, from which we lease cabinets in the data centers built and operated by them, with power systems, cabling and wiring and other data center equipment pre-installed. Because each local subsidiary of China Telecom or China Unicom has independent authority and budget to enter into contracts, our contract terms with these subsidiaries vary and are determined on a case-by-case basis. We generally define "partnered" data centers as the data center space and cabinets we leased from China Telecom, China Unicom and other third parties through agreements. Based on the specific requests of our customers, demands in different cities and our strategy for points of presence, or POP, establishment, the locations and number of our partnered data centers may change from time to time. As of December 31, 2014, we leased a total of 6,950 cabinets that are housed in our 73 partnered data centers, accounting for 32.3% of the total number of our cabinets under management. If we are not able to secure sufficient cabinets from China Unicom and China Telecom, it will have a material adverse effect on our business prospects and results of operations. We also rely on China Telecom and China Unicom for a significant portion of our bandwidth needs and lease optical fibers from them to connect our data centers with each other and with the telecommunications backbones and other internet service providers, or ISPs. Our agreements with local subsidiaries of China Telecom or China Unicom usually have a one-year term with automatic renewal option. In addition, China Telecom and China Unicom also provide data center services and directly compete with us for customers. See "—We may not be able to compete effectively against our current and future competitors." We believe that we have good business relationships with China Telecom and China Unicom, and we have access to adequate hosting facilities, bandwidth and optical fibers to provide our services. However, there can be no assurance that we can always secure hosting facilities and bandwidth from China Telecom and China Unicom on commercially acceptable terms, or at all. As a result, our business and results of operations would be materially and adversely affected.

Our leases for data centers could be terminated early, we may not be able to renew our existing leases on commercially reasonable terms, and our rent could increase substantially in the future, which could materially and adversely affect our operations.

We lease buildings with suitable power supplies and safe structures meeting our data center requirements and convert them into data centers by installing power generators, air conditioning systems, cables, cabinets and other equipment. We also build our own data centers after obtaining suitable land. We generally refer to these two types of data centers as "self-built" data centers. Our operating leases generally have three to twenty years lease terms with renewal options. As of December 31, 2014, our self-built data centers house 14,572 cabinets, or 67.7% of the total number of our cabinets under our management. We plan to renew our existing leases upon expiration. However, we may not be able to renew these leases on commercially reasonable terms, if at all. We may experience an increase in our rent payments. In addition, although the lessors of our self-built data centers generally do not have the right of early termination and we have not experienced any early termination as of the date of this annual report, the lease could be terminated early if we are in material breach of the lease agreements or the leased premises become unavailable due to reasons beyond the lessors' control. If our leases for data centers were terminated early, we may have to relocate our data center equipment and the servers and equipment of our customers to a new building and incur significant cost related to relocation. Any relocation could also affect our ability to provide services and harm our reputation. As a result, our business and results of operations could be materially and adversely affected.

We have been named as a defendant in two putative shareholder class action lawsuits that could have a material adverse impact on our business, financial condition, results of operation, cash flows and reputation.

We will have to defend against the putative shareholder class action lawsuits described in "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal and Administrative Proceedings—Litigation," including any appeals of such lawsuits should our initial defense be unsuccessful. We are currently unable to estimate the possible loss or possible range of loss, if any, associated with the resolution of these lawsuits. In the event that our initial defense of these lawsuits is unsuccessful, there can be no assurance that we will prevail in any appeal. Any adverse outcome of these cases, including any plaintiff's appeal of a judgment in these lawsuits, could have a material adverse effect on our business, financial condition, results of operation, cash flows and reputation. In addition, there can be no assurance that our insurance carriers will cover all or part of the defense costs, or any liabilities that may arise from these matters. The litigation process may utilize a significant portion of our cash resources and divert management's attention from the day-to-day operations of our company, all of which could harm our business. We also may be subject to claims for indemnification related to these matters, and we cannot predict the impact that indemnification claims may have on our business or financial results.

Investment in broadband wireless access services in Hong Kong may have a material adverse effect on our business prospects and results of operations.

In February 2012, we won a bid for radio spectrum in the 2.3 GHz band to provide broadband wireless access services in Hong Kong for HK$150 million. This investment provides us an opportunity to enter into the mobile infrastructure landscape and explore the market potentials in providing wireless solutions. We have been in negotiations with some Hong Kong local carriers to form a partnership or a joint venture and aim to use the broadband wireless access license as an investment or a form of contribution in the partnership or joint venture to take advantage of the local knowledge and market intelligence of service providers in Hong Kong. Currently, we do not plan to incur significant capital expenditure to build the infrastructures in Hong Kong by ourselves. However, we have limited experience in providing mobile infrastructure services in Hong Kong. We may not be able to successfully negotiate with certain Hong Kong local carrier(s) to work with us, and the performance bond in the amount of HK$150 million submitted by us to the Hong Kong Telecommunications Authority may be withheld if we fail to successfully fulfill the requirements for the broadband wireless access license by ourselves, and furthermore, our investment in the broadband wireless access license may divert our management's attention from our core business in mainland China, which would have a material adverse effect on our business prospects and results of operations.

Difficulties in identifying, consummating and integrating acquisitions and alliances and potential write-off in connection with our investment or acquisitions may have a material and adverse effect on our business and results of operations.

As part of our growth strategy, we have acquired, and may in the future acquire, companies that are complementary to our business. From time to time, we may also make alternative investments and enter into strategic partnerships or alliances as we see fit. For example, in October 2012, we entered into a commercial operator agreement with Microsoft Corporation to expand Microsoft's premier commercial public cloud services, Office 365 and Windows Azure, in China, the term of which was extended to December 31, 2018. In February 2013, we acquired 100% equity interests in Beijing Tianwang Online Communication Technology Co., Ltd., or BJ Tianwang, and Beijing Yilong Xinda Technology Co., Ltd., or BJ Yilong. These two companies principally provide virtual private network services and managed network services. In April 2013, we completed the acquisition of 100% equity interests in iJoy Holding Limited, or iJoy BVI, and its subsidiaries (collectively known as "iJoy") with a purchase consideration of RMB97.0 million. In June 2013, we entered into a strategic agreement with Dongguan Dongcai Investment Holdings Limited, or Dongguan Dongcai, and established Dongguan Asia Cloud Investment Co., Ltd., or Asia Cloud Investment, to build a new internet data center, provide cloud computing related services in Dongguan as well as create a research and development team that will focus on developing and implementing next generation networking technologies. In December 2013, we

entered into a definitive agreement with IBM to introduce IBM's premier private cloud infrastructure service and bring high-value managed private and hybrid cloud services to China. IBM will provide the physical point of distribution, or POD, and service while we will host the POD facility at our data centers in Beijing. In May 2014, we acquired 50% equity interests plus one share in Sichuan Aipu Network Co., Ltd. and its affiliates (collectively, the "Aipu Group"). Aipu Group principally provides last-mile wired broadband access and other value-added services. In August 2014, we acquired 100% equity interests in Dermot Holdings Limited and its subsidiaries (collectively, the "Dermot Entities") to expand our data transmission infrastructure across the Greater China region and deliver high-performance virtual private network (VPN) connectivity solutions by utilizing Dermot Entities' advanced network and infrastructure. However, past and future acquisitions, partnerships or alliances may expose us to potential risks, including risks associated with:

- the integration of new operations and the retention of customers and personnel;
- significant volatility in our operating profit (loss) due to changes in the fair value of our contingent purchase consideration payable;
- unforeseen or hidden liabilities, including those associated with different business practices;
- the diversion of management's attention and resources from our existing business and technology by acquisition, transition and integration activities;
- failure to achieve synergies with our existing business and generate revenues as anticipated;
- failure of the newly acquired businesses, technologies, services and products to perform as anticipated;
- inability to generate sufficient revenues to offset additional costs and expenses;
- breach or termination of key agreements by the counterparties;
- the costs of acquisitions;
- international operations conducted by some of our subsidiaries;
- any different interpretations on contingent purchase consideration; or
- the potential loss of, or harm to, relationships with both our employees and customers resulting from our integration of new businesses.

Any of the potential risks listed above could have a material and adverse effect on our ability to manage our business and our results of operation.

In addition, we record goodwill if the purchase price we pay in the acquisitions exceeded the amount assigned to the fair value of the net assets or business acquired. We are required to test our goodwill and intangible assets for impairment annually or more frequently if events or changes in circumstances indicate that they may be impaired. We may record impairment of goodwill and acquired intangible assets in connection with our acquisitions if the carrying value of our acquisition goodwill and related acquired intangible assets in connection with our past or future acquisitions are determined to be impaired. We cannot be assured the acquired businesses, technologies, services and products from our past acquisitions and any potential transaction will generate sufficient revenue to offset the associated costs or other potential unforeseen adverse effects on our business. Furthermore, we may need to raise additional debt or sell additional equity or equity-linked securities to make or complete such acquisitions. See "—We may require additional capital to meet our future capital needs, which may adversely affect our financial position and result in additional shareholder dilution."

We may not be able to increase sales to our existing customers and add new customers, which would adversely affect our results of operations.

Our growth depends on our ability to continue to expand our service offerings to existing customers and attract new customers. We may be unable to sustain our growth for a number of reasons, such as:

- capacity constraints;

- inability to identify new locations or reliable data centers for cooperation or lease;
- a reduction in the demand for our services due to the current or future economic recession;
- inability to market our services in a cost-effective manner to new customers;
- inability of our customers to differentiate our services from those of our competitors or inability to effectively communicate such distinctions;
- inability to successfully communicate the benefits of data center services to businesses;
- the decision of businesses to host their internet infrastructure internally or in other hosting facilities as an alternative to the use of our data center services;
- inability to expand our sales to existing customers; and
- reliability, quality or compatibility problems with our services.

A substantial amount of our past revenues were derived from service upgrades by existing customers. Our costs associated with increasing revenues from existing customers are generally lower than costs associated with generating revenues from new customers. Therefore, slowing revenue growth or declining revenues from our existing customers, even if offset by an increase in revenues from new customers, could reduce our operating margins. Any failure to continue attracting new customers or grow our revenues from existing customers for a prolonged period of time could have a material adverse effect on our results of operations.

We may not be able to compete effectively against our current and future competitors.

We face competition from various industry players, including carriers such as China Telecom and China Unicom, carrier-neutral service providers in China such as ChinaNetCenter and Dr. Peng, content delivery network (CDN) service provider such as ChinaCache and the in-house data centers of major corporations, cloud services providers such as AliCloud, as well as new market entrants in the future. As we enter into the last-mile wired broadband market and VPN market, we face competition from more market players. Competition is primarily centered on the quality of service and technical expertise, security, reliability and functionality, reputation and brand recognition, financial strength, the breadth and depth of services offered, and price. Some of our current and future competitors have substantially greater financial, technical and marketing resources, greater brand recognition, and more established relationships in the industry than we do. As a result, some of these competitors may be able to:

- adapt to new or emerging technologies and changes in customer requirements more quickly;
- bundle services and provide at reduced prices;
- take advantage of acquisition and other opportunities more readily;
- adopt more aggressive pricing policies and devote greater resources to the promotion, marketing, and sales of their services; and
- devote greater resources to the research and development of their products and services.

If we are unable to compete effectively and successfully against our current and future competitors, our business prospects, financial condition and results of operations could be materially and adversely affected.

We depend on third-party suppliers for key elements of our network infrastructure, and our financial performance and results of operation could suffer if we fail to manage supplier issue properly.

To provide connectivity services to our customers, we purchase network connections from several network service providers, primarily China Telecom and China Unicom. We can offer no assurances that these service providers will continue to provide service to us on a cost-effective basis or on otherwise competitive terms, if at all, or that these providers will provide us with additional capacity to adequately meet customer demand or to expand our business. Any of these factors could limit our growth prospects and materially and adversely affect our business.

We also depend on third parties for optical fibers for our data transmission network. We offer no assurance that we will be able to maintain a good relationship with our optical fiber providers or renew our leases on commercially reasonably terms, if at all. The occurrence of these events would materially and adversely affect our ability to provide services and affect our business and results of operations.

In addition, we currently purchase routers, switches and other equipment from a limited number of suppliers. We do not carry significant inventories of the products we purchase, and we have no guaranteed supply arrangements with our suppliers. The loss of a significant vendor could delay any build-out of our infrastructure and increase our costs. If our suppliers fail to provide products or services that comply with evolving internet standards or that interoperate with other products or services we use in our network infrastructure, we may be unable to meet all or a portion of our customer service commitments, which could materially and adversely affect our results of operations.

Our self-built and partnered data centers are vulnerable to security breaches, which could disrupt our operations and have a material adverse effect on our business, financial performance and results of operations.

A party who is able to compromise the security measures of our data centers and networks or the security of our infrastructure could misappropriate either our proprietary information or the information of our customers, or cause interruptions or malfunctions in our operations. In addition, we have limited control over our partnered data centers, which are primarily operated by China Telecom or China Unicom. We may be required to devote significant capital and resources to protect against such threats or to alleviate problems caused by security breaches. As techniques used to breach security change frequently and are generally not recognized until launched against a target, we may not be able to implement security measures in a timely manner or, if and when implemented, we may not be certain whether these measures could be circumvented. Any breaches that may occur could expose us to increased risk of lawsuits, regulatory penalties, loss of existing or potential customers, harm to our reputation and significant increases in our security costs, which could have a material adverse effect on our financial performance and results of operations.

We depend on third parties for telecommunication network services, and increased telecommunications costs may adversely affect our results of operations.

Our success depends in part upon the capacity, reliability, and performance of our network infrastructure, including the capacity leased from our internet bandwidth suppliers, which are primarily China Telecom and China Unicom. We depend on these companies to provide us with uninterrupted and error-free services through their telecommunications networks. However, some of these providers are also our competitors and we exercise little control over our bandwidth suppliers. In addition, we have experienced and expect to continue to experience interruptions or delays in network services. Any failure on our part or the part of our third-party suppliers to achieve or maintain high data transmission capacity, reliability or performance could significantly reduce customer demand for our services and damage our business and reputation.

As our customer base grows and their usage of telecommunications resources increases, we may be required to make additional investments in our capacity to maintain adequate data transmission speed. The availability of such capacity may be limited or the cost may be unacceptable to us. If adequate capacity is not available to us as our customers' usage increases, our network may be unable to achieve or maintain sufficiently high data transmission capacity, reliability or performance. In addition, our operating margins may suffer if our bandwidth suppliers increase the prices for their services and we are unable to pass along the increased costs to our customers.

A severe or prolonged downturn in the global or Chinese economy could materially and adversely affect our business and our results of operation.

The global macroeconomic environment is facing challenges, including the escalation of the European sovereign debt crisis since 2011, the end of quantitative easing by the U.S. Federal Reserve and the economic

slowdown in the Eurozone in 2014. Our business and operations are primarily based in China and substantially all of our revenues are derived from our operations in China. Accordingly, our financial results have been, and are expected to continue to be, affected by the economy and data center services industry in China. Although the economy in China has grown significantly in the past decades, it still faces challenges. The Chinese economy has slowed down in recent years. According to the National Bureau of Statistics of China, China's gross domestic product (GDP) growth slowed to 7.4% in 2014. There have been concerns over unrest in the Middle East and Africa, which have resulted in volatility in oil and other markets, and over the possibility of a war involving Ukraine. There have also been concerns on the relationship among China and other Asian countries, which may result in or intensify potential conflicts in relation to territorial disputes. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any prolonged slowdown in the global or Chinese economy may have a negative impact on our business, results of operations and financial condition, and continued turbulence in the international markets may adversely affect our ability to access the capital markets to meet liquidity needs.

If we are unable to meet our customers' requirements, our reputation and results of operations could suffer.

Our agreements with our customers contain certain guarantees regarding our performance. For hosting services, we guarantee 99.99% uptime for power and 99.9% uptime for network connectivity, failure of which will cause us to provide free service for the following month. Although we have not had any material customer claims for power failures or network disruptions, our success depends on our ability to meet or exceed our customers' expectations. We have not had any major customer service issues in the past. However, if in the future we are unable to provide customers with quality customer support, we could face customer dissatisfaction, decreased overall demand for our services, and loss of revenue. In addition, inability to meet customer service expectations may damage our reputation and could consequently limit our ability to retain existing customers and attract new customers, which would adversely affect our ability to generate revenue and negatively impact our results of operations.

We rely on customers in the internet industry for most of our revenues.

We derived a majority of our revenues in 2014 from customers in China's internet industry, including online media, e-commerce, online game companies, portals, search engines, mobile internet and cloud services providers. The business models of some internet companies are relatively new and have not been well proven. Many internet companies base their business prospects on the continued growth of China's internet market, which may not happen as expected.

In addition, our business would suffer if companies in China's internet sector reduce the outsourcing of their data center services. If any of these events happen, we may lose customers or have difficulties in selling our services, which would materially and adversely affect our business and results of operations.

We may require additional capital to meet our future capital needs, which may adversely affect our financial position and result in additional shareholder dilution.

We will require significant capital expenditures to fund our future growth. We may need to raise additional funds through equity or debt financings in the future in order to meet our capital needs in relation to the construction of our self-built data centers.

In March 2013, we issued RMB1 billion in aggregate principal amount of RMB denominated bonds due 2016 with a coupon rate of 7.875% per annum, or the 2016 Bonds. Interest on the 2016 Bonds is payable semi-annually in arrears on, or nearest to, March 22 and September 22 in each year, beginning on September 22, 2013. In June 2014, we issued RMB2 billion (US$322.3 million) in aggregate principal amount of RMB denominated bonds due 2017 at an interest rate of 6.875% per annum, or the 2017 Bonds, and used a portion of the proceeds to

purchase, pursuant to a tender offer, substantially all the 2016 Bonds, with only RMB264.3 million (US$42.6 million) of the principal amount of the 2016 Bonds outstanding as of December 31, 2014. Interest on the 2017 Bonds is payable semi-annually in arrears on, or nearest to, June 26 and December 26 in each year, beginning on December 26, 2014. Both of the 2016 Bonds and 2017 Bonds have restrictive covenants relating to financial ratios as well as our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. Such covenants restrict our abilities to declare dividends or incur or guarantee additional indebtedness, among other things. See "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources" for more detailed information on restrictive covenants of the 2016 Bonds and 2017 Bonds.

In October 2013, we issued 34,683,042 Class A ordinary shares (in the form of 5,780,507 ADSs) to Esta Investments Pte Ltd, or Esta, for an aggregate cash consideration of US$86.7 million. In addition, Esta purchased 5,316,960 Class A ordinary shares (in the form of 886,160 ADSs) from certain of our existing shareholders for a total cash consideration of US$13.3 million which was paid to the selling shareholders through us.

In January 2015, we issued (i) 39,087,125 Class A and 18,250,268 Class B ordinary shares to King Venture Holdings Limited, or Kingsoft, for an aggregate cash consideration of US$172 million; (ii) 6,142,410 Class A and 10,524,257 Class B ordinary shares to Xiaomi Ventures Limited, or Xiaomi, for an aggregate cash consideration of US$50 million; and (iii) 24,668,020 Class A ordinary shares (in the form of 4,111,337 ADSs) to Esta, for an aggregate cash consideration of US$74 million.

If we raise additional funds through further issuances of equity or equity-linked securities, our existing shareholders could suffer significant dilution in their percentage ownership of our company, and any new equity securities we issue could have rights, preferences, and privileges senior to those of holders of our ADSs or ordinary shares.

Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our debt.

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including the 2016 Bonds and 2017 Bonds, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

As of December 31, 2014, our total consolidated indebtedness and other liabilities representing total bank and other borrowings, bonds payables, accounts payable, notes payable and accrued expenses and other payables were RMB4,527.1 million (US$729.6 million). Failure to servicing our debt would constitute an event of default under the terms of the bonds, which would have a material adverse effect on our financial condition and results of operations.

Occurrence of any change of control could cause us to make an offer to repurchase the 2016 Bonds and 2017 Bonds.

Under the terms of both of the 2016 Bonds and 2017 Bonds, at any time following the occurrence of a change of control event, we will be required to make an offer to repurchase all or, at the bondholder's option, any part (equal to RMB1,000,000 or multiples of RMB100,000 in excess thereof), of each bondholder's bonds at 101% of the aggregate principal amount of the bonds repurchased plus accrued and unpaid interest, if any, on the bonds repurchased. If such a change of control event were to occur, we may not have sufficient cash and may not

be able to arrange financing to redeem the bonds in time, or on acceptable terms, or at all. Failure to repay, repurchase or redeem tendered bonds by us would constitute an event of default under the bonds, which would have a material adverse effect on our financial condition and results of operations.

If we are unable to comply with the restrictions and covenants contained in our debt agreements, an event of default could occur under the terms of such agreements, which could cause repayment of such debt to be accelerated.

If we are unable to comply with the restrictions and covenants in our current or future debt and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to us, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, whichever the case may be.

Furthermore, some of our debt agreements, including the 2016 Bonds and 2017 Bonds, may contain cross-acceleration or cross-default provisions. As a result, our default under one debt agreement may cause the acceleration of debt, including the 2016 Bonds and 2017 Bonds, or result in a default under our other debt agreements, including the 2016 Bonds and 2017 Bonds. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our indebtedness, or that we would be able to find alternative financing. Even if we could obtain alternative financing, we cannot assure you that it would be on terms that are favorable or acceptable to us.

Increased power costs and limited availability of electrical resources may adversely affect our results of operations.

Costs of power account for a significant portion of our overall costs for both our self-built data centers and partnered data centers. We may not be able to pass on increased power costs to our customers, which could harm our results of operations. Power and cooling requirements at our data centers are also increasing as a result of the increasing power demands of today's servers. Since we rely on third parties to provide our data centers with power, our data centers could have a limited or inadequate access to power. Our customers' demand for power may also exceed the power capacity in our older data centers, which may limit our ability to fully utilize these data centers. This could adversely affect our relationships with our customers, which could harm our business and have an adverse effect on our results of operations.

If we are unable to manage our growth effectively, our financial results could suffer.

The growth of our business and our service offerings may strain our operating and financial resources. Furthermore, we intend to continue expanding our overall business, customer base, headcount, and operations. Managing a geographically dispersed workforce requires substantial management effort and significant additional investment in our operating and financial system capabilities and controls. If our information systems are unable to support the demands placed on them by our growth, we may need to implement new systems, which would be disruptive to our business. We may also initiate similar network upgrade in the future if required by our operations. We may be unable to manage our expenses effectively in the future due to the expenses associated with these expansions and such expansions or upgrade may cause disruption of services to our customers, which may negatively impact our net revenues and operating expenses. If we fail to improve our operational systems or to expand our customer service capabilities to keep pace with the growth of our business, we could experience customer dissatisfaction, cost inefficiencies, and lost revenue opportunities, which may materially and adversely affect our results of operations.

If we are unable to successfully identify and analyze changing market trends and adjust our growth strategies accordingly in a timely and cost-effective manner, our results of operations could be adversely affected.

As China's internet infrastructure market remains at its early stage, especially compared to those in more advanced economies, we generally operate in a more complex business environment with changing market dynamics. On one hand, the imbalance between material growth in internet traffic and the relative limited supply

of high quality internet infrastructure services drives strong demand for not only data center services, but also complementary value-added services in adjacent markets, including network transmission services, CDN services, cloud services and VPN services, among others. On the other hand, the potential changes in competitive landscape and regulations in an otherwise highly regulated market continues to present ambiguities and challenges. Therefore, we need to evaluate, on a continuously basis, the changing market dynamics and from time to time make adjustments to our growth strategies and operations accordingly. Any material changes to our strategies and operations, including adjustments to business models, new business areas and acquisitions, are evaluated financially, strategically and operationally by the management and approved by our board of directors. However, if we fail to capture new growth opportunities, or become unsuccessful in modifying our strategies and operations to adapt to these changing market conditions in a timely and cost-effective manner, our results of operations could be materially and adversely affected.

In addition, we have and may continue to expand in new business areas that we believe either strengthen our competitive position or will improve our future growth rates. Some of these new business areas require substantial upfront investments, which may precede anticipated generation of revenues. If we fail to successfully manage the progress of these new growth initiatives or if changing market conditions prove to work against our proposed business plans, we may not be able to attract new customers and generate general revenues and profits as anticipated, which could materially and adversely affect our results of operations.

If we are unable to adapt to evolving technologies and customer demands in a timely and cost-effective manner, our ability to sustain and grow our business may suffer.

To be successful, we must adapt to our rapidly changing market by continually improving the performance, features, and reliability of our services and modifying our business strategies accordingly. We could also incur substantial costs if we need to modify our services or infrastructure in order to adapt to these changes. We may not be able to timely adapt to changing technologies, if at all. Our ability to sustain and grow our business would suffer if we fail to respond to these changes in a timely and cost-effective manner. New technologies or industry standards have the potential to replace or provide lower cost alternatives to our data center services. The adoption of such new technologies or industry standards could render some or all of our services obsolete or unmarketable. We cannot guarantee that we will be able to identify the emergence of all of these new service alternatives successfully, modify our services accordingly, or develop and bring new products and services to market in a timely and cost-effective manner to address these changes. If and when we do identify the emergence of new service alternatives and introduce new products and services to market, those new products and services may need to be made available at lower price points than our then-current services. Failure to provide services to compete with new technologies or the obsolescence of our services could lead us to lose current and potential customers or could cause us to incur substantial costs, which would harm our results of operations and financial condition. Our introduction of new alternative products and services that have lower price points than current offerings may result in our existing customers switching to the lower cost products, which could reduce our revenues and have a material adverse effect of our results of operations.

We have expanded to the cloud services market for a short period of time and failure to successfully grow our cloud service business will have a material and adverse effect on our growth, results of operations and business prospects.

Through our strategic partnership with Microsoft, we started providing public cloud service in 2013 and hybrid cloud service in 2014. We further expanded to provide private cloud and hybrid services through our partnership with IBM in 2014. Cloud services are a new and emerging market in China and we have limited experience in this market. Our success in the cloud service business is subject to various risks and uncertainties, including:

- our short history in the cloud services market;
- increase of our personnel mobility in the aggressive talent market competition;

- the unprecedented market development and our possible lack of ability to keep up with the market development;
- information security restrictions imposed by the Ministry of Industry and Information Technology, or the MIIT;
- continuous effort to adapt to various standards applicable to the cloud market, with the national cloud standard still in process of being formulated;
- our possible overestimate of the market demand and development, which leads to our overinvestment in the new business;
- the possibility of a difficult relationship with our major partners, such as Microsoft;
- the possible slow acceptance of cloud service in China and our failure to implement new business strategies;
- competition from other market players, both domestic and abroad; and
- new risks associated with the cloud services yet to be fully understood by the industry and market.

If we are unable to effectively manage these risks, we may not be able to successfully operate in the cloud services market and achieve the expected growth.

In addition, the expansion into the cloud services market has resulted in a change to our business, including, among others, the change of our customer base. The number of enterprise and government entity customers has increased with our expansion into the cloud services market. Our lack of experience in dealing with enterprise and government entity customers may pose new challenges for us. We may not be able to manage our business growth strategy as planned and our results of operations and business prospects may be materially and adversely affected.

If we fail to maintain a strong brand name, we may lose our existing customers and have difficulties attracting new customers, which may have an adverse effect on our business and results of operation.

We have built a strong brand in Chinese, “ 世纪互联 ”, among our customers. As our business grows, we plan to continue to focus our efforts to establish a wider recognition of our brand to attract potential customers. We cannot assure you that we will effectively allocate our resources for these activities or succeed in maintaining and broadening our brand recognition among customers. Our major brand names and logos are registered trademarks in China. However, preventing trademark and trade name infringement or misuse could be difficult, costly and time-consuming, particularly in China. There had been incidents in the past where third parties used our brand without our authorization and we had to resort to litigation to protect our intellectual property rights. See “Item 8.A—Legal Proceedings” for our disputes with Shanghai 21Vianet Information Systems Co., Ltd. We may continue to experience similar disputes in the future or otherwise fail to fully protect our brand name, which may have an adverse effect on our business and financial results.

Any negative publicity and allegations against us may adversely affect our brand, public image and reputation, which may harm our ability to attract and retain users and business partners and result in material adverse impact on our business, results of operations and prospects.

Negative publicity and allegations about us, our products and services, our financial results or our market position in general, including by short sellers or investment research firms, regardless of their veracity, may adversely damage our brand, public image and reputation, harm our ability to attract and retain users and result in material adverse impact on our share price, business, results of operations and prospects. For example, on September 10, 2014, Trinity Research Group, or Trinity, a short seller that was allegedly formed in 2014, issued a report alleging that we operate through a Ponzi scheme and have reported fraudulent financials and operating metrics. On September 17, 2014, Trinity issued a second report. The trading price of our ADSs declined and two

shareholder class action lawsuits were filed against us and some of our directors and senior executive officers. See “Item 8.A—Legal Proceedings” for more information on the two shareholder class action lawsuits. Through two separate, comprehensive rebuttal reports, we have rejected all the allegations set out in the Trinity reports and are prepared to defend ourselves in the shareholder class action lawsuits, but our share price fluctuated after such negative publicity.

Rapid urbanization and changes in zoning and urban planning in China may cause our leased properties to be demolished, removed or otherwise affected.

China is undergoing a rapid urbanization process, and zoning requirements and other governmental mandates with respect to urban planning of a particular area may change from time to time. When there is a change in zoning requirements or other governmental mandates with respect to the areas where our data centers are located, the affected data centers may need to be demolished and removed. As a result, we may have to relocate our data centers to other locations. We have not experienced such demolition and relocation in the past, but we cannot assure you that we will not experience demolitions or interruptions of our data center operations due to zoning or other local regulations. Any such demolition and relocation could cause us to lose primary locations for our data centers and we may not be able to achieve comparable operation results following the relocations. While we may be reimbursed for such demolition and relocation, we cannot assure you that the reimbursement, as determined by the relevant government authorities, will be sufficient to cover our direct and indirect losses. Accordingly, our business, results of operations and financial condition may be materially and adversely affected.

Our business depends substantially on the continuing efforts of our executives, and our business may be severely disrupted if we lose their services.

Our future success heavily depends upon the continued services of our executives and other key employees. In particular, we rely on the expertise and experience of Sheng Chen, our co-founder, chairman of the board of directors and chief executive officer. We rely on their industry expertise, their experience in our business operations and sales and marketing, and their working relationships with our employees, our other major shareholders, our clients and relevant government authorities. If one or more of our senior executives were unable or unwilling to continue in their present positions, we might not be able to replace them easily or at all. If any of our senior executives joins a competitor or forms a competing company, we may lose clients, suppliers, key professionals and staff members. Each of our executive officers has entered into an employment agreement with us, which contains non-competition provisions. However, if any dispute arises between our executive officers and us, we cannot assure you the extent to which any of these agreements could be enforced in China, where these executive officers reside, in light of the uncertainties with China’s legal system. See “—Risks Related to Doing Business in China—Uncertainties with respect to the PRC legal system could limit legal protections available to you and us.”

If we are unable to recruit or retain qualified personnel, our business could be harmed.

We must continue to identify, hire, train, and retain IT professionals, technical engineers, operations employees, and sales and management personnel who maintain relationships with our customers and who can provide the technical, strategic, and marketing skills required for our company to grow. There is a shortage of qualified personnel in these fields, and we compete with other companies for the limited pool of these personnel. Any failure to recruit and retain necessary technical, managerial, sales, and marketing personnel, including but not limited to members of our executive team, could harm our business and our ability to grow.

Our managed network services business may fluctuate or decline.

Although managed network services are one of our core competencies in our overall service offerings as a comprehensive infrastructure provider in China, our managed network service business has been and will likely remain a relatively more volatile portion of our overall revenue base. As the managed network services market

continues to evolve and as we further optimize our growth strategies and allocate resources to more attractive areas with higher growth and return rates, we may become more selective in pursuing future revenue opportunities in the managed network services business. In addition, we have experienced pricing pressure for our managed network services in recent years and we expect that this trend may continue. Therefore, revenues from managed network services could experience decline both in the absolute amount and as a percentage of our consolidated revenues, which could have a negative impact on our overall growth and profitability.

The uncertain economic environment may continue to have an adverse impact on our business and financial condition.

The uncertain economic environment could have an adverse effect on our liquidity. While we believe we have a strong customer base, if the current market conditions were to worsen, some of our customers may have difficulty paying us and we may experience increased churn in our customer base and reductions in their commitments to us. As of the date of this annual report, we have not experienced any of the foregoing; however, if these circumstances do occur, we may be required to further increase our allowance for doubtful accounts and our results would be negatively impacted. Our sales cycle could also be lengthened if customers slow spending, or delay decision-making, on our products and services, which could adversely affect our revenues growth and our ability to recognize revenue. Finally, we could also experience pricing pressure as a result of economic conditions if our competitors lower prices and attempt to lure away our customers with lower cost solutions. Finally, our ability to access the capital markets may be severely restricted at a time when we would like, or need, to do so which could have an impact on our flexibility to pursue additional expansion opportunities and maintain our desired level of revenue growth in the future.

Our results of operations have fluctuated and may continue to fluctuate, which could make our future results difficult to predict. This may also result in significant volatility in, and otherwise adversely affect, the market for our ADSs.

Our results of operations have fluctuated and may continue to fluctuate due to a variety of factors, including many of the risks described in this section, which are outside of our control. As a result, comparing our results of operations on a period-to-period basis may not be meaningful. You should not rely on our results of operations for any prior periods as an indication of our future operating performance. Fluctuations in our revenue can lead to even greater fluctuations in our results of operations. Our budgeted expense levels depend in part on our expectations of long-term future revenue. Given relatively fixed operating costs related to our personnel and facilities, any substantial adjustment to our expenses to account for lower than expected levels of revenue will be difficult and time consuming. Consequently, if our revenues do not meet projected levels, our operating performance will be negatively affected. Fluctuations in our results of operations could result in significant volatility in, and otherwise adversely affect, the market for our ADSs.

If we fail to maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud, and investor confidence in our company and the market price of our ADSs may be adversely affected.

The SEC, as required by Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, adopted rules requiring most public companies to include a management report on such company's internal control over financial reporting in its annual report, which contains management's assessment of the effectiveness of the company's internal control over financial reporting. In addition, when a company meets the SEC's criteria, an independent registered public accounting firm must report on the effectiveness of the company's internal control over financial reporting.

Our management and independent registered public accounting firm have concluded that our internal control over financial reporting as of December 31, 2014 was effective. Our management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of SC Aipu

and Dermot Holding Limited, which are included in our 2014 consolidated financial statements and constituted RMB3,443.9 million and RMB2,513.0 million of total and net assets, respectively, as of December 31, 2014 and RMB578.3 million and RMB50.8 million of revenues and net income, respectively, for the year then ended. Our independent registered public accounting firm's audit of our internal control over financial reporting also did not include an evaluation of the internal control over financial reporting of SC Aipu and Dermot Holding Limited.

However, we cannot assure you that in the future our management or our independent registered public accounting firm will not identify material weaknesses during the Section 404 of the Sarbanes-Oxley Act audit process or for other reasons. In addition, because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. As a result, if we fail to maintain effective internal control over financial reporting or should we be unable to prevent or detect material misstatements due to error or fraud on a timely basis, investors could lose confidence in the reliability of our financial statements, which in turn could harm our business, results of operations and negatively impact the market price of our ADSs, and harm our reputation. Furthermore, we have incurred and expect to continue to incur considerable costs and to use significant management time and other resources in an effort to comply with Section 404 and other requirements of the Sarbanes-Oxley Act.

Compliance with rules and regulations applicable to companies publicly listed in the United States is costly and complex and any failure by us to comply with these requirements on an ongoing basis could negatively affect investor confidence in us and cause the market price of our ADSs to decrease.

In addition to Section 404, the Sarbanes-Oxley Act also mandates, among other things, that companies adopt corporate governance measures, imposes comprehensive reporting and disclosure requirements, sets strict independence and financial expertise standards for audit committee members, and imposes civil and criminal penalties for companies, their chief executive officers, chief financial officers and directors for securities law violations. For example, in response to the Sarbanes-Oxley Act, NASDAQ has adopted additional comprehensive rules and regulations relating to corporate governance. These laws, rules and regulations have increased the scope, complexity and cost of our corporate governance and reporting and disclosure practices. Our current and future compliance efforts will continue to require significant management attention. In addition, our board members, chief executive officer and chief financial officer could face an increased risk of personal liability in connection with the performance of their duties. As a result, we may have difficulty attracting and retaining qualified board members and executive officers to fill critical positions within our company. Any failure by us to comply with these requirements on an ongoing basis could negatively affect investor confidence in us, cause the market price of our ADSs to decrease or even result in the delisting of our ADSs from NASDAQ.

We are subject to China's anti-corruption laws and the U.S. Foreign Corrupt Practices Act. Our failure to comply with these laws could result in penalties, which could harm our reputation and have an adverse effect on our business, results of operations and financial condition.

We are subject to the U.S. Foreign Corrupt Practices Act, or the FCPA, which generally prohibits companies and anyone acting on their behalf from offering or making improper payments or providing benefits to foreign officials for the purpose of obtaining or keeping business, along with various other anti-corruption laws, including China's anti-corruption laws. Our existing policies prohibit any such conduct and we are in the process of implementing additional policies and procedures designed to ensure that we, our employees and intermediaries comply with the FCPA and other anti-corruption laws to which we are subject. There is, however, no assurance that such policies or procedures will work effectively all the time or protect us against liability under the FCPA or other anti-corruption laws for actions taken by our employees and intermediaries with respect to our business or any businesses that we may acquire. We operate in the data center services industry in China and generally purchase our hosting facilities and telecommunications resources from state or government-owned enterprises and sell our services domestically to customers that include state or government-owned enterprises or government ministries, departments and agencies. This puts us in frequent contact with persons who may be

considered “foreign officials” under the FCPA, resulting in an elevated risk of potential FCPA violations. If we are found to be not in compliance with the FCPA and other applicable anti-corruption laws governing the conduct of business with government entities or officials, we may be subject to criminal and civil penalties and other remedial measures, which could have an adverse impact on our business, financial condition and results of operations. Any investigation of any potential violations of the FCPA or other anti-corruption laws by U.S. or foreign authorities, including Chinese authorities, could adversely impact our reputation, cause us to lose customer sales and access to hosting facilities and telecommunications resources, and lead to other adverse impacts on our business, financial condition and results of operations.

If we fail to protect our intellectual property rights, our business may suffer.

We consider our copyrights, trademarks, trade names and internet domain names invaluable to our ability to continue to develop and enhance our brand recognition. Historically, the PRC has afforded less protection to intellectual property rights than the United States. We utilize proprietary know-how and trade secrets and employ various methods to protect such intellectual property. Unauthorized use of our copyrights, trademarks, trade names and domain names may damage our reputation and brand. Preventing copyright, trademark and trade name infringement or misuse could be difficult, costly and time-consuming, particularly in China. The measures we take to protect our copyrights, trademarks and other intellectual property rights are currently based upon a combination of trademark and copyright laws in China and may not be adequate to prevent unauthorized uses. Furthermore, application of laws governing intellectual property rights in China is uncertain and evolving, and could involve substantial risks to us. If we are unable to adequately protect our trademarks, copyrights and other intellectual property rights in the future, we may lose these rights, our brand name may be harmed, and our business may suffer materially. Furthermore, our management’s attention may be diverted by violations of our intellectual property rights, and we may be required to enter into costly litigation to protect our proprietary rights against any infringement or violation.

We may face intellectual property infringement claims that could be time-consuming and costly to defend. If we fail to defend ourselves against such claims, we may lose significant intellectual property rights and may be unable to continue providing our existing services.

Our technologies and business methods, including those relating to data center services, may be subject to third-party claims or rights that limit or prevent their use. Companies, organizations or individuals, including our competitors, may hold or obtain patents or other proprietary rights that would prevent, limit or interfere with our ability to make, use or sell our services or develop new services, which could make it more difficult for us to operate our business. Intellectual property registrations or applications by others relating to the type of services that we provide may give rise to potential infringement claims against us. In addition, to the extent that we gain greater visibility and market exposure as a public company, we are likely to face a higher risk of being subject to intellectual property infringement claims from third parties. We expect that infringement claims may further increase as the number of products, services and competitors in our market increases. Further, continued success in this market may provide an impetus to those who might use intellectual property litigation as a tool against us.

It is critical that we use and develop our technology and services without infringing the intellectual property rights of third parties, including but not limited to patents, copyrights, trade secrets and trademarks. Intellectual property litigation is expensive and time-consuming and could divert management’s attention from our business. A successful infringement claim against us, whether with or without merit, could, among others things, require us to pay substantial damages, develop non-infringing technology or enter into royalty or license agreements that may not be available on acceptable terms, if at all, and cease making, licensing or using products that have infringed a third party’s intellectual property rights. Protracted litigation could also result in existing or potential customers deferring or limiting their purchase or use of our products until resolution of such litigation, or could require us to indemnify our customers against infringement claims in certain instances. Any intellectual property litigation could have a material adverse effect on our business, results of operations or financial condition.

If we fail to defend ourselves against any intellectual property infringement claim, we may lose significant intellectual property rights and may be unable to continue providing our existing services, which could have a material adverse effect on our results of operations and business prospects.

We have granted, and may continue to grant, stock options and other forms of share-based incentive awards, which may result in significant share-based compensation expenses.

As of the date of this annual report, options to purchase 8,067,824 ordinary shares and 3,575,395 RSUs, have been granted under our 2010 share incentive plan, or the 2010 Plan, and 2014 share incentive plan, or the 2014 Plan. See "Item 6.B—Compensation of Directors and Executive Officers—Share Incentive Plans." For the year ended December 31, 2014, we recorded RMB233.7 million (US$37.7 million) in share-based compensation expenses, including RMB116.5 million (US$18.8 million) in connection with options and RSUs granted under our 2010 Plan and 2014 Plan and RMB117.2 million (US$18.9 million) for the fully vested ADSs issued to Galaxy ENet Inc., or Galaxy ENet, a company owned by a certain management employee of the Managed Network Entities. These ADSs are to compensate certain management employees of the Managed Network Entities in exchange for their past services and all of them have transferred their rights to Galaxy ENet. We believe share-based incentive awards enhance our ability to attract and retain key personnel and employees, and we will continue to grant stock options, RSUs and other share-based awards to employees in the future. If our share-based compensation expenses continue to be significant, our results of operations would be materially and adversely affected.

Furthermore, in 2010, we recorded RMB206.1 million of share-based compensation expenses in connection with 24,826,090 fully-vested ordinary shares issued to Sunrise Corporate Holding Ltd., or Sunrise, a company solely owned by our chairman and chief executive officer. Subsequently, in July 2012, we repurchased 2,686,965 shares from Sunrise at par value, for the purpose of increasing the maximum aggregate number of shares available for grant under our 2010 Plan by the same amount. We may record share-based compensation expense for a portion or all of the shares that are held by Sunrise or the shares that were added to our 2010 Plan, as amended, again at significantly different values if our chairman and chief executive officer decides at a future date to transfer a portion of these shares to existing and former employees of our company. Any share-based shareholder contribution, if and when made by our chairman and chief executive officer for the benefit of our company, would be required to be recognized as share-based compensation expenses within our results of operations, which would be derived from the estimated fair value of the ordinary share award on the transfer date. Our future results of operations may be materially and adversely affected if a significant amount of share-based compensation is recorded in connection with such future transfers of these ordinary shares.

We may not have adequate insurance coverage to protect us from potential losses.

Our operations are subject to hazards and risks normally associated with daily operations for our data centers. Currently, we maintain insurance policies for our equipment, but we do not maintain any business interruption insurance or third-party liability insurance. Insurance companies in China currently do not offer as extensive an array of insurance products as insurance companies do in more developed economies. The occurrence of any events not covered by our limited insurance coverage may result in interruption of our operations and subject us to significant losses or liabilities. In addition, any losses or liabilities that are not covered by our current insurance policies or are not insured at all may have a material adverse effect on our business, results of operations and financial condition.

We face risks related to natural disasters, health epidemics and other outbreaks, which could significantly disrupt our operations.

On May 12, 2008 and April 14, 2010, severe earthquakes hit part of Sichuan province in southeastern China and part of Qinghai province in western China, respectively, resulting in significant casualties and property damage.

While we did not suffer any loss or experience any significant increase in cost resulting from these earthquakes, if a similar disaster were to occur in the future that affected Beijing or another city where we have major operations, our operations could be materially and adversely affected due to loss of personnel and damages to property. In addition, a similar disaster affecting a larger, more developed area could also cause an increase in our costs resulting from the efforts to resurvey the affected area. Even if we are not directly affected, such a disaster could affect the operations or financial condition of our customers and suppliers, which could harm our results of operations.

In addition, our business could be materially and adversely affected by natural disasters or public health emergencies, such as the outbreak of avian influenza, severe acute respiratory syndrome, or SARS, Ebola virus, or another epidemic. In April 2009, a new strain of influenza A virus subtype H1N1, commonly referred to as "swine flu," was first discovered in North America and quickly spread to other parts of the world, including China. In early June 2009, the World Health Organization, or the WHO, declared the outbreak to be a pandemic, while noting that most of the illnesses were of moderate severity. The PRC Ministry of Health has reported several hundred deaths caused by influenza A (H1N1). In March 2013, a new virus subtype H7N9, commonly known as "bird flu" or "avian flu," was discovered in eastern China. In April 2013, the WHO has identified H7N9 as "an unusually dangerous virus for humans" but the number of cases detected after April 2013 fell abruptly. A total of 139 laboratory-confirmed human cases with H7N9 virus infection including 45 deaths were reported to the WHO as of November 6, 2013. Any outbreak of avian flu, SARS, influenza A (H1N1), or their variations, or other adverse public health epidemic in China may have a material and adverse effect on our business operations. These occurrences could require the temporary closure of our offices or prevent our staff from traveling to our customers' offices to provide on-site services. Such closures could severely disrupt our business operations and adversely affect our results of operations.

Our independent registered public accounting firm, like other independent registered public accounting firms operating in China, is not permitted to be subject to inspection by the Public Company Accounting Oversight Board and, as such, you are deprived of the benefits of such inspection.

Our independent registered public accounting firm that issues the audit reports included in our annual reports filed with the U.S. Securities and Exchange Commission, or SEC, as auditors of companies that are traded publicly in the United States and a firm registered with the U.S. Public Company Accounting Oversight Board (United States), or the PCAOB, is required by the laws of the United States to undergo regular inspections by the PCAOB to assess its compliance with the laws of the United States and professional standards. Because our auditors are located in the People's Republic of China, a jurisdiction where the PCAOB is currently unable to conduct inspections without the approval of the Chinese authorities, our auditors are currently not inspected by the PCAOB. In May 2013, PCAOB announced that it had entered into a Memorandum of Understanding on Enforcement Cooperation with the CSRC and the Ministry of Finance, which establishes a cooperative framework between the parties for the production and exchange of audit documents relevant to investigations undertaken by PCAOB, the China Securities Regulatory Commission, or the CSRC, or the Ministry of Finance in the United States and the PRC, respectively. PCAOB continues to be in discussions with the CSRC and the Ministry of Finance to permit joint inspections in the PRC of audit firms that are registered with PCAOB and audit Chinese companies that trade on U.S. exchanges.

Inspections of other firms that the PCAOB has conducted outside China have identified deficiencies in those firms' audit procedures and quality control procedures, which may be addressed as part of the inspection process to improve future audit quality. The inability of the PCAOB to conduct inspections of auditors in China makes it more difficult to evaluate the effectiveness of our auditor's audit procedures or quality control procedures as compared to auditors outside of China that are subject to PCAOB inspections. Investors may lose confidence in our reported financial information and procedures and the quality of our financial statements, which may have a material adverse effect on our ADS price.

Proceedings instituted recently by the SEC against five PRC-based accounting firms, including our independent registered public accounting firm, could result in our financial statements being determined to not be in compliance with the requirements of the Exchange Act.

In late 2012, the SEC commenced administrative proceedings under Rule 102(e) of its Rules of Practice and also under the Sarbanes-Oxley Act of 2002 against the Chinese affiliates of the ‘‘big four’’ accounting firms, (including our auditors) and also against Dahua (the former BDO affiliate in China). The Rule 102(e) proceedings initiated by the SEC relate to these firms’ inability to produce documents, including audit work papers, in response to the request of the SEC pursuant to Section 106 of the Sarbanes-Oxley Act of 2002, as the auditors located in the PRC are not in a position lawfully to produce documents directly to the SEC because of restrictions under PRC law and specific directives issued by the China Securities Regulatory Commission. The issues raised by the proceedings are not specific to our auditors or to us, but affect equally all audit firms based in China and all China-based businesses with securities listed in the United States.

In January 2014, the administrative judge reached an initial decision that the “big four” accounting firms should be barred from practicing before the Commission for six months. The “big four” accounting firms appealed the initial administrative law decision to the SEC in February 2014. In February 2015, each of the “big four” accounting firms agreed to a censure and to pay a fine to the SEC to settle the dispute and avoid suspension of their ability to practice before the SEC. The settlement requires the firms to follow detailed procedures to seek to provide the SEC with access to Chinese firms’ audit documents via China Securities Regulatory Commission. If the firms do not follow these procedures, the SEC could impose penalties such as suspensions, or it could restart the administrative proceedings.

In the event that the SEC restarts the administrative proceedings, depending upon the final outcome, listed companies in the United States with major PRC operations may find it difficult or impossible to retain auditors in respect of their operations in the PRC, which could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act, including possible delisting. Moreover, any negative news about the proceedings against these audit firms may cause investor uncertainty regarding China-based, United States-listed companies and the market price of our ADSs may be adversely affected.

If our independent registered public accounting firm were denied, even temporarily, the ability to practice before the SEC and we were unable to timely find another registered public accounting firm to audit and issue an opinion on our financial statements, our financial statements could be determined not to be in compliance with the requirements of the Exchange Act. Such a determination could ultimately lead to the delay or abandonment of this offering, delisting of our ordinary shares from the Nasdaq Global Select Market or deregistration from the SEC, or both, which would substantially reduce or effectively terminate the trading of our ADSs in the United States.

Risks Related to Our Corporate Structure

If the PRC government finds that the arrangements that establish the structure for operating our business do not comply with PRC government restrictions on foreign investment in the telecommunications business or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

The PRC government regulates telecommunications-related businesses through strict business licensing requirements and other government regulations. These laws and regulations also include limitations on foreign ownership of PRC companies that engage in telecommunications-related businesses. Specifically, foreign investors are not allowed to own more than a 50% equity interest in any PRC company engaging in value-added telecommunications businesses.

Because we are a Cayman Islands company, we are classified as a foreign enterprise under PRC laws and regulations, and our wholly-owned PRC subsidiaries, 21Vianet Data Center Co., Ltd., or 21Vianet China,

Joytone Infotech Co., Ltd., or SZ Zhuoaiyi, and Abitcool (China) Broadband Inc., or aBitCool DG, are foreign-invested enterprises, or FIEs. To comply with PRC laws and regulations, we conduct our business in China through contractual arrangements with our variable interest entities and their shareholders. These contractual arrangements provide us with effective control over our variable interest entities, and enable us to receive substantially all of the economic benefits of our consolidated affiliated entities in consideration for the services provided by our wholly-owned PRC subsidiaries, and have an exclusive option to purchase all of the equity interest in our variable interest entities when permissible under PRC laws. For a description of these contractual arrangements, see "Item 7.B—Related Party Transactions—Contractual Arrangements with Our Variable Interest Entities and Their Shareholders."

The Ministry of Industry and Information Technology, or the MIIT, issued a circular in July 2006 requiring foreign investors to set up an FIE and obtain a value-added telecommunications business operating license, or the VAT License, in order to conduct any value-added telecommunications business in China. Pursuant to this circular, a domestic license holder is prohibited from leasing, transferring or selling the license to foreign investors in any form, and from providing any assistance, including resources, sites or facilities, to foreign investors that conduct value-added telecommunications business in China illegally. Furthermore, the relevant trademarks and domain names that are used in the value-added telecommunications business must be owned by the local license holder or its shareholder. The circular further requires each license holder to have the necessary facilities for its approved business operations and to maintain such facilities in the regions covered by its license. In addition, all value-added telecommunications service providers are required to maintain network and information security in accordance with the standards set forth under relevant PRC regulations. Companies in violation of the circular will be ordered by relevant authorities to take remedial actions within a specific period and licenses may be withdrawn if such remedial actions cannot be completed within the specific period. As of the date of this annual report, we have not been notified by relevant authorities regarding any violation of the circular when conducting our value-added telecommunications business, and it is unclear what impact this circular will have on us or other similarly situated companies as the circular is in the process of being amended.

We believe that we comply with the current applicable PRC laws and regulations. Beijing DHH Law Firm, our PRC legal counsel, based on its understanding of the relevant laws and regulations, is of the opinion that each of the contracts among us, our wholly-owned PRC subsidiaries, our variable interest entities and their shareholders is valid, legally binding and enforceable upon each party of such agreements under PRC laws and regulations, and will not result in any violation of PRC laws or regulations currently in effect. However, as there are substantial uncertainties regarding the interpretation and application of PRC laws and regulations, including the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, the telecommunications circular described above and the Telecommunications Regulations and the relevant regulatory measures concerning the telecommunications industry, therefore, we cannot assure you that the PRC government that regulate providers of data center service and other participants in the telecommunications industry would agree that our corporate structure or any of the above contractual arrangements comply with PRC licensing, registration or other regulatory requirements, with existing policies or with requirements or policies that may be adopted in the future. PRC laws and regulations governing the validity of these contractual arrangements are uncertain and the relevant government authorities have broad discretion in interpreting these laws and regulations.

If our corporate and contractual structure is deemed by the MIIT, or other regulators having competent authority, to be illegal, either in whole or in part, we may lose control of our consolidated affiliated entities and have to modify such structure to comply with regulatory requirements. However, we cannot assure you that we can achieve this without material disruption to our business. Further, if our corporate and contractual structure is found to be in violation of any existing or future PRC laws or regulations, the relevant regulatory authorities would have broad discretion in dealing with such violations, including:

- revoking our business and operating licenses;
- levying fines on us;

- confiscating any of our income that they deem to be obtained through illegal operations;
- shutting down a portion or all of our networks and servers;
- discontinuing or restricting our operations in China;
- imposing conditions or requirements with which we may not be able to comply;
- requiring us to restructure our corporate and contractual structure;
- restricting or prohibiting our use of the proceeds from overseas offering to finance our PRC affiliated entities' business and operations; and
- taking other regulatory or enforcement actions that could be harmful to our business.

Furthermore, in connection with litigation, arbitration or other judicial or dispute resolution proceedings, assets under the name of any of record holder of equity interest in our variable interest entities, including such equity interest, may be put under court custody. As a consequence, we cannot be certain that the equity interest will be disposed pursuant to the contractual arrangement or ownership by the record holder of the equity interest. In addition, new PRC laws, rules and regulations may be introduced to impose additional requirements that may be applicable to our corporate structure and contractual arrangements. Occurrence of any of these events could materially and adversely affect our business, financial condition and results of operations. In addition, if the imposition of any of these penalties or requirement to restructure our corporate structure causes us to lose the rights to direct the activities of our variable interest entities or our right to receive their economic benefits, we would no longer be able to consolidate such variable interest entities. However, we do not believe that such actions would result in the liquidation or dissolution of our company, our wholly-owned subsidiaries in China or our variable interest entities or their subsidiaries. For the years ended December 31, 2012, 2013 and 2014, our consolidated affiliated entities contributed substantially all of our total net revenues.

Our contractual arrangements with our variable interest entities may result in adverse tax consequences to us.

We could face material and adverse tax consequences if the PRC tax authorities determine that our contractual arrangements with our variable interest entities were not made on an arm's length basis and may adjust our income and expenses for PRC tax purposes by requiring a transfer pricing adjustment. A transfer pricing adjustment could adversely affect us by (i) increasing the tax liabilities of our variable interest entities without reducing their respective tax liability, which could further result in late payment fees and other penalties to our variable interest entities for underpaid taxes; or (ii) limiting the ability of our variable interest entities to obtain or maintain preferential tax treatments and other financial incentives.

We rely on contractual arrangements with our variable interest entities and their shareholders for our China operations, which may not be as effective as direct ownership in providing operational control.

We rely on contractual arrangements with our variable interest entities and their shareholders to operate our business in China. For a description of these contractual arrangements, see "Item 7.B—Related Party Transactions—Contractual Arrangements with Our Variable Interest Entities and Their Shareholders." Substantially all of our revenues are attributed to our consolidated affiliated entities. These contractual arrangements may not be as effective as direct ownership in providing us with control over our variable interest entities. If our variable interest entities or their shareholders fail to perform their respective obligations under these contractual arrangements, our recourse to the assets held by our consolidated affiliated entities is indirect and we may have to incur substantial costs and expend significant resources to enforce such arrangements in reliance on legal remedies under PRC law. These remedies may not always be effective, particularly in light of uncertainties in the PRC legal system.

All of these contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in the PRC. Accordingly, these contracts would be interpreted in accordance with PRC laws and any disputes would be resolved in accordance with PRC legal procedures. The legal environment in the PRC

is not as developed as in other jurisdictions, such as the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. In the event that we are unable to enforce these contractual arrangements, or if we suffer significant time delays or other obstacles in the process of enforcing these contractual arrangements, it would be very difficult to exert effective control over our variable interest entities, and our ability to conduct our business and our financial conditions and results of operation may be materially and adversely affected. See "—Risks Related to Doing Business in China—Uncertainties with respect to the PRC legal system could limit legal protections available to you and us."

The shareholders of our variable interest entities may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.

We conduct our operations in China through contractual arrangements among us, our wholly-owned PRC subsidiaries, our variable interest entities and their shareholders and we rely on the shareholders of our variable interest entities to abide by the obligations under such contractual arrangements. In particular, 21Vianet Technology is approximately 70% owned by Mr. Sheng Chen, our chairman and chief executive officer and 30% owned by Mr. Jun Zhang, our co-founder. Mr. Sheng Chen and Mr. Jun Zhang are also the ultimate shareholders of our company. The interests of Mr. Sheng Chen and Mr. Jun Zhang as the shareholders of 21Vianet Technology may differ from the interests of our company as a whole, as what is in the best interests of 21Vianet Technology may not be in the best interests of our company. We cannot assure that when conflicts of interest arise, any or all of these individuals will act in the best interests of our company or that conflicts of interest will be resolved in our favor. In addition, these individuals may breach or cause our variable interest entities and their subsidiaries to breach or refuse to renew the existing contractual arrangements with us.

Currently, we do not have arrangements to address potential conflicts of interest the shareholders of 21Vianet Technology may encounter, on one hand, and as a beneficial owner of our company, on the other hand; provided that we could, at all times, exercise our option under the optional share purchase agreement to cause them to transfer all of their equity ownership in 21Vianet Technology to a PRC entity or individual designated by us as permitted by the then applicable PRC laws. In addition, if such conflicts of interest arise, we could also, in the capacity of attorney-in-fact of the then existing shareholders of 21Vianet Technology as provided under the power of attorney, directly appoint new directors of 21Vianet Technology. We rely on the shareholders of our variable interest entities to comply with the laws of China, which protect contracts and provide that directors and executive officers owe a duty of loyalty to our company and require them to avoid conflicts of interest and not to take advantage of their positions for personal gains, and the laws of the Cayman Islands, which provide that directors have a duty of care and a duty of loyalty to act honestly in good faith with a view to our best interests. However, the legal frameworks of China and Cayman Islands do not provide guidance on resolving conflicts in the event of a conflict with another corporate governance regime. If we cannot resolve any conflicts of interest or disputes between us and the shareholders of our variable interest entities, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

Risks Related to Doing Business in China

Adverse changes in political and economic policies of the PRC government could have a material adverse effect on the overall economic growth of China, which could reduce the demand for our services and adversely affect our competitive position.

Substantially all of our operations are conducted in China and substantially all of our sales are made in China. Accordingly, our business, financial condition, results of operations and prospects are affected significantly by economic, political and legal developments in China. The PRC economy differs from the economies of most developed countries in many respects, including the amount of government involvement, the level of development, the growth rate, the control of foreign exchange and allocation of resources. While the

PRC economy has grown significantly over the past several decades, the growth has been uneven across different periods, regions and among various economic sectors of China. We cannot assure you that the PRC economy will continue to grow, or that if there is growth, such growth will be steady and uniform, or that if there is a slowdown, such a slowdown will not have a negative effect on our business.

The PRC government exercises significant control over China's economic growth through various measures, such as allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Some of these measures benefit the overall PRC economy, but may also have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by governmental control over capital investments or changes in tax regulations that are applicable to us. In addition, it is unclear whether PRC economic policies will be effective in maintaining stable economic growth in the future. Any slowdown in China's economic growth could lead to reduced demand for our solutions, which could in turn materially and adversely affect our business, financial condition and results of operations.

Uncertainties with respect to the PRC legal system could limit legal protections available to you and us.

We conduct substantially all of our business through our PRC subsidiaries and consolidated affiliated entities in China. Our operations in China are governed by PRC laws and regulations. Our PRC subsidiaries are FIEs and are subject to laws and regulations applicable to foreign investment in China and, in particular, laws applicable to FIEs. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but are not binding.

Since late 1970s, the PRC government has been developing a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation over the past several decades has significantly enhanced the protections afforded to various forms of foreign investments in China. However, China has not developed a fully integrated legal system, and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their nonbinding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. In addition, the PRC legal system is based in part on government policies and internal rules, some of which may not be published on a timely basis or at all, and some of which may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. Any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. However, since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. These uncertainties may also impede our ability to enforce the contracts we have entered into. As a result, these uncertainties could materially and adversely affect our business and results of operations.

Substantial uncertainties exist with respect to the enactment timetable, interpretation and implementation of draft PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.

The Ministry of Commerce, or MOC, published a discussion draft of the proposed Foreign Investment Law in January 2015 aiming to, upon its enactment, replace the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The draft Foreign Investment Law embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. The MOC is currently soliciting comments on this draft and substantial uncertainties exist with respect to its enactment

timetable, interpretation and implementation. The draft Foreign Investment Law, if enacted as proposed, may materially impact the viability of our current corporate structure, corporate governance and business operations in many aspects.

Among other things, the draft Foreign Investment Law expands the definition of foreign investment and introduces the principle of "actual control" in determining whether a company should be treated as an FIE. According to the definition set forth in the draft Foreign Investment Law, FIEs refer to enterprises established in China pursuant to PRC law that are solely or partially invested by foreign investors. The draft Foreign Investment Law specifically provides that entities established in China (without direct foreign equity ownership) but "controlled" by foreign investors, through contract or trust for example, will be treated as FIEs. Once an entity falls within the definition of FIE, it may be subject to foreign investment "restrictions" or "prohibitions" set forth in a "negative list" to be separately issued by the State Council later. If an FIE proposes to conduct business in an industry subject to foreign investment "restrictions" in the "negative list," the FIE must go through a market entry clearance by the MOC before being established. If an FIE proposes to conduct business in an industry subject to foreign investment "prohibitions" in the "negative list," it must not engage in the business. However, an FIE, during the market entry clearance process, may apply in writing to be treated as a PRC domestic enterprise if its foreign investor(s) is/are ultimately "controlled" by PRC government authorities and its affiliates and/or PRC citizens. In this connection, "control" is broadly defined in the draft law to cover the following summarized categories: (i) holding 50% of more of the voting rights of the subject entity; (ii) holding less than 50% of the voting rights of the subject entity but having the power to secure at least 50% of the seats on the board or other equivalent decision making bodies, or having the voting power to exert material influence on the board, the shareholders' meeting or other equivalent decision making bodies; or (iii) having the power to exert decisive influence, via contractual or trust arrangements, over the subject entity's operations, financial matters or other key aspects of business operations.

The "variable interest entity" structure, or VIE structure, has been adopted by many PRC-based companies, including us, to obtain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions in China. See "—Risks Related to Our Corporate Structure" and Item 4.C—"Organizational Structure." Under the draft Foreign Investment Law, variable interest entities that are controlled via contractual arrangement would also be deemed as FIEs, if they are ultimately "controlled" by foreign investors. Therefore, for any companies with a VIE structure in an industry category that is on the "negative list," the VIE structure may be deemed legitimate only if the ultimate controlling person(s) is/are of PRC nationality (either PRC companies or PRC citizens). Conversely, if the actual controlling person(s) is/are of foreign nationalities, then the variable interest entities will be treated as FIEs and any operation in the industry category on the "negative list" without market entry clearance may be considered as illegal.

To our knowledge, as of the date of this annual report, over 50% of the voting power of our issued and outstanding share capital is controlled by PRC nationals. However, the draft Foreign Investment Law has not taken a position on what actions shall be taken with respect to the existing companies with a VIE structure, whether or not these companies are controlled by Chinese parties, while it is soliciting comments from the public on this point. Moreover, it is uncertain whether the industry of data center and providing value-added telecommunication services, in which our variable interest entities operate, will be subject to the foreign investment restrictions or prohibitions set forth in the "negative list" to be issued. If the enacted version of the Foreign Investment Law and the final "negative list" mandate further actions, such as MOC market entry clearance, to be completed by companies with existing VIE structure like us, we face uncertainties as to whether such clearance can be timely obtained, or at all.

The draft Foreign Investment Law, if enacted as proposed, may also materially impact our corporate governance practice and increase our compliance costs. For instance, the draft Foreign Investment Law imposes stringent ad hoc and periodic information reporting requirements on foreign investors and the applicable FIEs. Aside from investment implementation report and investment amendment report that are required at each investment and alteration of investment specifics, an annual report is mandatory, and large foreign investors meeting certain criteria are required to report on a quarterly basis. Any company found to be non-compliant with

these information reporting obligations may potentially be subject to fines and/or administrative or criminal liabilities, and the persons directly responsible may be subject to criminal liabilities.

We may rely on dividends paid by our operating subsidiaries to fund cash and financing requirements, and limitations on the ability of our operating subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business and fund our operations.

We are a holding company and conduct our business primarily through our operating subsidiaries and our consolidated affiliated entities, most of which are limited liability companies established in China. We may rely on dividends paid by our subsidiaries for our cash needs, including the funds necessary to pay dividends and other cash distributions to our shareholders, to service any debt we may incur and to pay our operating expenses. The payment of dividends by entities organized in China is subject to limitations. In particular, regulations in China currently permit payment of dividends only out of accumulated profits as determined in accordance with the PRC accounting standards and regulations. Our PRC subsidiaries are also required to set aside at least 10% of their after-tax profit based on PRC accounting standards each year to their general reserves until the accumulative amount of such reserves reaches 50% of their registered capital. These reserves are not distributable as cash dividends. Furthermore, any portion of its after-tax profits that a subsidiary has allocated to its staff welfare and bonus fund at the discretion of its board of directors is also not distributable as cash dividends. Moreover, if our operating subsidiaries incur any debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us. Any limitation on the ability of our operating subsidiaries, including in particular 21Vianet China, to distribute dividends and other distributions to us could materially and adversely limit our ability to make investments or acquisitions that could be beneficial to our businesses, pay dividends or otherwise fund and conduct our business.

If we fail to acquire, obtain or maintain applicable telecommunications licenses, or are deemed by relevant governmental authorities to be operating outside the terms of our existing license, our business would be materially and adversely affected.

Pursuant to the Telecommunications Regulations promulgated by the PRC State Council in September 2000, telecommunications businesses are divided into two categories, namely, (i) “basic telecommunications businesses,” which refers to businesses that provide public network infrastructure, public data transmission and basic voice communications services, and (ii) “value-added telecommunications businesses,” which refer to businesses that provide telecommunications and information services through the public network infrastructure. If the value-added telecommunications service covers two or more provinces, autonomous regions or municipalities, such service must be approved by the MIIT and the service provider must obtain a Cross-Regional Value Added Telecommunications Business Operation License, or the Cross-Regional VAT License.

Pursuant to the Cross-Regional VAT License issued to Beijing 21Vianet Broad Band Data Center Co., Ltd., or 21Vianet Beijing, by the MIIT on January 17, 2012 with a term effective until January 17, 2017, 21Vianet Beijing is permitted to carry out its data center business under the first category of “value-added telecommunications business” across nine cities in China.

Pursuant to the VAT License issued to Langfang Xunchi by the Hebei Province Communications Administration, Langfang Xunchi is permitted to carry out its data center business in Langfang and Baoding for the period from April 10, 2013 to April 10, 2017.

Pursuant to the VAT License issued to Beijing Chengyishidai Network Technology Co., Ltd., or CYSD, by the Beijing Communications Administration on March 30, 2012 with a term effective until June 21, 2016, CYSD is permitted to carry out its internet access service and information service (excluding fixed-line telephone information service and internet information service) business under the second category of “value-added telecommunications business” in Beijing.

Pursuant to the VAT License issued to Guangzhou Gehua Network Technology and Development Company Limited, or Gehua, by the Guangdong Communications Administration, Gehua is permitted to carry out its internet access service business and information service business (limited to internet service business) under the second category of "value-added telecommunications business" in Guangdong province from March 29, 2013 to December 29, 2016.

Pursuant to the Cross-Regional VAT License issued to BJ Tianwang by the MIIT on August 23, 2013 with a term effective until January 7, 2018, BJ Tianwang is permitted to carry out its virtual private network services under the first category of "value-added telecommunications business" across 25 cities in China. Meanwhile, BJ Tianwang also holds a VAT License issued by the Beijing Communications Administration on January 22, 2014 with a term effective until December 12, 2014, and is permitted to carry out its internet access business under the second category of "value-added telecommunications business" in Beijing. A renewed VAT License was issued to BJ Tiannang on December 31, 2014 with a term effective until December 31, 2019.

Pursuant to the VAT License issued to BJ Yilong by the Beijing Communications Administration on October 19, 2010, BJ Yilong is permitted to carry out its information service business (limited to mobile network) under the second category of "value-added telecommunications business" in Beijing. A renewed VAT License was issued to BJ Yilong on May 22, 2014 with a term effective until October 18, 2015.

Pursuant to the Cross-Regional VAT License issued to Shenzhen Diyixian Communication Co., Ltd., or SZ DYX, by the MIIT on September 18, 2013 with a term effective until July 29, 2018, SZ DYX is permitted to carry out (i) its virtual private network services under the first category of "value-added telecommunications business" in China; and (ii) call center and information service business (limited to mobile network) under the second category of "value-added telecommunications business" across China.

Pursuant to the Cross-Regional VAT License issued to SC Aipu by the MIIT on July 31, 2012 with a term effective until August 1, 2016, SC Aipu is permitted to carry out call center and information service business (limited to mobile network) under the second category of "value-added telecommunications business" across 11 cities in China. In addition, MIIT has also approved SC Aipu to authorize each of its 5 subsidiaries to carry out internet access business under the second category of "value-added telecommunications business" in the city where such subsidiary is located.

Pursuant to the Cross-Regional VAT License issued to Shanghai Guotong Network Co., Ltd., or SH Guotong, by the MIIT on November 15, 2012, which was renewed on January 20, 2015 with a term effective until January 20, 2020, SH Guotong is permitted to carry out internet access business under the second category of "value-added telecommunications business" across 14 cities in China.

In connection with our data center services, we provide managed network services that connect our data centers with the telecommunication backbones of China's major carriers, major non-carriers and ISPs as well as connect servers housed in our data centers. Our managed network services are offered in the form of bandwidth with optimized interconnectivity. Furthermore, we have been continuously developing our hosting service and managed network service to better serve our customers, and as a result, we introduce new technologies and services from time to time to support and improve our current business. As of the date of this annual report, there is no clear and express legal definition as to what constitutes a "managed network services," nor are there laws or regulations in China specifically governing the managed network services or categorizing it as one of the "basic telecommunications businesses" or "value-added telecommunications services." However, we cannot assure you that PRC governmental authorities will continue to deem our hosting service, managed network service and any of our newly developed technologies, network and services used in our business as a type of value-added telecommunications business or a business covered under the Cross-Regional VAT License issued to 21Vianet Beijing, BJ Tianwang, SZ DYX, SC Aipu and SH Guotong, and the VAT License issued to CYSD, Gehua, Langfang Xunchi, BJ Yilong and BJ Tianwang. Furthermore, we cannot assure you that PRC legislators or governmental authorities will not promulgate any new laws or regulations or update the current and existing laws

and regulations which may clearly define or categorize our managed network services as a type of basic telecommunication business. As we expand our networks across China, it is also possible that the MIIT, in the future, may deem our operations to have exceeded the terms of our existing licenses. Further, we cannot assure you that 21Vianet Beijing, CYSD, Gehua, Langfang Xunchi, BJ Tianwang, BJ Yilong, SZ DYX, SC Aipu and SH Guotong will be able to successfully renew their value added telecommunications business operating licenses upon their expiration, or maintain their annual inspection, or obtain any other licenses necessary for us to carry out our business, or that our existing licenses will continue to cover all aspects of our operations upon their renewal.

In addition, MIIT initiated a periodical pilot scheme for mobile network resale business by issuing the Notice on Carrying out Pilot Work of Mobile Network Re-sale Business on May 17, 2013, or the Pilot Work Notice, pursuant to which, the qualified private sector enterprises are encouraged, but not required, to apply to participate in the pilot scheme in mobile network resale business and the pilot scheme only lasts for a short period ending on December 31, 2015. MIIT will, according to the Pilot Work Notice, adjust relevant policies in the future as appropriate based on the result of such pilot scheme. 21Vianet Beijing has voluntarily applied to participate in the pilot scheme and obtained approval on August 18, 2014, with a term expiring on December 31, 2015.

We believe such pilot scheme represents the current administration's continuous efforts in carrying out the recent policies of the PRC State Council and MIIT regarding encouraging private sectors to further participate in the telecommunication industry. The Pilot Work Notice specifically mentioned that the mobile network resale business, which we believe shares something in common with our managed network services, is a second-category basic telecommunication business rather than a value-added telecommunication business, and this, to some extent, reflects a legislative trend to welcome private enterprises (in comparison to the state-owned enterprise) to participate in basic telecommunication businesses in the soon future. Nevertheless, although we believe this Pilot Work Notice is not a practical change or modification to the current legal framework which our managed network service business might be subject to and it represents a legislative trend to open up the basic telecommunication business market to the private enterprises, new laws, regulations or government interpretations may also be promulgated from time to time to regulate the hosting service and managed network service or any of our related technology or services, which may require us to obtain additional, or expand existing, operating licenses or permits. Any of these factors could result in our disqualification from carrying out our current business, causing significant disruption to our business operations which may materially and adversely affect our business, financial condition and results of operations. We will be closely monitoring the developments of relevant laws and regulations.

Under the New PRC Enterprise Income Tax Law, we may be classified as a "resident enterprise" of China. Such classification could result in unfavorable tax consequences to us and our non-PRC holders of shares and ADSs.

Pursuant to the New PRC Enterprise Income Tax Law, or New EIT Law, and its implementation rules, which became effective on January 1, 2008, an enterprise established outside of China with "de facto management bodies" within China is considered a "resident enterprise," meaning that it can be treated in a manner similar to a Chinese enterprise for enterprise income tax, or EIT, purposes. Under the implementation rules of New EIT Law, the term "de facto management body" is defined as the management body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. On April 22, 2009, the State Administration of Taxation issued the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or Circular 82, which is amended and supplemented by the Announcement Regarding the Determination of PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies issued by the State Administration of Taxation on January 29, 2014. Circular 82 and its amendments sets out certain specific criteria and process for determining whether the "de facto management body" of a Chinese-controlled offshore incorporated enterprise is located in China. Given that the New EIT Law

and its implementation rules are relatively new and ambiguous in terms of some definitions, requirements and detailed procedures, it is unclear how tax authorities will determine tax residency based on the facts of each case.

If the PRC tax authorities determine that we are a "resident enterprise" for PRC EIT purposes, a number of unfavorable PRC tax consequences could follow: (i) we may be subject to EIT at a rate of 25% on our worldwide taxable income as well as PRC EIT reporting obligations; (ii) a 10% (or a lower rate under an applicable tax treaty, if any) withholding tax may be imposed on dividends we pay to non-PRC enterprise holders (20% for non-PRC individual holders) of our shares and ADSs; and (iii) a 10% PRC tax may apply to gains realized by non-PRC enterprise holders (20% for non-PRC individual holders) of our shares and ADSs from transferring our shares or ADSs, if such income is considered PRC-source income.

Similarly, such unfavorable tax consequences could apply to our Hong Kong subsidiaries, if either of them is deemed to be a "resident enterprise" by the PRC tax authorities. Notwithstanding the foregoing provisions, the New EIT Law also provides that the dividends paid between "qualified resident enterprises" are exempt from EIT. If our Hong Kong subsidiaries are deemed "resident enterprises" for PRC EIT purposes, the dividends they receive from their PRC subsidiaries, including 21Vianet China, may constitute dividends between "qualified resident enterprises" and therefore qualify for tax exemption. However, the definition of "qualified resident enterprise" is unclear and the relevant PRC government authorities have not yet issued guidance with respect to the processing of outbound remittances to entities that are treated as resident enterprises for PRC EIT purposes. Even if such dividends qualify as "tax-exempt income," we cannot guarantee that such dividends will not be subject to any withholding tax.

We and our non-resident investors face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.

Pursuant to the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises, or Circular 698, issued by the State Administration of Taxation, which became effective retroactively as of January 1, 2008, where a non-resident enterprise investor transfers equity interests in a PRC resident enterprise indirectly by way of disposing of equity interests in an overseas holding company, the non-resident enterprise investor, being the transferor, may be subject to PRC enterprise income tax, if the indirect transfer is considered to be an abusive use of company structure without reasonable commercial purposes. As a result, gains derived from such indirect transfer may be subject to PRC withholding tax at the rate of up to 10%. In addition, the PRC resident enterprise may be required to provide necessary assistance to support the enforcement of Circular 698.

On February 3, 2015, the State Administration of Tax issued the Notice on Certain Corporate Income Tax Matters on Indirect Transfers of Properties by Non-Resident Enterprises, or Circular 7. Circular 7 has introduced a new tax regime that is significantly different from that under Circular 698. Circular 7 extends its tax jurisdiction to not only indirect transfers set forth under Circular 698 but also transactions involving transfer of other taxable assets, through the offshore transfer of a foreign intermediate holding company. In addition, Circular 7 provides clearer criteria than Circular 698 on how to assess reasonable commercial purposes and has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. Circular 7 also brings challenges to both the foreign transferor and transferee (or other person who is obligated to pay for the transfer) of the taxable assets. Where a non-resident enterprise conducts an "indirect transfer" by transferring the taxable assets indirectly by disposing of the equity interests of an overseas holding company, the non-resident enterprise being the transferor, or the transferee, or the PRC entity which directly owned the taxable assets may report to the relevant tax authority such indirect transfer. Using a "substance over form" principle, the PRC tax authority may re-characterize such indirect transfer as a direct transfer of the equity interests in the PRC tax resident enterprise and other properties in China. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of up to 10% for the transfer of equity interests in a PRC resident enterprise. Both the transferor and the transferee

may be subject to penalties under PRC tax laws if the transferee fails to withhold the taxes and the transferor fails to pay the taxes.

However, as these rules and notices are relatively new and there is a lack of clear statutory interpretation, we face uncertainties on the reporting and consequences on future private equity financing transactions, share exchange or other transactions involving the transfer of shares in our company by investors that are non-PRC resident enterprises, or sale or purchase of shares in other non-PRC resident companies or other taxable assets by us. Our Cayman Islands holding company and other non-PRC resident enterprises in our group may be subject to filing obligations or may be taxed if our Cayman Islands holding company and other non-PRC resident enterprises in our group are transferors in such transactions, and may be subject to withholding obligations if our Cayman Islands holding company and other non-PRC resident enterprises in our group are transferees in such transactions. For the transfer of shares in our Cayman Islands holding company by investors that are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under Circular 698 and Circular 7. As a result, we may be required to expend valuable resources to comply with these rules and notices or to request the relevant transferors from whom we purchase taxable assets to comply, or to establish that our Cayman Islands holding company and other non-resident enterprises in our group should not be taxed under Circular 698 and Circular 7, which may have a material adverse effect on our financial condition and results of operations. There is no assurance that the tax authorities will not apply Circular 698 and Circular 7 to our offshore restructuring transactions where non-PRC resident investors were involved if any of such transactions were determined by the tax authorities to lack reasonable commercial purpose. As a result, we and our non-PRC resident investors may be at risk of being taxed under Circular 698 and Circular 7 and may be required to comply with or to establish that we should not be taxed under Circular 698 and Circular 7, which may have a material adverse effect on our financial condition and results of operations or such non-PRC resident investors' investments in us. We have conducted acquisition transactions in the past and may conduct additional acquisition transactions in the future. We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing obligations on us or require us to provide assistance for the investigation of PRC tax authorities with respect thereto. Heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential acquisitions we may pursue in the future.

Discontinuation of any of the preferential tax treatments available to us or imposition of any additional taxes could adversely affect our financial condition and results of operations.

The New EIT Law and its implementation rules, which became effective on January 1, 2008, unified the previously-existing separate income tax laws for domestic enterprises and FIEs and adopted a unified 25% EIT rate applicable to all resident enterprises in China, except for certain entities established prior to March 16 that are eligible for their existing preferential tax incentives, adjusted by certain transitional phase-out rules promulgated by the State Council on December 26, 2007. In addition, certain enterprises may enjoy a preferential EIT rate of 15% under the New EIT Law if they qualify as High and New Technology Enterprise, or HNTE, subject to various qualification criteria.

A number of our PRC subsidiaries and consolidated affiliated entities, including 21Vianet Beijing, Gehua, Beijing Fastweb Network Technology Co., Ltd., or BJ Fastweb, and Guangdong Tianying Information Technology Co., Ltd., or GD Tianying, are entitled to enjoy a preferential tax rate of 15% due to their qualification as HNTE. The qualification as an HNTE is subject to annual administrative evaluation, a three-year review by the relevant authorities in China and a six-year reapplication.

21Vianet Beijing was qualified for an HNTE since 2008 and is eligible for a 15% preferential tax rate. In October 2014, 21Viaent Beijing obtained a new certificate, which will expire on December 31, 2016.

In July 2012, Gehua was qualified as an HNTE and became eligible for a 15% preferential tax rate effective from 2012 to 2014, and thereafter for an additional three years if it is able to meet the technical and administrative requirements for HNTE in those three years.

In June 2009, BJ Fastweb was qualified as an HNTE and became eligible for a 15% preferential tax rate effective from 2009 to 2011, and thereafter for an additional three years if it is able to meet the HNTE technical and administrative requirements in those three years. After BJ Fastweb's HNTE certificate expired as of December 31, 2011, a renewed certificate was issued to BJ Fastweb in May 2012, which has expired on December 31, 2014. BJ Fastweb is in the process of renewing the HNTE certificate and it is still eligible for a 15% preferential tax rate as long as the renewed certificate is issued before December 31, 2015.

In 2010, GD Tianying was qualified as an HNTE and became eligible for a 15% preferential tax rate effective from 2010 to 2012, and thereafter for an addition three years if it is able to meet the HNTE technical and administrative requirements in those three years. GD Tianying's HNTE certificate expired as of December 31, 2012 and GD Tianying obtained a renewed certificate in October 2013, which will expire on December 31, 2015.

In 2000 and 2012, Sichuan Aipu Network Co., Ltd., or SC Aipu, and Yunnan Aipu Network Technology Co., Ltd., or Yunnan Aipu, two companies within the Aipu Group, were qualified for a preferential tax rate of 15%.

In April 2011, 21Vianet (Xi'an) Information Outsourcing Industry Park Services Co., Ltd., or 21Vianet Xi'an was qualified for a preferential tax rate of 15%.The preferential tax rate is awarded for companies that have operations in certain industries and meet the criteria of the Preferential Tax Policies for Development of the Western Regions. The qualification will need to be assessed on an annual basis.

In 2013, BJ iJoy was qualified as a software enterprise which allows it to utilize a two-year 100% exemption for 2013 and 2014 followed by a three-year half-reduced EIT rate effective for the years from 2015 to 2017.

If 21Vianet Beijing, Gehua, BJ Fastweb and GD Tianying fail to maintain or renew their HNTE status, or if 21Vianet Xi'an, SC Aipu and Yunnan Aipu are not able to enjoy their preferential tax treatment under Preferential Tax Policies for Development of the Western Regions, or if BJ iJoy fails to maintain or renew its software enterprise status, their applicable EIT rate may be increased to 25%, which could have a material adverse effect on our financial condition and results of operations.

The M&A Rules establish complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it difficult for us to pursue growth through acquisitions in China.

The M&A Rules and other recently adopted regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex. In addition, the Implementing Rules Concerning Security Review on the Mergers and Acquisitions by Foreign Investors of Domestic Enterprises, issued by the MOC in August 2011, specify that mergers and acquisitions by foreign investors involved in "an industry related to national security" are subject to strict review by the MOC, and prohibit any activities attempting to bypass such security review, including by structuring the transaction through a proxy or contractual control arrangement. We believe that our business is not in an industry related to national security, but we cannot preclude the possibility that the MOC or other government agencies may publish explanations contrary to our understanding or broaden the scope of such security reviews in the future, in which case our future acquisitions in the PRC, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Moreover, the Anti-Monopoly Law requires that the MOC be notified in advance of any concentration of undertaking if certain filing thresholds are triggered. Part of our growth strategy includes acquiring complementary businesses or assets in China. Complying with the requirements of the laws and regulations mentioned above and other PRC regulations to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the MOC, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share. If any of our acquisitions were subject to the M&A Rule and were found not to be in compliance with the requirements of the M&A Rule in the future, relevant PRC regulatory agencies may impose fines and penalties

on our operations in the PRC, limit our operating privileges in the PRC, or take other actions that could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects.

PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds from our overseas offerings to make loans or additional capital contributions to our PRC subsidiaries or consolidated affiliated entities, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

In utilizing the proceeds we received from our overseas offerings or in other financing activities, as an offshore holding company, we may make loans to our PRC subsidiaries or our consolidated affiliated entities in the PRC, or we may make additional capital contributions to our PRC subsidiaries or consolidated affiliated entities. Any loans to our PRC subsidiaries or our consolidated affiliated entities in the PRC are subject to PRC regulations. For example, loans by us to our PRC subsidiaries, which are FIEs, to finance their activities cannot exceed statutory limits and must be registered with the State Administration of Foreign Exchange, or SAFE.

We may also decide to finance our operations in China by means of capital contributions. These capital contributions must be approved by the MOC or its local counterpart. We cannot assure you that we will be able to obtain these government approvals on a timely basis, if at all, with respect to future capital contributions by us to our subsidiaries. If we fail to receive such approvals, our ability to use the proceeds from our overseas offerings and to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

Governmental control of currency conversion may limit our ability to receive and utilize our revenues effectively.

We earn substantially all of our revenues and incur most of our expenses in Renminbi; however, Renminbi is not freely convertible at present.

The PRC government continues to regulate conversion between Renminbi and foreign currencies, despite the significant reduction in its control in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. However, remittance of Renminbi by foreign investors into the PRC for the purposes of capital account items, such as capital contributions, is generally permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually. Currently, our PRC subsidiaries may purchase foreign currencies for settlement of current account transactions, including payments of dividends to us, without the approval of the SAFE. However, foreign exchange transactions by our PRC subsidiaries under the capital account continue to be subject to significant foreign exchange controls and require the approval of or need to register with PRC governmental authorities, including the SAFE. In particular, if our PRC subsidiaries borrow foreign currency loans from us or other foreign lenders, these loans must first be registered with the SAFE. If any of our PRC subsidiaries, which are wholly foreign-owned enterprises, borrows foreign currency, the accumulative amount of its foreign currency loans may not exceed the difference between the total investment and the registered capital of that PRC subsidiary. If we finance our PRC subsidiaries by means of additional capital contributions, these capital contributions must be approved by certain government authorities, including the National Development and Reform Commission, the MOC or their respective local counterparts. Any existing and future restrictions on currency exchange may affect the ability of our PRC subsidiaries or affiliated entities to obtain foreign currencies, limit our ability to meet our foreign currency obligations or otherwise materially and adversely affect our business.

Fluctuation in exchange rates could have a material adverse effect on our results of operations and the value of your investment.

The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the People's Bank of China. The PRC government allowed the Renminbi to appreciate by more than 20% against the U.S. dollar between July 2005 and July 2008. Between July 2008 and June 2010, this appreciation was halted and the exchange rate between the Renminbi and the U.S. dollar remained within a narrow band. As a consequence, the Renminbi fluctuated significantly during that period against other freely traded currencies, in tandem with the U.S. dollar. Since June 2010, the PRC government has allowed the Renminbi to appreciate slowly against the U.S. dollar again, though there have been periods recently when the U.S. dollar has appreciated against the Renminbi. The People's Bank of China decided to further adjust the Renminbi exchange rate regime in March 2014 to enhance the flexibility of the Renminbi exchange rate by enlarging the floating band of the Renminbi's trading prices against the U.S. dollar in the interbank spot foreign exchange market from 1.0% to 2.0%. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future.

There remains significant international pressure on the Chinese government to adopt a substantial liberalization of its currency policy, which could result in further appreciation in the value of the Renminbi against the U.S. dollar. To the extent that we need to convert U.S. dollars into Renminbi for capital expenditures and working capital and other business purposes, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, if we decide to convert Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs, strategic acquisitions or investments or other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amount available to us.

PRC regulations relating to the establishment of offshore special purpose vehicles by PRC residents may subject our PRC resident beneficial owners to personal liability and limit our ability to acquire PRC companies, to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to distribute profits to us, or otherwise materially and adversely affect us.

In October 2005, SAFE issued the Circular on the Relevant Issues in the Foreign Exchange Control over Financing and Return Investment Through Special Purpose Companies by Residents Inside China, or Circular 75, which is now replaced by the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or Circular 37, issued by SAFE on July 4, 2014. According to Circular 37, PRC residents are required to register with local SAFE branches in connection with their direct establishment or indirect control of an offshore entity for the purposes of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in Circular 37 as a "special purpose vehicle." The term "control" under Circular 37 is broadly defined as the operation rights, beneficiary rights or decision-making rights acquired by the PRC residents in the offshore special purpose vehicles or PRC companies by such means as acquisition, trust, proxy, voting rights, repurchase, convertible bonds or other arrangements. Circular 37 further requires amendment to the registration in the event of any changes with respect to the basic information of the special purpose vehicle, such as changes in a PRC resident individual shareholder, name or operation period; or any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. If the shareholders of the offshore holding company who are PRC residents do not complete their registration with the local SAFE branches, the PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the offshore company, and the offshore company may be restricted in its ability to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with SAFE registration and amendment requirements described above could result in liability under PRC law for evasion of applicable foreign exchange restrictions. On February 13, 2015, SAFE promulgated a Notice on Further Simplifying and Improving Foreign Exchange

Administration Policy on Direct Investment, or SAFE Notice 13, which will take effect on June 1, 2015. SAFE Notice 13 has delegated to the qualified banks the authority to register all PRC residents' investment in "special purpose vehicle" pursuant to the Circular 37, except that those PRC residents who have failed to comply with Circular 37 will remain to fall into the jurisdiction of the local SAFE branches and must make their supplementary registration application with the local SAFE branches.

Our current PRC resident beneficial owners, including our co-founders Sheng Chen and Jun Zhang, have filed the foreign exchange registration in connection with their respective overseas shareholding in our Company in accordance with the Circular 37 on June 10, 2014. We cannot assure you when our co-founders can successfully complete their registrations. We have also requested other PRC residents who we know hold direct or indirect interest in our company to make the necessary applications, filings and amendments as required under Circular 37 and other related rules. We attempt to comply, and attempt to ensure that these PRC residents holding direct or indirect interest in our company comply, with the relevant requirements, and those persons holding direct or indirect interests in our securities whose identities and addresses we know and who are subject to Circular 37 and the relevant SAFE regulations have conducted the registration procedures prescribed by Circular 37 and will update such registration. However, we may not be informed of the identities of all the PRC residents holding direct or indirect interest in our company, and we cannot provide any assurances that these PRC residents will comply with our request to make or obtain any applicable registrations or comply with other requirements required by Circular 37 or the relevant SAFE regulations. The failure or inability of PRC residents, including our co-founders, to make any required registrations or comply with other requirements under Circular 37 and the relevant SAFE regulations may subject such PRC residents or our PRC subsidiaries to fines and legal sanctions and may also limit our ability to contribute additional capital into or provide loans to our PRC subsidiaries and our consolidated affiliated entities, limit our PRC subsidiaries' ability to pay dividends or otherwise distribute profits to us, or otherwise materially and adversely affect us.

Failure to comply with the registration requirements for employee share option plans may subject our equity incentive plan participants who are PRC residents or us to fines and other legal or administrative sanctions.

Since 2007, SAFE has implemented rules requiring PRC residents who participate in employee stock option plans of overseas publicly listed companies to register with SAFE or its local office and complete certain other procedures. Effective on February 15, 2012, SAFE promulgated the Circular on the Relevant Issues Concerning Foreign Exchange Administration for Domestic Individuals Participating in an Employees Share Incentive Plan of an Overseas-Listed Company, or SAFE Notice 7. Under SAFE Notice 7, PRC residents who participate in a share incentive plan of an overseas publicly listed company are required to register with SAFE and complete certain other procedures. PRC residents include directors, supervisors, management and employees of PRC domestic companies specified in the Administrative Regulations of the People's Republic of China on Foreign Exchange, regardless of nationality. SAFE Notice 7 further requires that an agent should also be designated to handle matters in connection with the exercise or sale of share options granted under the share incentive plan to participants. We and the PRC residents to whom we have granted stock options are subject to SAFE Notice 7. If we or our PRC optionees fail to comply with these regulations, we or our PRC optionees may be subject to fines and other legal or administrative sanctions.

Risks Related to our ADSs

The market price of our ADSs has fluctuated and may continue to be volatile.

The trading prices of our ADSs are likely to be volatile and could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, such as the performance and fluctuation in the market prices or the underperformance or declining financial results of other companies based in China that have listed their securities in the United States in recent years. The securities of some of these companies have experienced significant volatility since their initial public offerings, including, in some cases, substantial price declines in the trading prices of their securities. The trading performances of other Chinese companies'

securities after their offerings may affect the attitudes of investors toward Chinese companies listed in the United States, which consequently may impact the trading performance of our ADSs, regardless of our actual operating performance. The recent ongoing administrative proceedings brought by SEC against five accounting firms in China, alleging that they refused to hand over documents to the SEC for ongoing investigations into certain China-based companies, occurs at a time when accounting scandals have eroded investor appetite for China-based companies. Any other negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or matters of the Chinese companies may also negatively affect the attitudes of investors towards Chinese companies in general, including us, regardless of whether we have conducted any inappropriate activities. In addition, securities markets may from time to time experience significant price and volume fluctuations that are not related to our operating performance, which may have a material and adverse effect on the market price of our ADSs.

In addition, the market price for our ADSs has fluctuated since we first listed our ADSs on the NASDAQ Global Select Market on April 21, 2011, until April 9, 2015, the trading prices of our ADSs have ranged from US$8.31 to US$32.34 per ADS, and the last reported closing price on April 9, 2015 was US$19.90 per ADS. The market price for our ADSs may be highly volatile and subject to wide fluctuations in response to factors including the following:

- actual or anticipated fluctuations in our quarterly results of operations and changes or revisions of our expected results;
- announcements of new services by us or our competitors;
- changes in financial estimates or recommendations by securities analysts;
- delays in the release of quarterly and annual results of operations or the filing of key documents and reports required by to filed by the U.S. securities laws;
- conditions in the internet industry in China;
- changes in the performance or market valuations of other companies that provide hosting and managed network services;
- fluctuations of exchange rates between the Renminbi and the U.S. dollar or other foreign currencies;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- detrimental negative publicity about us, our competitors or our industry;
- negative short seller allegations against us;
- additions or departures of executive officers;
- sales or perceived potential sales of additional ordinary shares or ADSs;
- litigation or administrative investigations; and
- general economic or political conditions in China.

Our dual-class voting structure will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial.

We have a dual-class voting structure such that our ordinary shares consist of Class A ordinary shares and Class B ordinary shares. In respect of matters requiring the votes of shareholders, holders of Class A ordinary shares are entitled to one vote per share, while holders of Class B ordinary shares are entitled to ten votes per share. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof, while Class A ordinary shares are not convertible into Class B ordinary shares or preferred shares under

any circumstances. Upon any transfer of Class B ordinary shares by a holder thereof to any person or entity which is not an affiliate of such holder, such Class B ordinary shares shall be automatically and immediately converted into the equal number of Class A ordinary shares. Due to the disparate voting powers attached to these two classes, holders of our Class B ordinary shares have significant voting power over matters requiring shareholder approval. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of Class A ordinary shares and ADSs may view as beneficial.

Future sales of a substantial number of our ADSs in the public market, or the perception that these sales could occur, could cause the price of our ADSs to decline.

In the future, we may sell additional ADSs to raise capital, and our existing shareholders could sell substantial amounts of ADSs, including those issued upon the exercise of outstanding options, in the public market. We cannot predict the size of any future issuance of ADSs or the effect that future sales of our ADSs would have on the market price of our ADSs. Any future sales of a substantial number of our ADSs in the public market, or the perception that these sales could occur, could cause the trading price of our ADSs to decline and impair our ability to raise capital through the sale of additional equity securities.

You may not have the same voting rights as the holders of our ordinary shares and may not receive voting materials in time to be able to exercise your right to vote.

Except as described in this annual report and in the deposit agreement, holders of our ADSs are not able to exercise voting rights attaching to the Class A ordinary shares evidenced by our ADSs on an individual basis. Holders of our ADSs will appoint the depositary or its nominee as their representative to exercise the voting rights attaching to the Class A ordinary shares represented by the ADSs. Otherwise, you will not be able to exercise your right to vote unless you withdraw the Class A ordinary shares represented by the ADSs. However, you may not know of the meeting sufficiently in advance to withdraw the ordinary shares. If we ask for instructions from ADS holders, the depositary will notify you of the upcoming vote and arrange to deliver our voting materials to you. We cannot assure you that you will receive voting materials in time to instruct the depositary to vote, and it is possible that you, including persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote. The deposit agreement provides that if the depositary does not timely receive valid voting instructions from the ADS holders, then the depositary will, with certain limited exceptions, give a discretionary proxy to a person designated by us to vote such shares.

We are exempt from certain corporate governance requirements of NASDAQ and we intend to rely on certain exemptions.

Certain corporate governance practices in the Cayman Islands, which is our home country, are considerably different than the standards applied to U.S. domestic issuers. NASDAQ Marketplace Rules provide that foreign private issuers are exempt from certain corporate governance requirements of NASDAQ and may follow their home country practices, subject to certain exceptions and requirements to the extent that such exemptions would be contrary to U.S. federal securities laws and regulations. We currently follow our home country practice that: (i) does not require us to solicit proxy and hold meetings of our shareholders every year, (ii) does not restrict a company's transactions with directors, requiring only that directors exercise a duty of care and owe a fiduciary duty to the companies for which they serve, (iii) does not require us to obtain shareholder approval for issuing additional securities exceeding 20% of our outstanding ordinary shares, and (iv) does not require us to seek shareholders' approval for amending our share incentive plan. As a result, our investors may not be provided with the benefits of certain corporate governance requirements of NASDAQ.

We may be classified as a passive foreign investment company for United States federal income tax purposes, which could result in adverse U.S. federal income tax consequences to U.S. holders of our ADSs or Class A ordinary shares.

Based on the market price of our ADSs and Class A ordinary shares, the value of our assets, and the composition of our assets and income, we believe that we were not a passive foreign investment company (a "PFIC") for United States federal income tax purposes for our taxable year ended December 31, 2014 and we do not expect to be a PFIC for the current year or for the foreseeable future. Nevertheless, the application of the PFIC rules is subject to ambiguity in several respects and, in addition, we must make a separate determination each year as to whether we are a PFIC (after the close of each taxable year). Accordingly, we cannot assure you that we will not be a PFIC for our current taxable year or for any future taxable year.

A non-U.S. corporation, such as our company, will be considered a PFIC for United States federal income tax purposes for any taxable year if either (i) 75% or more of its gross income for such year consists of certain types of "passive" income or (ii) 50% or more of the value of its assets (determined on the basis of a quarterly average) during such year produce or are held for the production of passive income, or the asset test. While we do not anticipate being a PFIC, changes in the nature of our income or assets or the value of our assets may cause us to become a PFIC for the current or any subsequent taxable year. Under circumstances where revenues from activities that produce passive income significantly increase relative to our revenues from activities that produce non-passive income or where we determine not to deploy significant amounts of cash for active purposes, our risk of becoming classified as a PFIC may substantially increase.

Although the law in this regard is not entirely clear, we treat our variable interest entities as being owned by us for United States federal income tax purposes because we control their management decisions and we are entitled to substantially all of their economic benefits and, as a result, we consolidate their results of operations in our consolidated U.S. GAAP financial statements. If it were determined, however, that we are not the owner of our variable interest entities for United States federal income tax purposes, we would likely be treated as a PFIC for our taxable year ended December 31, 2014 and for subsequent taxable years.

If we were to be or become a PFIC, a U.S. Holder (as defined in "Item 10.E. Additional Information—Taxation—United States Federal Income Tax Considerations—General") may incur significantly increased United States income tax on gain recognized on the sale or other disposition of the ADSs or Class A ordinary shares and on the receipt of distributions on the ADSs or Class A ordinary shares to the extent such gain or distribution is treated as an "excess distribution" under the United States federal income tax rules. For more information, see "Item 10.E. Additional Information—Taxation—United States Federal Income Tax Considerations—Passive Foreign Investment Company Considerations."

You may not be able to participate in rights offerings, may experience dilution of your holdings and you may not receive certain distributions on Class A ordinary shares if it is impractical to make them available to you.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. Under the deposit agreement for the ADSs, the depositary will not offer those rights to ADS holders unless both the rights and the underlying securities to be distributed to ADS holders are either registered under the Securities Act or exempt from registration under the Securities Act with respect to all holders of ADSs. We are under no obligation to file a registration statement with respect to any such rights or underlying securities or to endeavor to cause such a registration statement to be declared effective. In addition, we may not be able to take advantage of any exemptions from registration under the Securities Act. Accordingly, holders of our ADSs may be unable to participate in our rights offerings and may experience dilution in their holdings as a result.

In addition, the depositary of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on our ordinary shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of Class A ordinary shares your ADSs

represent. However, the depositary may, at its discretion, decide that it is unlawful or impractical to make a distribution available to any holders of ADSs. For example, the depositary may determine that it is not practicable to distribute certain property through the mail, or that the value of certain distributions may be less than the cost of mailing them. In these cases, the depositary may decide not to distribute such property and you will not receive such distribution.

You may be subject to limitations on transfer of your ADSs.

Your ADSs represented by the ADRs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deem it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

You may face difficulties in protecting your interests, and your ability to protect your rights through the U.S. federal courts may be limited, because we are incorporated under Cayman Islands law, conduct all of our operations in China and a majority of our officers and directors reside outside the United States.

We are incorporated in the Cayman Islands and substantially all of our assets are located outside of the United States. We conduct all of our operations in China through our wholly-owned subsidiaries in China. The majority of our officers and directors reside outside the United States and a substantial portion of the assets of those persons are located outside of the United States. As a result, it may be difficult for you to bring an action against us or against these individuals in the Cayman Islands or in China in the event that you believe that your rights have been infringed under the securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render you unable to enforce a judgment against our assets or the assets of our directors and officers. In addition, there is uncertainty as to whether the courts of the Cayman Islands or the PRC would recognize or enforce judgments of U.S. courts against us or our directors and officers predicated upon the civil liability provisions of the securities laws of the United States or any state, and it is uncertain whether such Cayman Islands or PRC courts would be competent to hear original actions brought in the Cayman Islands or the PRC against us or our directors and officers predicated upon the securities laws of the United States or any state, on the ground that such provisions are penal in nature.

Our corporate affairs are governed by our memorandum and articles of association and by the Companies Law (as amended) and common law of the Cayman Islands. The rights of shareholders to take legal action against our directors and us, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedents in the United States. In particular, the Cayman Islands has a less developed body of securities laws as compared to the United States, and provides significantly less protection to investors. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action before the federal courts of the United States.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests through actions against our management, directors or major shareholders than they would as shareholders of a public company of the United States.

Our memorandum and articles of association contain anti-takeover provisions that could adversely affect the rights of holders of our ordinary shares and ADSs.

Our memorandum and articles of association contain certain provisions that could limit the ability of others to acquire control of our company, including our dual-class voting structure, and a provision that grants authority to our board of directors to establish from time to time one or more series of preferred shares without action by our shareholders and to determine, with respect to any series of preferred shares, the terms and rights of that series. These provisions could have the effect of depriving our shareholders of the opportunity to sell their shares at a premium over the prevailing market price by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transactions.

We have incurred increased costs as a result of being a public company.

As a public company, we have incurred significant accounting, legal and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act, as well as new rules subsequently implemented by the SEC and the NASDAQ Global Select Market, have detailed requirements concerning corporate governance practices of public companies including Section 404 of the Sarbanes-Oxley Act relating to internal controls over financial reporting. These new rules and regulations have increased our director and officer liability insurance, accounting, legal and financial reporting compliance costs and have made certain corporate activities more time-consuming and costly. Therefore, we have incurred additional costs associated with our public company reporting requirements, and we cannot predict or estimate the amount of additional costs we may further incur or the timing of such costs.

If securities or industry analysts do not actively follow our business, or if they publish unfavorable research about our business, our ADS price and trading volume could decline.

The trading market for our ADS depends in part on the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who covers us downgrades our ADSs or publishes unfavorable research about our business, our ADS price would likely decline. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our ADSs could decrease, which could cause our ADS price and trading volume to decline.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

We commenced our operations in 1999, and through a series of corporate restructurings, set up a holding company, AsiaCloud Inc., or AsiaCloud, in October 2009 under the laws of the Cayman Islands. AsiaCloud was formerly a wholly-owned subsidiary of aBitCool Inc., or aBitCool, a company incorporated under the laws of the Cayman Islands. In October 2010, AsiaCloud effected a restructuring whereby AsiaCloud repurchased all its outstanding shares held by aBitCool and issued ordinary shares and preferred shares to the same shareholders of aBitCool. In connection with the restructuring, AsiaCloud subsequently changed its name to 21Vianet Group, Inc.

Due to certain restrictions under the PRC laws on foreign ownership of entities engaged in data center and telecommunications value-added services, we conduct our operations in China through contractual arrangements among us, our wholly-owned PRC subsidiaries, our variable interest entities and their shareholders. As a result of these contractual arrangements, we control our variable interest entities and have consolidated the financial information of our consolidated affiliated entities in our consolidated financial statements in accordance with U.S. GAAP. We own: (i) 100% of the equity interests in 21Vianet China through our subsidiary, 21ViaNet Group Limited, or 21Vianet HK, which was incorporated in Hong Kong in May 2007; (ii) 100% of the equity interests of SZ Zhuoaiyi following completion of our acquisition of 100% equity interests in iJoy in April 2013; and (iii) 100% of the equity interests of aBitCool BJ through our subsidiary, aBitCool DG, which was incorporated in June 2014.

On April 21, 2011, our ADSs began trading on the NASDAQ Global Select Market under the ticker symbol "VNET." We issued and sold a total of 14,950,000 ADSs, representing 89,700,000 Class A ordinary shares, at an initial offering price of US$15.00 per ADS.

As part of our growth strategy, we have acquired companies that are complementary to our business, as well as made alternative investments and entered into strategic partnerships or alliances as we see fit. For example:

- In October 2012, we entered into a commercial operator agreement with Microsoft Corporation to expand Microsoft's premier commercial public cloud services, Office 365 and Windows Azure, in China, the term of which is extended to December 31, 2018 through a renewal agreement.
- In February 2013, we acquired 100% equity interests in BJ Tianwang and BJ Yilong, which principally provide virtual private network services and managed network services.
- On September 30, 2013, Temasek, through its subsidiary, Esta, entered into a purchase agreement with us to subscribe for 34,683,042 of our newly issued Class A ordinary shares at the price of US$2.5 per Class A ordinary share and acquire 5,316,960 Class A ordinary shares from certain of our existing shareholders at the price of US$2.5 per Class A ordinary share.
- In April 2013, we completed the acquisition of 100% equity interests in iJoy with a purchase consideration of RMB97.0 million.
- In June 2013, we entered into a strategic agreement with Dongguan Dongcai to build a new internet data center, provide cloud computing related services in Dongguan as well as create a research and development team that will focus on developing and implementing next generation networking technologies. As of the date of this annual report, the data center site has been selected and the construction will start this year. The research and development team has been established engaging in the research and development of Content-Centric Open Networking, also known as information-centric networking, Software-Defined Networking technologies.
- In December 2013, we entered into a definitive agreement with IBM to introduce IBM's premier private cloud infrastructure service and bring high-value managed private and hybrid cloud services to China. IBM will provide the physical point of distribution, or POD, and service while we will host the POD facility at our data centers in Beijing.
- In May 2014, we acquired 50% equity interests plus one share in Aipu Group, which principally provides last-mile wired broadband access and other value-added services.
- In August 2014, we acquired 100% equity interests in Dermot Entities to expand our data transmission infrastructure across the Greater China region and deliver high-performance VPN connectivity solutions by utilizing Dermot Entities' advanced network and infrastructure.
- In January 2015, we issued (i) 39,087,125 Class A and 18,250,268 Class B ordinary shares to Kingsoft for an aggregate cash consideration of US$172 million; (ii) 6,142,410 Class A and 10,524,257 Class B ordinary shares to Xiaomi for an aggregate cash consideration of US$50 million; and (iii) 24,668,020 Class A ordinary shares (in the form of 4,111,337 ADSs) to Esta for an aggregate cash consideration of US$74 million.

Our principal executive offices are located at M5, 1 Jiuxianqiao East Road, Chaoyang District, Beijing, 100016, the People's Republic of China. Our telephone number at this address is +86 (10) 8456-2121. Our registered office in the Cayman Islands is located at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. Our agent for service of process in the U.S. is Law Debenture Corporate Services Inc., located at 400 Madison Avenue, 4th Floor, New York, New York 10017.

See Item 4.C, "Organizational Structure" for a diagram illustrating our corporate structure as of the dated of this annual report.

B. Business Overview

Overview

We are a leading carrier-neutral internet data center services provider in China. We host our customers' servers and networking equipment and provide interconnectivity to improve the performance, availability and security of their internet infrastructure. We also provide managed network services to enable customers to deliver data across the internet in a faster and more reliable manner through our extensive data transmission network and our proprietary smart routing technology. Furthermore, we provide complementary internet infrastructure services, such as CDN services, VPN services and last-mile wired broadband services to improve the security, speed and quality of data transmission in China. We started offering public cloud services in 2013 and private cloud and hybrid services in 2014. We believe that the scale of our data center and networking assets as well as our carrier-neutrality position us well to capture opportunities and become a leader in the rapidly emerging market for cloud computing infrastructure services in China.

Our infrastructure consists of our high-quality data centers and an extensive data transmission network. We operate 16 self-built data centers and 73 partnered data centers located in over 30 cities, including substantially all of China's major internet hubs with 21,522 cabinets under management that house 97,101 servers as of December 31, 2014. We adopt a distributed deployment method when choosing locations for our partnered data centers based on the specific requests of our customers, demands in different cities and our strategy for POP establishment; therefore, the locations and number of our partnered data centers are subject to change from to time. Our data transmission network includes 615 POPs, which are access points from one place to the rest of the internet. Most of our data centers and all of our POPs are connected by our private optical fibers network across China.

As a carrier-neutral internet infrastructure services provider, our infrastructure is interconnected with the networks operated by all China's telecommunications carriers, major non-carriers and local internet service providers. The interconnectivity enables each of our data centers to function as a network access point for our customer's data traffic. In addition, we believe that our proprietary smart routing technology allows us to automatically select an optimized route to direct our customers' data traffic to ensure fast and reliable data transmission. We believe this advanced interconnectivity within and beyond our network distinguishes ourselves from our competitors and provides an effective solution to address our customers' needs that arise from inadequate public internet infrastructure and network interconnectivity in China. As a result, businesses are increasingly relying upon internet infrastructure services providers and in particular, carrier-neutral internet infrastructure services providers, to enhance and optimize key elements of their IT and network infrastructure. Furthermore, we provide CDN services, VPN services, last-mile wired broadband services, public cloud services and private and hybrid cloud services, which strengthens our capability to provide quality services and meet customer demand in our ecosystem.

We serve a diversified and loyal base of customers, spanning many different industries and ranging from internet companies to government entities, from blue-chip enterprises to small- to mid-sized enterprises. As of December 31, 2014, we had: (i) over 4,000 enterprise customers for our hosting services, including over 2,000 enterprise customers for VPN services across China, Taiwan, Hong Kong, Singapore and Vietnam, brought by Dermot Entities; (ii) over one million individual household customers for last-mile wired broadband services, brought by Aipu Group; and (iii) more than 55,000 signed customers for the Windows Azure and Office 365 services. Our average monthly churn rate as measured by monthly recurring revenues was approximately 0.9% and 1.7% in 2012 and 2013. Our average monthly hosting churn rate, based on our core internet data center (IDC) business, was 0.6% in 2014. Our average monthly recurring revenue from our top 20 customers has increased from RMB45.5 million in 2013 to RMB57.1 million (US$9.2 million) in 2014.

We generate revenues from providing hosting and related services and managed network services. Our net revenues increased from RMB1,524.2 million in 2012 to RMB1,966.7 million in 2013 and to RMB2,876.4 million (US$463.6 million) in 2014, representing a CAGR of 37.4% from 2012 to 2014. The total number of

cabinets under our management increased from 11,917 as of December 31, 2012 to 14,041 as of December 31, 2013 and to 21,522 as of December 31, 2014. Our average monthly recurring revenues increased from RMB125.2 million in 2012 to RMB146.6 million in 2013 and to RMB208.4 million (US$33.6 million) in 2014. Our net profit was RMB57.7 million in 2012, which reflected share-based compensation expenses of RMB67.6 million. We recorded a net loss of RMB47.0 million and RMB328.5 million (US$52.9 million) in 2013 and 2014, respectively, which reflected share-based compensation expenses of RMB67.8 million and RMB233.7 million (US$37.7 million), respectively. Our results of operations also reflect the effects of our acquisitions during the respective periods.

Our Service Offerings

We primarily generate revenues from providing hosting and related services and managed network services. We provide hosting and related services to house servers and networking equipment in our data centers and connect them through our data transmission network, and offer other hosting related value-added services. We also provide, as part of our hosting and related services business, cloud services, CDN services and VPN services. Our managed network services allow our customers to transmit data across the internet in a faster and more reliable manner by leveraging our smart routing optimization technology through our hosting area network and data transmission network. Our managed network services also include last-mile wired broadband services.

Hosting and Related Services

Our hosting and related services including the following:

- *Managed Hosting Services* that dedicate data center space to house our customers' servers and networking equipment and provide tailored server administration services;
- *Interconnectivity Services* that allow customers to connect their servers with internet backbones in China and other networks through our Border Gateway Protocol, or BGP, network, or our single-line, dual-line or multiple-line networks;
- *CDN Services*, or content delivery network services that optimize the speed and security of data transmission by leveraging our extensive, distributed internet infrastructure in China;
- *Cloud Services* that allow businesses to run their applications over the internet using our IT infrastructure rather than having the infrastructure on their own premises;
- *VPN Services*, or virtual private network services that extend customers' private networks by setting up secure and dedicated connections through the public internet; and
- *Other Value-Added Services*, including firewall services, server load balancing, data backup and recovery, data center management, server management, and backup server services.

Our data centers host the servers of our customers and meet their needs to deploy computing, network, storage and IT infrastructure. Our hosting and related services are scalable, allowing our customers to purchase space and upgrade connectivity and services as their requirements evolve. In addition, our customers benefit from our data centers' wide range of physical security features, including sensitive smoke detection systems, fire suppression systems, secured access, around-the-clock video camera surveillance and security breach alarms. Our data centers are fully-redundant and feature resilient power supplies, energy efficient design, connection with multiple network providers and 24/7 on-site support provided by our skilled engineers. As a result, we are able to guarantee 99.99% uptime for power in our service level agreements.

We believe another main reason customers choose our services is our access to multiple carriers and service providers and the availability of multiple-provider bandwidth. By securing multiple suppliers for connectivity and using redundant hardware, we are able to guarantee 99.9% internet connectivity uptime.

Managed Hosting Services

Our managed hosting services allow customers to lease partial or entire cabinet for their servers. Our customers have full control over their server(s) housed in our data centers. Depending on customer needs, we provide different levels of tailored server administration services, including operating system support and assistance with updates, server monitoring, server backup and restoration, server security evaluation, firewall services, and disaster recovery. Our customers' servers are housed in our data centers providing redundant power sources and heating, ventilating and air conditioning systems. Managed hosting service relieves customers from the daily pressures of IT infrastructure maintenance so that they can focus on their core businesses.

Customers have the option to either place their servers and equipment in standard cabinets dedicated for their private use, or in cabinets shared with other customers. They can customize their cabinet space for their servers, network connections and equipment. Customers can elect to buy the hardware that they place within their cabinets from their chosen suppliers. In addition, customers can also lease power-based space, sometimes in a cage, where they can place their own cabinets in our data centers.

Interconnectivity Services

Our interconnectivity services connect our data centers with China's internet backbones and other networks in the following ways:

- *Border Gateway Protocol (BGP) Network Services*. We provide network services that use BGP routing policies. BGP exchanges routing information for the internet and is the protocol used between ISPs, backing the core routing decisions on the internet. Customers connect to ISPs, and ISPs use BGP to exchange customer and ISP routes, bypassing major internet hubs. This allows the internet to become a decentralized system, thereby reduces traffic congestion and data transmission time. BGP network is generally considered a premium network service due to its improved internet connectivity and data reachability.
- *Single-Line and Dual-Line Network Services*. China Telecom and China Unicom are the two major telecommunication carriers in China. Some customers may choose to connect their servers only to one carrier while others choose to connect their servers to both China Telecom and China Unicom. Dual-line network provides more stable internet access and ensures better business continuity because when one line is down or interrupted, the other line can still provide internet connectivity.
- *Multiple-Line Network Services*. As a carrier-neutral service provider, our data centers are connected to all carrier and non-carrier networks in China, namely, China Telecom, China Unicom, China Mobile, China Education Network, China Satcom, China Railcom (Tietong) and China Science and Technology Network.

Content Delivery Network Services

We also offer content delivery network services, or CDN services, primarily through Fastweb International Holdings, or Fastweb, a business we acquired in 2012 and through iJoy, which we acquired in 2013. Our CDN product portfolio provides customers with a cost-effective solution to their data connection needs in China, improving the reliability, scalability, security and speed of their internet services.

Cloud Services

We started providing public cloud services in 2013 and private and hybrid cloud services in 2014,

- *Public Cloud Services*. Our public cloud services are currently provided through our cooperation with Microsoft. In particular, we provide: (i) infrastructure as a service, or IAAS, (ii) platform as a service, or PAAS, and (iii) software as a service, or SAAS, to our enterprise and individual customers on the

public cloud. Windows Azure service provides our customers with a one-stop shop to purchase a portion of the pooled computing resources, control the applications uploaded to the virtual servers and/or access to the applications run by various operators on the cloud infrastructure, and pay on an on-demand basis. Through Office365 services, we provide our customers with not only the complete Office applications, but also business-class email, file sharing and HD video conferencing, all working together and connected in the public cloud so that customers can have access to everything they need to run their business from anywhere.

- *Private and Hybrid Cloud Services.* In December 2013, we entered into a definitive agreement with IBM to introduce IBM's premier private cloud infrastructure service and bring high-value managed private and hybrid cloud services to China. Private and hybrid cloud services are mostly provided to multi-national corporations or large enterprise customers to meet their specific needs for private and hybrid cloud services. Our private and hybrid cloud service through our partnership with IBM is specifically designed for the customers based on their requirements to ensure that they can exert the most effective control of data, security and quality of service. The customers can either use our infrastructure or we can build the infrastructure in their facilities, The customers can then upload their applications to the virtual servers for their private use and we will provide related managed services, such as database management services, firewall services, server load balancing services, data backup and recovery services, server management services, BGP internet access and VPN services. Currently, we partner with IBM to provide cloud infrastructure services and managed services. We also provide information technology service management services to enterprise customers of Unisys based on our cooperation contract with Unisys.

VPN Services

We also offer virtual private network services, or VPN services, primarily through Dermot Entities, which we acquired in August 2014. Dermot Entities offer customers a comprehensive portfolio of customized VPN solutions for both enterprise customers seeking multi-point connectivity and carrier customers seeking to provision off-net customer locations. With over 40 POPs across China, Hong Kong, Singapore, Taiwan and Vietnam, Dermot Entities provide fully-managed network enabling connectivity to more than 700 cities in the region for many "blue-chip" customers across many verticals, including manufacturing, logistics, retail and financial services.

Other Value-Added Services

To complement our hosting services and enhance our customers' experiences, we also provide value-added services, including firewall services, server load balancing, data backup and recovery, data center management, server management, and backup server services.

- *Firewall Services*. Customers can lease our hardware firewalls, which can be configured according to their specific requirements. Hardware firewalls protect servers from outside attacks and other unlawful invasions. We notify our customers promptly once we find out that their servers are under attack or subject to invasion.
- *Server Load Balancing Services*. When websites experience significant traffic increases, servers may not be able to respond timely to visiting requests. Our server load balancing services are designed to address this issue by providing load balancing facilities to share the increased traffic and therefore moderate the burden on main servers of our customers.
- *Data Backup and Recovery Services*. We provide data backup services to our customers to recover any lost or damaged data.
- *Server Management Services*. Our server management services allow customers to engage the services of our data center staff to handle problems that occur to their servers. At the customers' request, our

staff can fix operating system issues, perform emergency equipment replacement and other tasks related to the servers housed in our data centers. These services help customers minimize network outages and improve response and repair times.

In addition to our interconnectivity services, we also provide customers with traffic charts and analysis, gateway monitoring for servers, domain name system setup, defense mechanism against distributed denial of service (DDOS) attacks, basic setting of switches and routers, and virus protections. DDOS attack is an attempt to make a computer's resource unavailable to its intended users. We generally charge fees for our various types of interconnectivity services at the end of each month based on the customers' bandwidth usage.

Managed Network Services

Our managed network services are primarily offered in the form of bandwidth, which is optimized through our proprietary smart routing platform and supplemented by our hosting area network and our data transmission network.

Our managed network services primarily consist of the following:

- *Hosting Area Network Services*. Our data centers are distributed throughout China. We connect most of our data centers with private optical fibers, forming our hosting area network. Our hosting area network connects the servers housed in our data centers so that data transmission among our customers can be achieved without going through telecommunication backbones or internet hubs, enabling secure, faster and more reliable data transmission.
- *Route Optimization*. In China, carriers generally operate their independent systems, and their networks are not connected with each other. Because we are connected to all major carriers, customers that use services from one carrier can reach users of other carriers through our network or through other internet hubs. Our proprietary system is a smart routing platform, which functions like an intelligent switchboard automatically selecting the best and fastest routes and directing traffic through our own or others' networks. For example, from our data centers, we can direct data to the networks of China Telecom or China Unicom, or, when the networks of China Telecom and China Unicom are congested or otherwise experiencing problems, to our own transmission networks. Through our proprietary smart routing technology, we are able to optimize the connectivity of our network and deliver data in a fast and efficient manner.
- *Last-mile Wired Broadband Services*. We offer last-mile broadband services in select large metro areas in China, following the acquisition of 50% equity interest plus one share in Aipu Group in May 2014. The last-mile broadband market in China remains under-developed, as many end users face slower speed, unreliable connections and the lack of alternative high-quality service providers. As of December 31, 2014, Aipu Group provides high quality internet access at competitive price points to over one million individual household customers in 11 cities in China.

Our Infrastructure

Our infrastructure, which consists of our data centers and data transmission network, is the foundation upon which we provide services to our customers. As of December 31, 2014, we operate 16 self-built data centers and 73 partnered data centers located in over 30 cities, including all of China's major internet hubs, with 21,522 cabinets under management that house 97,101 servers. In addition, we also offer container-based data center service. Our extensive network, consisting of private optical fibers and 615 POPs, is a "high-speed internet railway" that connects our data centers with each other and links them to China's telecommunication backbones.

Our Data Centers

We operate two types of data centers: self-built and partnered. We defined "self-built" data centers as those with our owned cabinets and data center equipment housed in buildings leased from third parties. We define

"partnered" data centers as the data center space and cabinets we leased from China Telecom, China Unicom and other third parties through agreements. As of December 31, 2014, we operate 16 self-built data centers housing 14,572 cabinets and 73 partnered data centers housing 6,950 cabinets.

The table below sets forth the number of data centers and cabinets under our management and the number of servers housed in our data centers as of December 31, 2012, 2013 and 2014.

	As of December 31,		
	2012	2013	2014
Data Centers	81	81	89
Cabinets			
Self-built	7,404	9,131	14,572
Partnered	4,513	4,910	6,950
Total	11,917	14,041	21,522
Servers	67,067	76,898	97,101

Our data centers are located in over 30 cities as of the date of this report. Our nationwide network of data centers not only enables us to serve customers in extended geographic areas, but also establishes a national data transmission network that sets up connections among carriers and service providers in various locations.

We build and operate our data centers in compliance with high industry standards in order to provide our customers with secure and reliable environments that are necessary for optimal internet interconnectivity. Our data centers generally feature:

- *Resilient Power*—Redundant, high-capacity and stable power supplies, backed by uninterruptible power supply, or UPS, and diesel generators;
- *Physical Security*—Round-the-clock monitoring by on-site personnel, which includes verification of all persons entering the building, security barriers, video camera surveillance and security breach alarms;
- *Controlled Access*—Access to the buildings, data floors and individual areas designated for particular customers via individually-programmed access cards and visual identification;
- *Fire Detection and Suppression*—Sensitive smoke detectors linked to building management systems provide early detection to help avoid fire, loss and business disruption. These are complemented by an environmentally-friendly gas-based or water mist fire suppression system to put out fires;
- *Air Conditioning*—To ensure optimal performance and avoid equipment failure, all data center floors are managed to make sure that customers' equipment is maintained at a controlled temperature and humidity;
- *24/7 Support*—We staff our data centers with capable and experienced service teams and we believe we were the first data center service provider in China to offer 24/7 customer service.

These features minimize chances of interruption to the servers housed in our data centers and ensure the business continuity of our customers. In addition, we believe we were the first data center service provider in China to receive both the ISO 9002 quality system certification by the American Registrar Accreditation Board and a certification by the United Kingdom Accreditation Service.

Container Data Centers. In addition to conventional data centers, we also offer container-based data center services. One of the advantages of a container-based design is that the data center can easily be moved to other locations or facilities as the containers only require hookups for electricity, chilled water and network connectivity. Our containers are pre-populated with servers and support equipment, eliminating the need to unpack and install servers when the data centers move to a different location. Our container-based data center

also features energy-efficient designs and has the potential to house 48 cabinets, or 908 servers. We plan to build and deploy more container-based data centers in the next few years.

Our Network

Our network transmits data and directs internet traffic mostly through private optical fibers, forming an internet highway system that is linked to the networks of major carriers, non-carriers and ISPs and enhances communications among our data centers, our customers and end users located throughout China and around the world. Our data centers are connected by our private optical fibers that include redundant connections with an estimated capacity of 3,489 gigabits per second to nearly all locations. As of December 31, 2014, our network connects more than 600 POPs throughout China with private optical fibers.

The table below sets forth the number of our POPs and our network service capacity as of the periods ended December 31, 2012, 2013 and 2014.

	As of and for the year ended December 31,		
	2012	2013	2014
Number of POPs	458	519	615
Estimated Network Service Capacity*	1,135	2,471	3,489

* *By gigabits per second*

Our network also features numerous interfaces with five telecommunication carriers in China, which are China Telecom, China Unicom, China Mobile, China Education Network and China Railcom (Tietong). Our network is not only connected to the headquarters of each carrier, but also with their local networks throughout China.

Due to our high-quality data center infrastructure, extensive data transmission network and proprietary smart routing technologies, we are able to deliver high-performance hosting and managed network services that can effectively meet our customers' business needs, improve interconnectivity among service providers and end users, and effectively address the issue of inadequate network interconnectivity in China.

Customers and Customer Support

Our Customers

We serve a diversified and loyal base of customers, spanning many different industries and ranging from internet companies to government entities, from blue-chip enterprises to small- to mid-sized enterprises. As of December 31, 2014, we had: (i) over 4,000 enterprise customers for our hosting services, including over 2,000 enterprise customers for VPN services across China, Taiwan, Hong Kong, Singapore and Vietnam, brought by Dermot Entities; (ii) over one million individual household customers for last-mile wired broadband services, brought by Aipu Group; and (iii) more than 55,000 signed customers for the Windows Azure and Office 365 services.

Given the breadth of our customer base, the largest single customer accounted for less than 4% of our total net revenues in any of the past three years. Revenue from our top five customers accounted for less than 12% of our total net revenues in 2014.

As of December 31, 2014, we had over 4,000 enterprise customers for our hosting services, among which 40 were local subsidiaries of a telecommunication carrier in China. Because we negotiate with, maintain and support each of these entities as a separate customer due to the fact that each of them has a separate decision-making authority and services procurement budget, we count each of them as a separate customer. None of these

customers on a stand-alone basis contributed more than 4% of our revenues in any given year but in the aggregate, they contributed 22%, 16% and 7% of our total revenues, respectively, in 2012, 2013 and 2014.

We have a loyal customer base, as evidenced by our low churn rate. Our average monthly churn rate as measured by monthly recurring revenues was 0.9% and 1.7% in 2012 and 2013. Our average monthly hosting churn rate, based on our core IDC business, was 0.6% in 2014. Our average monthly recurring revenue from our top 20 customers has increased from RMB45.5 million in 2013 to RMB57.1 million (US$9.2 million) in 2014.

Our experience in serving market leaders in various sectors also provides us with industry knowledge, operational expertise and credibility that we can leverage in cross-selling additional services to our existing and potential customers.

The following table sets forth some of the industries we serve and the representative customers in each industry.

Search Engine/Portal	Rich Media	eCommerce	Social Networking	Mobile internet	Azure and Office 365 customers	Enterprise VPN
Aibang	Youku	Meituan	Qunar	UCWeb	H3C	Chinaredstar
Tencent	Ku6	Lashou	Renren	Beijie	Linekong	Kline
ChinaHR	Vodone	Jiuxian	Jiayuan	SKY-MOBI	TCL Multimedia	Gome
Yicha	Bestv	Eleme	58	Hurray!	Pactera	Pou Sheng

Our Customer Support

We devote significant resources to provide customers support and services through our dedicated customer service team. We offer service level agreements on most of our services to our customers. Such agreements set the expectations on service level between our customers and us and drive our internal process to meet or exceed the customer's expectations. We believe we were the first data center service provider in China to offer 24/7 customer services. Our network operation center is staffed with skilled engineers trained in network diagnostics and engineering. We require our staff to respond to calls or request from customers within 15 minutes. For major customers, we have a dedicated team to offer specialized services tailored to their specific needs. Areas of customer support include design and improvement of our customers' IT infrastructure and network optimization.

Our customers may directly contact the customer service team to seek assistance or inquire about the status of a reported incident. The team actively follows up with our operations team to ensure that the problems are addressed in an effective and timely manner. Each of our customers is assigned a service manager who is responsible for ensuring that all our services are performed in a satisfactory manner.

Research and Development

Our strong research and development capabilities support and enhance our service offerings. We have an experienced research and development team and devote significant resources to our research and development efforts, focusing on improving customer experience, increasing operational efficiency and bringing innovative solutions to the market quickly.

Consistent with our strong innovation culture, we devote significant resources to the research and development of our container-based data centers, our smart routing technology and other innovations. We plan to continue strengthening our research and development in cloud computing infrastructure service technologies. Our research and development efforts have yielded 40 patents, 56 patent applications and 89 software copyright registrations, all in China and related to different aspects of data center services. We intend to continue to devote a significant amount of time and resources to carry out our research and development efforts.

Technology and Intellectual Property

We use our proprietary smart routing technology to optimize network connectivity and overcome the inherent inadequacies in China's telecommunication and internet infrastructure. Our smart routing technology continually monitors and analyzes the performance of all available routes and identifies the most appropriate pathway in real-time. In planning for and finding the optimized routing plan, our smart routing technology takes into consideration speed (latency), performance, route stability and pocket losses and dynamically responds with intelligent route adjustments in order to ensure that data is traveling along the fastest and most reliable route.

We rely on a combination of copyright, patent, trademark, trade secret and other intellectual property laws, nondisclosure agreements and other protective measures to protect our intellectual property rights. We generally control access to and use of our proprietary software and other confidential information through the use of internal and external controls, including physical and electronic security, contractual protections, and intellectual property law. We have implemented a strict security and information technology management system, including the prohibition of copying and transferring of codes. We educate our staff on the need to, and require them to, comply with such security procedures. We also promote protection through contractual prohibitions, such as requiring our employees to enter into confidentiality and non-compete agreements.

Sales and Marketing

We actively market our portfolio of services and solutions through our direct sales force. Our sales and marketing team is primarily based in Beijing, Shanghai, Guangzhou, Shenzhen, Xi'an, Hangzhou, Wuhan, Guiyang, Nanning, Chengdu, Suzhou, Hong Kong and Taiwan. We also have dedicated teams for our key customers and provide them service offerings specially tailored to their needs. We up-sell and cross-sell our broad portfolio of services and solutions to our existing customer base. In addition, in an effort to better anticipate and respond to our customers' needs, we require and foster the collaboration between our sales team and research and development team to develop additional services and solutions that meet the customers' needs.

Our strong brand recognition has been an important driving force for our sales. To strengthen our brand, we focus our marketing efforts on sponsoring seminars, conferences and special events to raise our profile with potential customers. Additionally, we collaborate with equipment suppliers, software developers, internet solution providers and other companies to market our services. We have a special marketing team responsible for generating demand for our services and solutions and work with our other teams to secure new customers.

Competition

We face competition from a wide range of data center service providers and other value-added service providers, including:

- *Carriers*. We face competition from state-owned telecommunication carriers, including China Telecom and China Unicom. According to IDC, carriers occupied 51.5% of the data center services market in 2013. In addition, both carriers operate their own networks. Competition is primarily focused on pricing, quality of services and geographic coverage. We believe we are well-positioned to compete with major carriers. Unlike China Telecom and China Unicom, which construct data centers primarily to help sell bandwidth, we provide connectivity to multiple networks in each of our carrier-neutral data centers, providing superior choice and performance. Our private network provides enhanced connectivity among different networks. In comparison, data centers operated by China Telecom and China Unicom generally provide access only to their own network and are often constrained by their networks' coverage. Due to inadequate interconnectivity among China's carriers' networks and among the same carrier's networks in different provinces, interconnectivity bottlenecks remain a major problem, contributing to slow transmission speeds across services and applications.
- *Carrier-neutral service providers*. We face competition from other carrier-neutral service providers, such as ChinaNetCenter and Dr. Peng. Competition is primarily focused on pricing and the quality and

breadth of service offerings. We distinguish ourselves by our superior interconnectivity, extensive data transmission network, large number of high-quality data centers, and superior operations, maintenance and other customer services. Due to the unique nature of data center services, where relocation of customer servers and equipment is operationally difficult, customers are highly selective in choosing their data center service provider. Our strong brand, superior reputation and extensive operating experience and expertise remain the key differentiator in attracting and retaining our customers.

- *In-house data centers*. Businesses may choose to house and maintain their own IT hardware, such as Baidu and Alibaba, and other large enterprises, particularly in the financial services sector. Due to their in-house capabilities, these customers may outsource fewer services to other third-party data center services providers including us, if at all. However, we believe our data centers, coupled with our superior network services, offer a unique combination of hosting services that would make us attractive to businesses with in-house data centers.
- *Cloud service providers*. Cloud services are a new and emerging market and therefore, we face competition from various market players who have entered into or plan to enter into the new market. While we compete with domestic Chinese cloud service providers, such as AliCloud, Windows Azure and Office 365, operated by 21Vianet, remain the only global public cloud service platform commercially available in China. We believe our partnership with Microsoft and IBM will make us attractive to potential customers, especially enterprise and government entity customers that have a strong demand for cloud services.
- *Other valued-added service providers*. We face competition from other value-added telecommunications service providers including CDN service providers, such as ChinaCache and ChinaNetCenter; VPN service providers, such as China Entercom and last-mile wireless broadband service providers, such as Dr. Peng. As one of the leading service providers in each one of these value-added service markets, we believe our offerings not only complement our core hosting and managed network services, but also position us to capture additional growth opportunities.

In addition, some companies may prefer to locate their core data centers in Hong Kong or other areas outside of the PRC partly due to fear of the PRC governmental control over the internet. We do not currently compete with data center service providers located in Hong Kong and overseas, but we may compete with them if we expand our service offerings beyond China. We believe that there are currently no foreign competitors with a significant presence in the data center services market in China, partly due to the regulatory barriers in China's telecommunications sector. As China represents a potentially lucrative market for foreign competitors, some foreign providers may seek to enter the Chinese market. We believe we have accumulated a deep understanding of the requirements of China's data center market through our extensive operational experience and have developed a comprehensive suite of services and solutions tailored to the unique characteristics of the internet market in China. As we expand our service offerings, such as cloud services, we expect to face more competitions in those areas as well.

Regulations

This section sets forth a summary of the most significant regulations or requirements that affect our business activities in China or our shareholders' rights to receive dividends and other distributions from us.

As the internet and telecommunication industry is still at a relatively early stage of development in China, new laws and regulations may be adopted from time to time that will require us to obtain additional licenses and permits in addition to those that we currently have, and to address new issues that arise from time to time. As a result, substantial uncertainties exist regarding the interpretation and implementation of current and future Chinese laws and regulations applicable to the data center services industry. See "Risk Factors—Risks Related to Doing Business in China."

Regulations on Value-Added Telecommunications Business and Data Center Services

Among all of the applicable laws and regulations, the Telecommunications Regulations of the People's Republic of China, or the Telecom Regulations, implemented on September 25, 2000, is the primary governing law, and sets out the general framework for the provision of telecommunication services by domestic PRC companies. Under the Telecom Regulations, telecommunications service providers are required to procure operating licenses prior to their commencement of operations. The Telecom Regulations distinguish "basic telecommunications services" from "value-added telecommunications services." Value-added telecommunications services are defined as telecommunications and information services provided through public networks. A "Catalog of Telecommunications Business" or the Catalog, was issued as an attachment to the Telecom Regulations to categorize telecommunications services as either basic or value-added. In February 2003, the Catalog was updated, categorizing online data and transaction processing, on-demand voice and image communications, domestic internet virtual private networks, data centers, message storage and forwarding (including voice mailbox, e-mail and online fax services), call centers, internet access, and online information and data search as value-added telecommunications services.

Pursuant to the Telecom Regulations value-added telecommunications services covering two or more provinces, autonomous regions, and/or municipalities directly administered by the central government shall be approved by the MIIT, and the providers of such cross-regional value-added telecommunications services are required to obtain the Cross-Regional VAT licenses. Value-added telecommunications services covering certain area within one province, autonomous region, and/or municipality directly administered by the central government shall be approved by the local telecommunications administration authority of such region and the providers of such value-added telecommunications services are required to obtain the VAT licenses. Pursuant to the Administrative Measures for Telecommunications Business Operating Licenses (effective on April 10, 2009, promulgated by the MIIT), Cross-Regional VAT licenses shall be approved and issued by the MIIT with five-year terms.

Currently, Langfang Xunchi holds a VAT License issued by Hebei Province Communications Administration on April 10, 2013 with a term effective until April 10, 2017. It is permitted to carry out its data center business in Langfang and Baoding. 21Vianet Beijing holds a Cross-Regional VAT license issued by the MIIT on January 17, 2012 with a term effective until January 17, 2017 under the first category of the "value-added telecommunications business." As specified in this Cross-Regional VAT license, 21Vianet Beijing is permitted to carry out the data center services across nine cities in China. Gehua holds a VAT License issued by Guangdong Communications Administration on March 29, 2013 with a term effective until December 29, 2016. It is permitted to carry out its internet access service business and information service business (limited to internet information service business) under the second category of "value-added telecommunications business" in Guangdong Province. CYSD holds a VAT License issued by Beijing Communications Administration on March 20, 2012 with a term effective until June 21, 2016. It is permitted to carry out its internet access service business and information service business (excluding fixed-line telephone information service and internet information service) under the second category of "value-added telecommunications business" in Beijing. BJ Tianwang holds a VAT License issued by the Beijing Communications Administration on January 22, 2014 with a term effective until December 12, 2014. It is permitted to carry out its internet access business under the second category of "value-added telecommunications business" in Beijing. A renewed VAT License was issued to BJ Tianwang on December 31, 2014 with a term effective until December 31, 2019. BJ Tianwang also holds a Cross-Regional VAT License issued by the MIIT on August 23, 2013 with a term effective until January 7, 2018. It is permitted to carry out its virtual private network services under the first category of "value-added telecommunications business" across 25 cities in China. BJ Yilong holds a VAT License issued by the Beijing Communications Administration on October 19, 2010, which was renewed on May 22, 2014 with a term effective until October 8, 2015. It is permitted to carry out its information service business (limited to mobile network) under the second category of "value-added telecommunications business" in Beijing. SZ DYX holds a Cross-Regional VAT License issued by the MIIT on September 18, 2013 with a term effective until July 29, 2018. It is permitted to carry out (i) its virtual private network services under the first category of "value-added

telecommunications business" across China; and (ii) call center and information service business (limited to mobile network) under the second category of "value-added telecommunications business" across China. SC Aipu holds a Cross-Regional VAT License issued by the MIIT on July 31, 2012 with a term effective until August 1, 2016. It is permitted to carry out call center and information service business (limited to mobile network) under the second category of "value-added telecommunications business" across 11 cities in China. In addition, MIIT has also approved SC Aipu to authorize each of its 5 subsidiaries to carry out internet access business under the second category of "value-added telecommunications business" in the city where such subsidiary is located. SH Guotong holds a Cross-Regional VAT License issued by the MIIT on November 15, 2012, which was renewed on January 20, 2015 with a term effective until January 20, 2020. It is permitted to carry out internet access business under the second category of "value-added telecommunications business" across 14 cities in China.

MIIT initiated a periodical pilot scheme for mobile network resale business by issuing the Pilot Work Notice, pursuant to which, the qualified private sector enterprises are encouraged, but not required, to apply to participate in the pilot scheme in mobile network resale business and the pilot scheme only lasts for a short period ending on December 31, 2015. MIIT will, according to the Pilot Work Notice, adjust relevant policies in the future as appropriate based on the result of such pilot scheme. 21Vianet Beijing has voluntarily applied to participate in the pilot scheme and obtained approval on August 18, 2014, with a term expiring on December 31, 2015.

We believe such pilot scheme represents the current administration's continuous efforts in carrying out the recent policies of the PRC State Council and MIIT regarding encouraging private sectors to further participate in the telecommunication industry. The Pilot Work Notice specifically mentioned that the mobile network resale business, which we believe shares something in common with our managed network services, is a second-category basic telecommunication business rather than a value-added telecommunication business, and this, to some extent, reflects a legislative trend to welcome private enterprises (in comparison to the state-owned enterprise) to participate in basic telecommunication businesses in the soon future. Nevertheless, although we believe this Pilot Work Notice is not a practical change or modification to the current legal framework which our managed network service business might be subject to and it represents a legislative trend to open up the basic telecommunication business market to the private enterprises, new laws, regulations or government interpretations may also be promulgated from time to time to regulate the hosting service and managed network service or any of our related technology or services, which may require us to obtain additional, or expand existing, operating licenses or permits. Any of these factors could result in our disqualification from carrying out our current business, causing significant disruption to our business operations which may materially and adversely affect our business, financial condition and results of operations. We will be closely monitoring the developments of relevant laws and regulations.

Regulations on Foreign Investment in Telecommunications Enterprises

The PRC government imposes limitations on the foreign ownership of PRC companies that engage in telecommunications-related business. Under the Administrative Rules for Foreign Investments in Telecommunications Enterprises issued by the PRC State Council on December 11, 2001 and effective on January 1, 2002, which was further amended on September 10, 2008, a foreign investor is currently prohibited from owning more than 50% of the equity interest in a PRC company that engages in value-added telecommunications business.

The Circular on Strengthening the Administration of Foreign Investment in and Operation of Value-Added Telecommunications Business issued by the MIIT on July 13, 2006, among others, requires a foreign investor to set up an FIE and obtain an operating permit in order to carry out any value-added telecommunications business in China. Under this circular, a domestic value-added telecommunications service operator that holds a VAT license is prohibited from leasing, transferring or selling such license to foreign investors, and from providing any assistance in the form of resources, sites or facilities to foreign investors that conduct value-added

telecommunications business illegally in China. Furthermore, the relevant trademarks and domain names that are used in the value-added telecommunications business of domestic operators must be owned by such domestic operators or their shareholders. The circular further requires each VAT license holder to have the necessary facilities for its approved business operations and to maintain such facilities in the regions covered by its VAT license. In addition, all value-added telecommunications service operators are required to maintain network and information security in accordance with the standards set forth under relevant PRC regulations. Due to a lack of interpretations from the regulator, it remains unclear what impact this circular would have on us.

We conduct our businesses in China primarily through contractual arrangements among us, our wholly-owned PRC subsidiaries, our variable interest entities and their shareholders. In the opinion of Beijing DHH Law Firm, our PRC legal counsel, each of the contracts under the contractual arrangements is valid, legally binding and enforceable upon each party of such arrangements under PRC laws and regulations, and will not result in any violation of PRC laws or regulations currently in effect. However, there are substantial uncertainties regarding the interpretation and application of PRC laws and regulations. Accordingly, there can be no assurance that the PRC regulatory authorities may not in the future take a view that is contrary to the above opinion of our PRC legal counsel. If the PRC government finds that the arrangements that establish the structure for operating our business do not comply with PRC law and regulations restricting foreign investment in the telecommunications business, we could be subject to severe penalties.

In addition, the Circular on Strengthening the Administration of Foreign Investment in and Operation of Value-Added Telecommunications Business provides that domestic telecommunications companies that intend to be listed overseas must obtain the approval from the MIIT for such overseas listing. Up to the date of this annual report, the MIIT has not issued any definitive rule concerning whether offerings like ours would be deemed an indirect overseas listing of our PRC affiliates that engage in telecommunications business. If the MIIT subsequently requires that we obtain its approval, it may have a material adverse effect on the trading price of our ADSs.

Regulations on Foreign Exchange Registration of Overseas Investment by PRC Residents

According to Circular 37, PRC residents are required to register with local SAFE branches in connection with their direct establishment or indirect control of an offshore entity for the purposes of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in Circular 37 as a "special purpose vehicle." The term "control" under Circular 37 is broadly defined as the operation rights, beneficiary rights or decision-making rights acquired by the PRC residents in the offshore special purpose vehicles or PRC companies by such means as acquisition, trust, proxy, voting rights, repurchase, convertible bonds or other arrangements. Circular 37 further requires amendment to the registration in the event of any changes with respect to the basic information of the special purpose vehicle, such as changes in a PRC resident individual shareholder, name or operation period; or any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. If the shareholders of the offshore holding company who are PRC residents do not complete their registration with the local SAFE branches, the PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the offshore company, and the offshore company may be restricted in its ability to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with SAFE registration and amendment requirements described above could result in liability under PRC law for evasion of applicable foreign exchange restrictions. On February 13, 2015, SAFE promulgated the SAFE Notice 13, which will take effect on June 1, 2015. SAFE Notice 13 has delegated to the qualified banks the authority to register all PRC residents' investment in "special purpose vehicle" pursuant to the Circular 37, except that those PRC residents who have failed to comply with Circular 37 will remain to fall into the jurisdiction of the local SAFE branches and must make their supplementary registration application with the local SAFE branches.

See "Risk Factors—Risks Related to Doing Business in China—PRC regulations relating to the establishment of offshore special purpose vehicles by PRC residents may subject our PRC resident beneficial

owners to personal liability and limit our ability to acquire PRC companies, to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to distribute profits to us, or otherwise materially and adversely affect us."

Regulations on Employee Stock Option Granted by Listed Companies

On December 25, 2006, the People's Bank of China, issued the Administration Measures on Individual Foreign Exchange Control, and its Implementation Rules was issued by SAFE on January 5, 2007, both of which became effective on February 1, 2007. Under these regulations, all foreign exchange matters involved in employee share ownership plans, share option plans and other equity incentive plans participated by PRC individuals shall be transacted upon the approval from the SAFE or its authorized branch.

On February 15, 2012, the SAFE promulgated SAFE Notice 7, replacing the Application Procedure of Foreign Exchange Administration for PRC Residents Participating in Employee Stock Holding Plan or Stock Option Plan of Overseas-Listed Company promulgated in March 2007. SAFE Notice 7 is applicable to domestic directors, supervisors, senior management and other employees of an overseas-listed domestic company, PRC subsidiaries or branches of an overseas-listed company and any PRC entities which are directly or indirectly controlled by an overseas-listed company, or Domestic Company, including PRC citizens and foreign citizens who have resided in the PRC for one year or more, or PRC Residents. Under SAFE Notice 7, PRC Residents who participate in a share incentive plan of an overseas publicly listed company are required, through the Domestic Company or a PRC agent, or Domestic Agent, to complete certain procedures and transactional foreign exchange matters under the stock incentive plan upon the examination by, and the approval of, SAFE or its authorized local counterparts; the Domestic Agent is required to register relevant information of the stock incentive plan with the authorized local counterparts of SAFE within three business days of each quarter and is also required to complete foreign exchange cancellation procedures within twenty business days after termination of the stock incentive plan.

On July 16, 2010, our board of directors adopted our 2010 Plan which was subsequently amended on January 14, 2011 and July 6, 2012. On May 29, 2014, we adopted our 2014 Plan on our annual general meeting which was subsequently amended on April 1, 2015 by unanimous written approval of our board of directors. Under the 2010 Plan and 2014 Plan, we may issue employee stock options to our qualified employees and directors on a regular basis. We have advised our employees and directors participating in the 2010 Plan and 2014 Plan to handle foreign exchange matters in accordance with SAFE Notice 7. However, we cannot assure you that our PRC individual beneficiary owners and the stock options holders can successfully register with the SAFE in full compliance with SAFE Notice 7. PRC individuals and PRC companies in violation of SAFE Notice 7 will be punished by the SAFE, according to the Regulation of the People's Republic of China on Foreign Exchange Administration, Detailed Rules for the Implementation of the Measures for the Administration of Individual Foreign Exchange and other regulations.

Regulations on Foreign Currency Exchange

Pursuant to applicable PRC regulations on foreign currency exchange, Renminbi is freely convertible only to the extent of current account items, such as trade-related receipts and payments, interest and dividends. Capital account items, such as direct equity investments, loans and repatriation of investment, require the prior approval from the SAFE or its local branch for conversion of Renminbi into a foreign currency, such as U.S. dollars. Payments for transactions that take place within the PRC must be made in Renminbi. Domestic companies or individuals can repatriate foreign currency payments received from abroad, or deposit these payments abroad subject to the requirement that such payments shall be repatriated within a certain period of time. Foreign-invested enterprises may retain foreign exchange in accounts with designated foreign exchange banks. Foreign currencies received for current account items can be either retained or sold to financial institutions that have foreign exchange settlement or sales business without prior approval from the SAFE, subject to certain regulations. Foreign exchange income under capital account can be retained or sold to financial institutions that

have foreign exchange settlement and sales business, with prior approval from the SAFE, unless otherwise provided.

In addition, the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or SAFE Circular No. 142, issued by the SAFE on August 29, 2008, regulates the conversion by FIEs of foreign currency into Renminbi by restricting how the converted Renminbi may be used. SAFE Circular 142 requires that Renminbi converted from the foreign currency-denominated capital of an FIE may only be used for purposes within the business scope approved by the relevant government authority and may not be used to make equity investments in PRC, unless specifically provided otherwise. The SAFE further strengthened its oversight over the flow and use of Renminbi funds converted from the foreign currency-denominated capital of an FIE. The use of such Renminbi may not be changed without approval from the SAFE, and may not be used to repay Renminbi loans if the proceeds of such loans have not yet been used. Any violation of SAFE Circular 142 may result in severe penalties, including substantial fines. The Notice on the Reform of Administration of Foreign Currency Capital Settlement by Foreign Investment Enterprises in Several Experimental Areas issued by the SAFE on July 4, 2014 lifted certain restrictions on the usage of Renminbi converted from the foreign currency-denominated capital, by allowing FIEs to make equity investments in PRC in certain experimental areas with converted Renminbi after making registration with the local SAFE branch.

In November 2012, SAFE promulgated the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment which substantially amends and simplifies the current foreign exchange procedure. Pursuant to this circular, the opening of various special purpose foreign exchange accounts (e.g. pre-establishment expenses account, foreign exchange capital account, guarantee account), the reinvestment of lawful incomes derived by foreign investors in the PRC (e.g. profit, proceeds of equity transfer, capital reduction, liquidation and early repatriation of investment), and purchase and remittance of foreign exchange as a result of capital reduction, liquidation, early repatriation or share transfer in an FIE no longer require SAFE approval, and multiple capital accounts for the same entity may be opened in different provinces, which was not possible before. In addition, SAFE promulgated the Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents in May 2013, which specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC shall be conducted by way of registration and banks shall process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

On February 13, 2015, SAFE promulgated the Circular on Further Simplifying and Improving the Policies Concerning Foreign Exchange Control on Direct Investment, or SAFE Circular 13, which will take effect on June 1, 2015. SAFE Circular No. 13 delegates the authority to enforce the foreign exchange registration in connection with the inbound and outbound direct investment under relevant SAFE rules to certain banks and therefore further simplifies the foreign exchange registration procedures for inbound and outbound direct investment.

Regulations on Dividend Distribution

Under applicable PRC laws and regulations, FIEs in China may pay dividends only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, f in China are required to allocate at least 10% of their respective accumulated profits each year, if any, to fund statutory reserve funds unless these reserves have reached 50% of the registered capital of the respective enterprises. These reserves are not distributable as cash dividends.

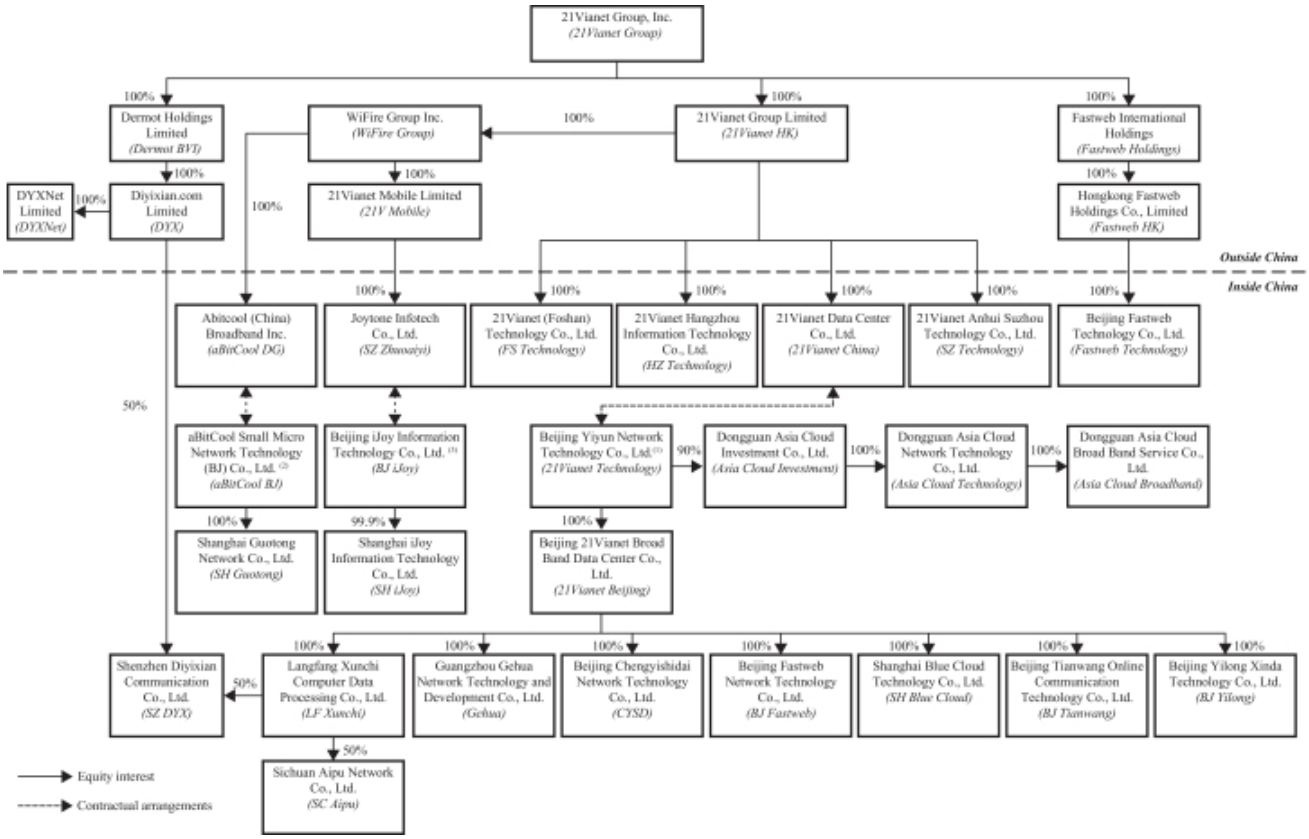
C. Organizational Structure

We commenced operations in 1999, and through a series of corporate restructurings, established a holding company, AsiaCloud, in October 2009 under the laws of the Cayman Islands. AsiaCloud was formerly a

wholly-owned subsidiary of aBitCool, a company incorporated under the laws of the Cayman Islands. In October 2010, AsiaCloud effected a repurchase and cancellation of all its outstanding shares held by aBitCool and the issuance of ordinary shares and preferred shares to the shareholders of aBitCool so that they maintained their respective ownership interests in AsiaCloud directly. In connection with the restructuring, AsiaCloud changed its name to 21Vianet Group, Inc.

Due to restrictions under PRC law on foreign ownership of entities engaged in data center and telecommunications value-added services, we conduct our operations in China through contractual arrangements among us, our wholly-owned PRC subsidiaries, our variable interest entities and their shareholders. As a result of these contractual arrangements, we control our variable interest entities and have consolidated the financial statements of our consolidated affiliated entities in our consolidated financial statements.

The following diagram illustrates our current corporate structure of our principal operating entities:



(1) Mr. Sheng Chen and Mr. Jun Zhang, our co-founders, hold approximately 70% and 30% of the equity interests in 21Vianet Technology, respectively, and are parties to the contractual agreements through which we conduct our operations in China.

(2) Mr. Sheng Chen and Mr. Jun Zhang, our co-founders, hold 95% and 5% of the equity interests in aBitCool BJ, respectively, and are parties to the contractual agreements through which we conduct our operations in China.

(3) Mr. Yang Peng holds 100% of the equity interests in BJ iJoy and is a party to the contractual agreements through which we conduct our operations in China.

Contractual Arrangements with Our Variable Interest Entities and Their Shareholders

PRC laws and regulations currently restrict foreign ownership of telecommunications value-added business. Because we are a Cayman Islands company, we are classified as a foreign enterprise under PRC laws and regulations and our wholly-owned PRC subsidiaries, 21Vianet China, SZ Zhuoaiyi and aBitCool DG, are considered as wholly-owned FIEs. To comply with PRC laws and regulations, we conduct our operations in China through a series of contractual arrangements among us, our wholly-owned PRC subsidiaries, our variable interest entities and their shareholders. The shareholders of our variable interest entities are founders, directors, executive officers, employees or shareholders of our company. They are also PRC citizens and therefore, our variable interest entities are considered as domestic companies under the PRC laws. For the years ended December 31, 2012, 2013 and 2014, our consolidated affiliated entities contributed substantially all of our total net revenues.

We have relied and expect to continue to rely, on our consolidated affiliated entities to operate our telecommunications value-added business in China as long as PRC laws and regulations do not allow us to directly operate such business in China. Our contractual arrangements with our variable interest entities and their shareholders enable us to:

- exercise effective control over our variable interest entities;
- receive substantially all of the economic benefits of our variable interest entities in consideration for the services provided by our wholly-owned PRC subsidiaries; and
- have an exclusive option to purchase all of the equity interest in our variable interest entities when permissible under PRC laws.

Accordingly, under U.S. GAAP, we consolidate 21Vianet Technology, BJ iJoy and aBitCool BJ as our “variable interest entities” in our consolidated financial statements.

Our contractual arrangements with our variable interest entities and their shareholders are described in further detail as follows:

Agreements that Provide Us Effective Control

Share Pledge Agreements. On February 23, 2011, 21Vianet China entered into a share pledge agreement with 21Vianet Technology and each of its shareholders. Pursuant to the share pledge agreement, each of the shareholders pledged his shares in 21Vianet Technology to 21Vianet China in order to secure the shareholders’ payment obligations under the loan agreement. Each shareholder also agreed not to transfer or create any other security or restriction on the shares of 21Vianet Technology without the prior consent of 21Vianet China. 21Vianet China, at its own discretion, is entitled to acquire each shareholder’s equity interests in 21Vianet Technology as permitted by PRC laws. We have registered the pledges of the equity interests in 21Vianet Technology with the local branch of the State Administration for Industry and Commerce.

Irrevocable Power of Attorney. Each shareholder of 21Vianet Technology has executed an irrevocable power of attorney. Pursuant to the irrevocable power of attorney, each shareholder appointed 21Vianet China or a person designated by 21Vianet China as his/her attorney-in-fact to attend shareholders’ meeting of 21Vianet Technology, exercise all the shareholder’s voting rights, including but not limited to, sale transfer, pledge or dispose of his/her equity interests in 21Vianet Technology. The power of attorney remains valid and irrevocable from the date of execution, so long as each shareholder remains the shareholder of 21Vianet Technology. The above irrevocable power of attorney was subsequently assigned to 21Vianet Group, Inc.

Optional Share Purchase Agreements. The optional share purchase agreement is entered into among 21Vianet China, 21Vianet Technology, 21Vianet Beijing and the shareholders of 21Vianet Technology on December 19, 2006. Pursuant to the agreement, the shareholders irrevocably grant 21Vianet China or its

designated persons the sole option to acquire from the shareholders or 21Vianet Technology all or any part of the equity interests in 21Vianet Technology and 21Vianet Beijing when permissible under PRC laws. 21Vianet Technology and 21Vianet Beijing made certain covenants to maintain the value of the equity interests, including but not limited to, engage in the ordinary course of business and refrain from making loans and entering into agreements exceeding the value of RMB200,000 with the exception of transactions made in the ordinary course of business. The term of the agreement is 10 years, expiring on December 18, 2016, which is renewable at the sole discretion of 21Vianet China.

Agreements that Transfer Economic Benefits from our Variable Interest Entity to Us or Absorb Losses

Loan Agreements and Financial Support Letter. 21Vianet China and the shareholders of 21Vianet Technology entered into a loan agreement on January 28, 2011. Pursuant to the agreements, 21Vianet China has provided interest-free loan facilities of RMB7.0 million and RMB3.0 million, respectively, to the shareholders of 21Vianet Technology, Sheng Chen and Jun Zhang, which was used to provide capital to 21Vianet Technology to develop our data center and telecommunications value-added business and related businesses. There is no fixed term for the loan. To repay the loans, the shareholders of 21Vianet Technology are required to transfer their shares in 21Vianet Technology to 21Vianet China or any entity or person designated by 21Vianet China, as permitted under PRC laws. The shareholders of 21Vianet Technology also undertake not to transfer all or part of their equity interests in 21Vianet Technology to any third party, or to create any encumbrance, without the written permission from 21Vianet China. In addition, we will provide unlimited financial support to 21Vianet Technology for its operations and agreed to forego the right to seek repayment in the event 21Vianet Technology is unable to repay such funding.

Exclusive Technical Consulting and Services Agreements. On July 15, 2003, 21Vianet China and 21Vianet Technology entered into an exclusive service agreement, which was superseded by a new exclusive technical consulting and service agreement entered into among 21Vianet China, 21Vianet Technology and 21Vianet Beijing on December 19, 2006. 21Vianet China agreed to provide 21Vianet Technology and 21Vianet Beijing with exclusive technical consulting and services, including internet technology services and management consulting services. 21Vianet Technology and 21Vianet Beijing agreed to pay an hourly rate of RMB1,000 and the rate is subject to adjustment at the sole discretion of 21Vianet China. 21Vianet Technology and 21Vianet Beijing agreed that they will not accept similar or comparable service arrangements that may replace the services provided by 21Vianet China without prior written consent of 21Vianet China. 21Vianet China is entitled to have sole and exclusive ownership of all rights, title and interests to any and all intellectual property rights arising from the provision of services. The term of this agreement is 10 years, expiring on December 18, 2016. This agreement is renewable at the sole discretion of 21Vianet China.

In April 2013, we completed acquisition of 100% equity interests in iJoy. In June 2014, we established aBitCool DG, which controls 100% of the equity interests in aBitCool BJ through contractual arrangements entered into in July 2014. The key terms of the contractual arrangements in relation to BJ iJoy and aBitCool BJ are similar to the contractual arrangements in relation to 21Vianet Technology, pursuant to which iJoy BVI and WiFire Group Inc., or WiFire Group, were considered as the primary beneficiaries of BJ iJoy and aBitCool BJ, respectively.

In the opinion of Beijing DHH Law Firm, our PRC legal counsel, each of the contracts under the contractual arrangements among us, our wholly-owned PRC subsidiaries, our variable interest entities and their shareholders governed by PRC law is valid, legally binding and enforceable to each party of such agreements under PRC laws and regulations, and will not result in any violation of PRC laws or regulations currently in effect.

We have been advised by our PRC legal counsel, however, that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations. Accordingly, there can be no assurance that the PRC regulatory authorities, in particular the MIIT, which regulates providers of telecommunications value-added services and other participants in the PRC telecommunications industry, and the

MOC, will not in the future take a view that is contrary to the above opinion of our PRC legal counsel. We have been further advised by our PRC legal counsel that if the PRC government finds that the agreements that establish the structure for operating our value-added services in China do not comply with PRC government restrictions on foreign investment in the telecommunications industry, we could be subject to severe penalties including being prohibited from continuing our operations. See "Risk Factors—Risks Related to Our Corporate Structure—If the PRC government finds that the arrangements that establish the structure for operating our business do not comply with PRC government restrictions on foreign investment in the telecommunications business or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations." In addition, these contractual arrangements may not be as effective in providing us with control over our variable interest entities as would direct ownership of our variable interest entities. See "Risk Factors—Risks Related to Our Corporate Structure—We rely on contractual arrangements with our variable interest entities and their shareholders for our China operations, which may not be as effective as direct ownership in providing operational control."

D. Property, Plants and Equipment

Our headquarters are located at M5, 1 Jiuxianqiao East Road, Chaoyang District, Beijing, the People's Republic of China. We lease facilities for our office space in Beijing, Shanghai, Guangzhou, Shenzhen, Xi'an, Hangzhou, Wuhan, Guiyang, Nanning, Chengdu, Suzhou, Hong Kong and Taiwan. Our office leases generally have terms ranging from one to ten years and may be renewed upon expiration of the lease terms. As of December 31, 2014, our offices occupied an aggregate of 36,360 square meters of leased space.

In Beijing, we also lease facilities for our self-built data centers located: (i) in the Chaoyang District, through two lease agreements with BOE Technology Group Co., Ltd., or BOE Technology, and one lease agreement with Beijing Shangjun Property Development Co., Ltd., or Beijing Shangjun, (ii) in the Beijing Economic and Technological Development Zone, through a lease agreement with Beijing Tengfei Boda Real Estate Development Co., Ltd., (iii) in the Daxing District, through a lease agreement with Beijing Xingguang Tuocheng Investment Co., Ltd.; and (iv) in the Chaoyang district, through three lease agreements with China Youth Printing Factory. These leases provide an aggregate of approximately 68,011 square meters of leased space and hosted a total of 8,073 cabinets as of December 31, 2014. The two leases with BOE Technology have a term of five years and eight years, expiring on April 30, 2015 and August 31, 2019, respectively. The two leases may be renewed upon mutually agreed-upon terms before they expire. For the lease expiring on April 30, 2015, we have already negotiated with BOE Technology to extend the term to August 31, 2019. The lease with Beijing Shangjun has a term of 65 months, expiring on August 31, 2019. We do not have a pre-emptive right to renew the lease. The lease with Beijing Tengfei Boda Real Estate Development Co., Ltd. has a term of ten years expiring on August 31, 2021, subject to our pre-emptive right to renew the lease. The lease with Beijing Xingguang Tuocheng Investment Co., Ltd. has a term of twenty years expiring on February 28, 2033, subject to our pre-emptive right to renew the lease. The three leases with China Youth Printing Factory has a term of six years, three years seven months and three days, and three years and five months, respectively, all of which expiring on March 30, 2018, subject to our pre-emptive right to renew the lease.

In Shenzhen, we also lease facilities for our self-built data centers located in the Nanshan District, through two lease agreements with Shenzhen Merchants Property Development Co., Ltd., which provide an aggregate of 2,526 square meters of leased space and hosted a total of 454 cabinets as of December 31, 2014. The leases both have a term of 47 months expiring on September 30, 2015.

In Shanghai, we also lease facilities for our self-built data centers located in the Baoshan District, through a lease agreement with Shanghai Cloud Century Co., Ltd., which provides an aggregate of 10,409 square meters of leases space and hosted a total of 877 cabinets as of December 31, 2014. The lease has a term of 18 years expiring on May 12, 2030.

In Hangzhou, we also lease facilities for our self-built data centers, offices and research centers located in Hangzhou Economic Development Zone, through a lease agreement with Hangzhou Economic and Development Zone Qiantang Real Estate Development Co., Ltd., which provides an aggregate of 11,020 square meters of leased space and hosted a total of 997 cabinets as of December 31, 2014. The lease has a term of 20 years expiring on July 31, 2031, subject to our pre-emptive right to renew the lease.

We have also built our own data centers in our self-owned buildings in Xi'an, Shanghai, Foshan, Suzhou and Ningbo, housing 4,191 cabinets.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes included elsewhere in this annual report on Form 20-F. This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Item 3. Key Information—D. Risk Factors" or in other parts of this annual report on Form 20-F.

A. Operating Results

Overview

We are a leading carrier-neutral internet data center services provider in China. We host our customers' servers and networking equipment and provide interconnectivity to improve the performance, availability and security of their internet infrastructure. We also provide managed network services to enable customers to deliver data across the internet in a faster and more reliable manner through our extensive data transmission network and our proprietary smart routing technology. Furthermore, we provide complementary value-added services, such as CDN services, VPN services and last-time wired broadband services to improve the security, speed and quality of data transmission in China. We started offering public cloud services in 2013 and private cloud and hybrid services in 2014. We believe that the scale of our data center and networking assets as well as our carrier-neutrality position us well to capture opportunities and become a leader in the rapidly emerging market for cloud computing infrastructure services in China.

We have benefited from our premium data centers and extensive interconnected nationwide data transmission network, diversified and loyal customer base and our strong focus on customer satisfaction and technological innovation. Going forward, we expect that we will continue to benefit from the growth of China's data center services market. However, we also face risks and uncertainties, including those relating to our ability to successfully implement our expansion plan, our integration of newly acquired businesses, our competition with, and dependency on, China Telecom and China Unicom, our ability to attract new customers and retain existing customers and our ability to control costs as a result of being a public company. In particular, we plan to significantly increase the aggregate number of cabinets under our management at both of our new self-built data centers and partnered data centers. We also plan to expand our CDN services as part of our hosting business. If we are not able to successfully implement our expansion plan or our planned expansion does not achieve the desired results, our business and results of operations could be materially and adversely affected.

As part of our business expansion strategy to expand our businesses, we acquired certain businesses that are complementary to our businesses, such as Fastweb, BJ Tianwang and BJ Yilong, iJoy, Aipu Group and Dermot Entities. Therefore, the results of operations of the acquired businesses were consolidated into our results of operations. The contribution from the newly acquired businesses in 2014 to our total net revenues and cost of

revenues in 2014 were RMB598.8 million (US$96.5 million) and RMB407.2 million (US$65.6 million), respectively. Such impact accounted for 20.8% and 19.7% of the our total net revenues and cost of revenues in 2014, respectively. The net profit contribution from the acquired businesses in 2014 was RMB55.7 million (US$9.0 million), compared to our total net loss of RMB328.5 million (US$52.9 million) in 2014, which was partially attributable to the increase of the fair value of the contingent purchase consideration for business acquisitions of RMB22.6 million (US$3.6 million), amortization of intangible assets derived from acquisitions of RMB106.9 million (US$17.2 million), higher share based compensation expenses and interest expenses in 2014.

Our net revenues increased from RMB1,524.2 million in 2012, to RMB1,966.7 million in 2013 and to RMB2,876.4 million (US$463.6 million) in 2014, representing a CAGR of 37.4% from 2012 to 2014. The total number of cabinets under our management increased from 11,917 as of December 31, 2012, to 14,041 as of December 31, 2013 and to 21,522 as of December 31, 2014. Our average monthly recurring net revenues increased from RMB125.2 million in 2012, to RMB146.6 million in 2013 and to RMB208.4 million (US$33.6 million) in 2014. We recorded a net profit from continuing operation of RMB57.7 million in 2012, which reflected share-based compensation expenses of RMB67.6 million. We recorded a net loss of RMB47.0 million and RMB328.5 million (US$52.9 million) in 2013 and 2014, respectively, which reflected share-based compensation expenses of RMB67.8 million and RMB233.7 million (US$37.7 million), respectively.

Factors Affecting Our Results of Operations

Our business and results of operations are generally affected by the development of China's data center services market. We have benefited from the rapid growth of China's data center services market during the recent years. According to IDC, the total China internet data center services market was US$2.2 billion in 2013, a 28.2% year over year growth rate, and is expected to reach US$7.6 billion in 2018, representing a five-year CAGR of 28.5%. However, any adverse changes in the data center services market in China may harm our business and results of operations.

While our business is influenced by factors affecting the data center services market in China generally, we believe that our results of operations are more directly affected by company-specific factors, including number of cabinets under management and cabinet utilization rate, monthly recurring revenues and churn rate, pricing, growth in complementary markets and optimization of our managed network services and our cost structure.

Number of Cabinets under Management and Cabinet Utilization Rate

Our revenues are directly affected by the number of cabinets under management and the utilization rates of these cabinet spaces. We had 11,917, 14,041 and 21,522 cabinets under management as of December 31 2012, 2013 and 2014, respectively. Our annualized average monthly cabinet utilization rates were 74.4%, 70.8% and 71.9% in 2012, 2013 and 2014, respectively. We calculate the annualized cabinet utilization rate in a year as the average of the four quarterly cabinet utilization rates in that year, and we calculated quarterly cabinet utilization rate by dividing our weighted average billable cabinets by weighted average cabinet capacity in that quarter. Our quarterly and annualized cabinet utilization rates fluctuate due to the continuous changes in both our weighted average billable cabinets and weighted average cabinet capacity. The decrease in annualized cabinet utilization rates from 74.4% in 2012 to 71.9% in 2014 reflected the aggressive cabinet expansion strategy we adopted in the past three years. Our future results of operations and growth prospects will largely depend on our ability to increase the number of cabinets under management while maintaining optimal cabinet utilization rate. With the rapid growth of China's internet industry, demand for cabinet spaces has increased significantly and we do not always have sufficient self-built capacity to meet such demand. It usually takes twelve to eighteen months to build a data center together with cabinets and equipment installed. To meet our customers' immediate demand, we may partner with China Telecom, China Unicom or other parties and lease cabinets from them. Due to the time needed to build data centers and the long-term nature of these investments, if we over-estimate the market demand for cabinets, it will lower our cabinet utilization rate and negatively affect our results of operations.

Monthly Recurring Revenues and Churn Rate

Our average monthly recurring revenues and churn rate directly affect our results of operations. Our business is based on a recurring revenue model comprised of hosting services and managed network services. We consider these services recurring as our customers are generally billed and revenue recognized on a fixed and recurring basis each month for the duration of their contract, which is generally one year in length. Our non-recurring revenues are primarily comprised of fees charged for installation services, additional bandwidth used by customers beyond contracted amount and other value-added services. These services are considered to be non-recurring as they are billed and recognized over the period of the customer service agreement.

We use "monthly recurring revenues" to measure those revenues recognized on a fixed and recurring basis each month. Recurring revenues have comprised more than 85% of our total revenues for each of the months during the past three years. Our average monthly recurring revenues increased from RMB125.2 million in 2012 to RMB146.6 million in 2013 and to RMB208.4 million (US$33.6 million) in 2014.

We use "churn rate" to measure the reduction of monthly revenues as a percentage of total monthly recurring revenues of the previous month that are attributable to the non-renewal or termination of customer contracts. Our average monthly churn rate as measured by monthly recurring revenues was 0.9% and 1.7% in 2012 and 2013. We started to use "hosting churn rate" in 2014 which we believe more accurately reflect our core IDC business and is also more commonly used by our peers in the data center industry in more advanced economies. Our average monthly hosting churn rate, based on our core IDC business, was 0.6% in 2014.

Pricing

Our results of operations also depend on the price level of our services. Due to the quality of our services and our optimized interconnectivity among carriers and networks, we are generally able to command premium pricing for our services. Nonetheless, because we are generally regarded as a premium data center and network service provider, many customers only place their mission critical servers and equipment in our data centers, but not the bulk of their needs. As we try to acquire more business from new and existing customers, expand into new markets, or try to adapt to changing market conditions, we may need to lower our prices or provide other incentives.

Growth in New and Complementary Markets

Our results of operations also depend on the growth of a few new business areas that well complement our core data center service offerings.

- *CDN services*. Since the acquisitions of Fastweb in 2012 and iJoy in 2013 respectively, CDN services have contributed to the growths of both of our revenues generated from hosting and related services and the overall consolidated revenues. As the internet infrastructure in China remains under-developed, especially relative to the tremendous growth of internet traffic generated from various internet applications, we expect demand for CDN services, which optimize internet traffic transmission in a cost-effective way, to remain robust. Key growth drivers include signing up new customers, additional services from existing customers and cross selling opportunities with our other business groups.
- *Cloud computing services*. Cloud computing services, largely through our partnerships with Microsoft, IBM and others, have contributed to our results of operations in 2014, the growth of which is expected to continue in 2015. While our cloud computing platforms are now supporting a significant number of customers, we believe the cloud computing market in China is still at its early stage. Key factors of growth in this market include signing up services from new customers, improving utilization rates of cloud computing resources with existing customers and introducing well-developed applications to improve cloud computing adoption rate.

- *Enterprise VPN services*. As one of the largest enterprise VPN service providers in the Asian Pacific region, following our acquisition of Dermot Entities in August 2014, we expect continued growth in this market to meet customers' growing demand for enterprise-grade VPN services with secure, dedicated connections. Key growth drivers include adding new customers, adding number of connections with existing customers and revenue synergies with our other business groups.

Optimization of Managed Network Services

Our results of operations also depend on the optimization of our managed network services as we continue to fine-tune our strategies in this business. We started offering managed network services in 2008 and revenues derived from managed network services constituted 43.1%, 36.0% and 31.1% of our total net revenues in 2012, 2013 and 2014, respectively. Our revenues from managed network services have increased from RMB657.3 million in 2012 to RMB707.5 million in 2013 and to RMB895.8 million (US$144.4 million) in 2014. Historically, we have acquired 100% equity interest in the Managed Network Entities, Gehua, BJ Tianwang and BJ Yilong, and 50% of equity interests plus one share in Aipu Group, that are complementary to our managed network services. We believe our managed network services will benefit from the growing market demand for faster data transmission and better interconnection and continue to serve as part of our competitive strengths as a comprehensive internet infrastructure service provider.

We expect that our managed network service business likely will be a relatively more volatile portion of our overall revenue base. As the managed network services market continues to evolve and as we further optimize our growth strategies and allocate resources to more attractive areas with higher growth and return rates, we may become more selective in pursuing future revenue opportunities in the managed network services business. In addition, we have experienced pricing pressure for our managed network services in recent years and we expect that this trend may continue. Therefore, revenues from managed network services could experience decline both in the absolute amount and as a percentage of our consolidated revenues, which could have a negative impact on our overall growth and profitability.

Our Cost Structure

Our ability to maintain and improve our gross margins depends on our ability to effectively manage our cost of revenues, which consist of telecommunications costs and other data center related costs. Telecommunications costs refer to expenses associated with acquiring bandwidth and related resources from carriers for our data centers. Telecommunications costs also cover rentals, utilities and other costs in connection with the cabinets we lease from our partnered data centers. Other costs include utilities and rental expenses for our self-built data centers, payroll, depreciation and amortization of our property and equipment, and other related costs. These costs increase as the number of our cabinets under management increases, likewise as we increase our headcount.

The mix of the self-built data centers and partnered data centers also affects our cost structure. Gross margin for cabinets located in our partnered data centers is generally lower than cabinets located in our self-built data centers. This is because telecommunication carriers who lease cabinet spaces to us for our partnered data centers would demand a profit on top of their costs in connection with the leasing of cabinet spaces to us. We plan to continue to lease data centers from such carriers or purchase data center facilities to meet the immediate market demand while building data centers in Beijing, Shanghai, Shenzhen, Hangzhou, Tianjin, Jiangsu, Xi'an and the Greater Guangzhou area. If we cannot effectively manage the market demand and increase the number of cabinets located in self-built data centers relatively to partnered data centers, we may not be able to improve our gross margins.

Key Components of Results of Operations

Net Revenues

The following table sets forth our revenues derived from our hosting and related services and managed network services, both in an absolute amount and as a percentage of total net revenues from our continuing operations, for the periods presented.

	For the Year Ended December 31,						
	2012		2013		2014		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except percentages)						
Net revenues:							
Hosting and related services	866,882	56.9	1,259,260	64.0	1,980,688	319,229	68.9
Managed network services	657,276	43.1	707,457	36.0	895,759	144,370	31.1
Total net revenues	1,524,158	100.0	1,966,717	100.0	2,876,447	463,599	100.0

Hosting and Related Services

Hosting and related services have been our primary sources of revenues. Hosting and related services include managed hosting services, interconnectivity services, CDN services, cloud services, VPN services and other value-added services. Revenues from our hosting and related services were RMB866.9 million, RMB1,259.3 million and RMB1,980.7 million (US$319.2 million) in 2012, 2013 and 2014, respectively, representing 56.9%, 64.0% and 68.9% of our total net revenues in the respective periods.

We generally enter into contracts with our customers with terms ranging from one to three years and most of our customer contracts have an automatic renewal provision. Customers generally pay our service fees on a monthly basis according to the amount of hosting spaces, the bandwidth and other value-added services they used or leased in the previous month.

Managed Network Services

Revenues from our managed network services increased in absolute amounts from RMB657.3 million in 2012, to RMB707.5 million in 2013 and to RMB895.8 million (US$144.4 million) in 2014, as a percentage of total net revenues, revenues from our managed network services decreased from 43.1% in 2012 to 36.0% in 2013 and to 31.1% in 2014.

Our managed network services help our customers optimize the internet routing experience through our proprietary routing technology and our extensive data transmission network. Contracts with customers of our managed network services generally have one-year terms with an automatic renewal provision. We charge our customers a monthly fee for the bandwidth optimized through our managed network services.

Cost of Revenues

Our cost of revenues primarily consists of telecommunications cost, and other costs. The following table sets forth, for the periods indicated, our cost of revenues, in absolute amounts and as a percentage of our total net revenues:

	For the Year Ended December 31,						
	2012		2013		2014		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except percentages)						
Cost of revenues:							
Telecommunications costs	887,173	58.2	1,107,867	56.3	1,353,469	218,140	47.0
Others	211,304	13.9	341,978	17.4	712,835	114,888	24.8
Total cost of revenues	1,098,477	72.1	1,449,845	73.7	2,066,304	333,028	71.8

Telecommunications costs refer to expenses incurred in acquiring telecommunication resources from carriers for our data centers, including bandwidth and cabinet leasing costs. Cabinet leasing costs cover rentals, utilities and other costs associated with the cabinets we lease from our partnered data centers. Our other costs of revenues include utilities costs for our self-built data centers, depreciation and amortization, payroll and other compensation costs and other miscellaneous items related to our service offerings.

We expect that our cost of revenues will continue to increase as our business expands, both organically and as a result of acquisitions. Additionally, we anticipate recording significant expenses related to the amortization of the intangible assets that we have acquired through acquisitions as these intangible assets are amortized over their remaining useful lives.

Operating Expenses

Our operating expenses consist of sales and marketing expenses, general and administrative expenses and research and development expenses. The following table sets forth our operating expenses for our continuing operations, both as an absolute amount and as a percentage of total net revenues for the periods indicated.

	For the Year Ended December 31,						
	2012		2013		2014		
	RMB	% of Net Revenues	RMB	% of Net Revenues	RMB	US$	% of Net Revenues
	(in thousands, except percentages)						
Operating expenses:							
Sales and marketing expenses(1)	109,871	7.2	154,479	7.9	287,229	46,293	10.0
General and administrative expenses(1)	153,512	10.1	186,907	9.5	493,309	79,507	17.2
Research and development expenses(1)	63,929	4.2	77,831	4.0	121,676	19,611	4.2
Changes in the fair value of contingent purchase consideration payable	17,430	1.1	55,882	2.8	22,629	3,647	0.8
Total Operating Expenses(1)	344,742	22.6	475,099	24.2	924,843	149,058	32.2

(1) Includes share-based compensation expense as follows:

	2012	2013	2014	
	RMB	RMB	RMB	US$
			(in thousands)	
Allocation of share-based compensation expenses:				
Sales and marketing expenses	10,508	13,405	13,482	2,173
General and administrative expenses	47,749	40,711	208,914	33,671
Research and development expenses	4,858	5,599	4,176	673
Total share-based compensation expenses	63,115	59,715	226,572	36,517

Sales and Marketing Expenses

Our sales and marketing expenses primarily consist of compensation and benefit expenses for our sales and marketing staff, including share-based compensation expenses, as well as advertisement and agency service fees. Our sales and marketing expenses also include office-related expenses and business development expenses associated with our sales and marketing activities. To a lesser extent, our sales and marketing expenses include depreciation of equipment used associated with our selling and marketing activities. As our business expands, both organically and as a result of acquisitions, we expect to increase the headcount of our sales and marketing staff and as a result, increase our sales and marketing expenses.

General and Administrative Expenses

Our general and administrative expenses primarily consist of compensation and benefits paid to our management and administrative staff, including share-based compensation expenses, the cost of third-party professional services, and depreciation and amortization of property and equipment used in our administrative activities. Our general and administrative expenses, to a lesser extent, also include office rent, office-related expenses, and expenses associated with training and team building activities. We expect that our other general and administrative expense items, such as salaries paid to our management and administrative staff as well as professional services fees, will increase as we expand our business, both organically and as a result of acquisitions.

Research and Development Expenses

Our research and development expenses primarily include salaries, employee benefits, share-based compensation expenses and other expenses incurred in connection with our technological innovations, such as container-based data centers and our proprietary smart routing technology. We anticipate that our research and development expenses will continue to increase as we devote more resources to develop and improve technologies, improve operating efficiencies and enhance our service offerings, including public cloud services.

Share-Based Compensation Expenses

We recorded share-based compensation expenses in connection with share options and RSUs granted under our 2010 Plan and 2014 Plan. As of the date of this annual report, options to purchase 8,067,824 ordinary shares and 3,575,395 RSUs have been granted to our employees, directors and consultants. We recorded share-based compensation expenses in the amount of RMB226.6 million (US$36.5 million), RMB59.7 million and RMB63.1 million for the year ended December 31, 2014, 2013 and 2012, respectively, in connection with our share-based incentive grants.

Amortization Expenses for Intangible Assets

Although amortization expenses for intangible assets have not been a significant factor affecting our results of operations, such amortization expenses have increased recently. In 2012, 2013 and 2014, our amortization expenses were RMB35.4 million, RMB58.9 million and RMB127.7 million (US$20.6 million), respectively. Primarily due to our acquisition, our intangible assets increased from RMB303.9 million as of December 31, 2012 to RMB336.9 million as of December 31, 2013 and to RMB1,404.5 million (US$226.4 million) as of December 31, 2014.

Taxation

The Cayman Islands

The Cayman Islands currently does not levy taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to our company levied by the government of the Cayman Islands, except for stamp duties that may be applicable on instruments executed in, or after execution brought within the jurisdiction of, the Cayman Islands. The Cayman Islands is not a party to any double taxation treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

The British Virgin Islands

Our British Virgin Islands subsidiaries are not subject to income or capital gain tax under the current laws of the British Virgin Islands.

Hong Kong

Our Hong Kong subsidiaries are subject to Hong Kong profits tax at a rate of 16.5% for the three years ended December 31, 2012, 2013 and 2014. We have not made a provision for Hong Kong profits tax in the consolidated financial statements because our Hong Kong subsidiaries had no assessable profits in the years ended December 31, 2012, 2013 and 2014, except for Diyixian.com Limited which was newly acquired in 2014 and has profits since acquisition.

Taiwan

The Taiwan branch of Diyixian.com Limited is incorporated in Taiwan and is subject to Taiwan profits tax rate of 17% for the year ended December 31, 2014.

PRC

Enterprise Income Tax. Our PRC subsidiaries, VIEs and are subject to PRC EIT on their taxable income in accordance with the relevant PRC income tax laws.

Effective January 1, 2008, the statutory corporate income tax rate is 25%, except for certain entities eligible for preferential tax rates.

21Vianet Beijing was qualified for an HNTE since 2008 and is eligible for a 15% preferential tax rate. In October 2014, 21Viaent Beijing obtained a new certificate, which will expire on December 31, 2016. In accordance with the PRC Income Tax Laws, an enterprise awarded with the HNTE status may enjoy a reduced EIT rate of 15%. For the years ended December 31, 2012, 2013 and 2014, 21Vianet Beijing applied a preferential tax rate of 15%.

In April 2011, 21Vianet Xi'an was qualified for a preferential tax rate of 15%. The preferential tax rate is awarded to companies that have operations in certain industries and meet the criteria set forth in the Preferential Tax Policies for Development of the Western Regions. Such qualification for preferential tax rate needs to be assessed on an annual basis.

In July 2012, Gehua was qualified as an HNTE and became eligible for a 15% preferential tax rate effective from 2012 to 2014, and for an additional three years thereafter if it is able to meet the technical and administrative requirements for HNTE in those three years.

In June 2009, BJ Fastweb was qualified as an HNTE and became eligible for a 15% preferential tax rate effective from 2009 to 2011, and thereafter for an additional three years if it is able to meet the HNTE technical and administrative requirements in those three years. After BJ Fastweb's HNTE certificate expired as of December 31, 2011, a renewed certificate was issued to BJ Fastweb in May 2012, which has expired on December 31, 2014. BJ Fastweb is in the process of renewing the HNTE certificate and it is still eligible for a 15% preferential tax rate as long as the renewed certificate is issued before December 31, 2015.

In 2013, BJ iJoy was qualified as a software enterprise which allows it to utilize a two-year 100% exemption for 2013 and 2014 followed by a three-year half-reduced EIT rate effective for the years from 2015 to 2017. For the year ended December 31, 2013 and 2014, BJ iJoy enjoyed 100% tax exemption for its taxable income in 2013 and 2014.

In 2010, GD Tianying was qualified as an HNTE and is eligible for a 15% preferential tax rate effective from 2010 to 2012, and thereafter for an addition 3 years if it is able to meet the HNTE technical and administrative requirements in those 3 years. GD Tianying's HNTE certificate expired as of December 31, 2012 and GD Tianying obtained a renewed certificate in October 2013, which will expire on December 31, 2015. For the year ended December 31, 2014, GD Tianying applied a preferential tax rate of 15%.

In 2000 and 2012, SC Aipu and Yunnan Aipu were qualified for a preferential tax rate of 15%. The preferential tax rate is awarded for companies that have operations in certain industries and meet the criteria of

the Preferential Tax Policies for Development of the Western Regions. The qualification will need to be assessed on an annual basis.

Our other PRC subsidiaries were subject to an EIT rate of 25% for the years ended December 31, 2012, 2013 and 2014.

Under the New EIT Law, dividends paid by PRC enterprises out of profits earned after 2007 to non-PRC tax resident enterprises are subject to PRC withholding tax of 10%. A lower withholding tax rate may be applied based on applicable tax treaty with certain countries or districts.

The New EIT Law also provides that enterprises established under the laws of foreign countries or regions and whose "place of effective management" is located within the PRC are considered PRC tax resident enterprises and subject to PRC income tax at the rate of 25% on worldwide income. The definition of "place of effective management" refers to an establishment that exercises, in substance, overall management and control over the production and business, personnel, accounting, properties, etc. of an enterprise. As of December 31, 2014, no detailed interpretation or guidance has been issued to define "place of effective management". Furthermore, as of December 31, 2014, the administrative practice associated with interpreting and applying the concept of "place of effective management" is unclear. If we are deemed as a PRC tax resident, we would be subject to PRC tax under the New EIT Law. We will continue to monitor changes in the interpretation or guidance of this law.

PRC Business Tax and VAT. In November 2011, the Ministry of Finance and the State Administration of Taxation jointly issued two circulars setting out the details of the pilot value-added tax ("VAT") reform program, which changed the charge of sales tax from business tax to VAT for certain pilot industries. The pilot VAT reform program initially applied only to the pilot industries in Shanghai, and was expanded to eight additional regions, including, among others, Beijing and Guangdong province, in 2012. In August 2013, the program was further expanded nationwide.

Effective in September 2012, all services provided by 21Vianet China and certain services provided by 21 Vianet Technology and 21 Vianet Beijing were subject to a VAT of 6%. Effective in June 2014, all telecommunication services provided in Mainland China were subject to a VAT of 6%.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of our consolidated financial statements requires us to make estimates and judgments that affect the reported amounts in our consolidated financial statements. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Although actual results have historically been reasonably consistent with management's expectations, actual results may differ from these estimates or our estimates may be affected by different assumptions or conditions.

Some of our accounting policies require higher degrees of judgment than others in their application. When reviewing our consolidated financial statements, you should consider (i) our selection of critical accounting policies, (ii) the judgment and other uncertainties affecting the application of such policies and (iii) the sensitivity of reported results to changes in conditions and assumptions. We consider the policies discussed below to be critical to an understanding of our consolidated financial statements as their application places significant demands on the judgment of our management. We believe the following critical accounting policies are the most significant to the presentation of our financial statements and some of which may require the most difficult, subjective and complex judgments and should be read in conjunction with our consolidated financial statements, the risks and uncertainties described under "Risk Factors" and other disclosures included in this annual report.

Revenue Recognition

We provide hosting and related services including hosting of customers' servers and networking equipment, connecting customers' servers with internet backbones, content delivery network services optimizing speed and security of data transmission, virtual private network services providing encrypted secured connection to public internet and other value-added services.

We also provide managed network services to enable our customers to deliver data across the internet in a faster and more reliable manner through extensive data transmission network and BroadEx smart routing technology, and to get the last-mile broadband internet connection services in large metro areas in China.

Consistent with the criteria under ASC topic 605 ("ASC 605"), *Revenue Recognition*, we recognize revenue from sales of these services when there is a signed sales agreement with fixed or determinable fees, services have been provided to the customer and collection of the resulting customer's receivable is reasonably assured.

Our services are provided under the terms of a master service agreement, which will typically accompany a one-year term renewal option with the same terms and conditions. Customers can choose at the outset of the arrangement to either use our services through a monthly fixed fee arrangement or choose a plan based on actual bandwidth or traffic volume used during the month at fixed pre-set rates. We recognize and bill for revenue for excess usage, if any, in the month of its occurrence to the extent a customer's usage of the services exceeds their pre-set monthly fixed bandwidth usage and fee arrangements. The rates as specified in the master service agreements are fixed for the duration of the contract term and are not subject to adjustment.

We may charge our customers an initial set-up fee prior to the commencement of their services. We record these initial set-up fees as deferred revenue and recognizes revenue ratably over the period of the customer service agreement. Generally, all our customers' service agreements will require some amount of initial set-up along with the selected service subscription.

We made sales of software for the Cloud Content Delivery Network ("CDN") system developed using our CDN platform technology know-hows. Revenue is recognized when all of the four basic criteria under ASC605-10 are met. In cases where we sold software together with post contract services ("PCS"), the arrangement is accounted for as a multiple element arrangement and the arrangement revenue is allocated based on the vendor-specific objective evidence ("VSOE") of fair value of the products and services. All revenue from the arrangement is deferred and recognized over the PCS term when the VSOE of fair value does not exist.

We provide last-mile wired broadband Internet access services, sometimes bundled with broadband related products, to individual and corporate customers at agreed prices. We allocate the contract price based on the relative selling price method with the selling price of each deliverable determined using VSOE of selling price, third-party evidence ("TPE") of selling price, or management's best estimate of the selling price ("BESP"). We consider all reasonably available information in determining the BESP, including both market and entity-specific factors. Revenues are recognized for each deliverable when all four criteria under ASC605-10 are met.

We evaluate whether it is appropriate to record the gross amount of service sales and related costs or the net amount earned as commissions. Generally, when we are primarily obligated in a transaction, have latitude in establishing prices and / or selecting suppliers, or have several but not all of these indicators, revenue is recorded at the gross sale price. We generally record the net amounts as commissions earned if we are not primarily obligated and do not have latitude in establishing prices. Such amounts earned are determined using a fixed percentage of the gross sales price.

Cash received in advance from customers that are expected to be recognized as revenue upon completion of performance obligations is recorded as deferred revenue when there is no general right of refund; otherwise, it is recorded as advances from customers.

Business tax on revenues earned from provision of services to customers is recorded as a deduction from gross revenue to derive net revenue in the same period in which the related revenue is recognized. Most of our PRC subsidiaries and Consolidated VIEs are subject to a business tax rate of 3% or 5%. The business tax expenses and other surcharges for the years ended December 31, 2012, 2013 and 2014 amounted to RMB56.1 million, RMB59.6 million and RMB25.2 million (US$4.1 million), respectively. Effective in September 2012, a value-added tax, or VAT, of 6%, replaced the original business tax in Beijing as a result of the PRC government's pilot VAT reform program, which applies to all services provided by 21Vianet China and certain services provided by 21Vianet Technology and 21Vianet Beijing. Effective since June 2014, VAT of 6% replaced the original business tax for all telecommunication services provided in Mainland China.

Fair Value of Financial Instruments

Our financial instruments include cash and cash equivalents, restricted cash, short-term investments, accounts receivable and payable, other receivables and payables, bonds payable, short-term and long-term bank and other borrowings, share-settled bonuses, mandatorily redeemable noncontrolling interests and balances with related parties. Other than the bonds payable, long-term bank and other borrowings, share-settled bonuses, mandatorily redeemable noncontrolling interests and the contingent consideration payable included in the balances with related parties, the carrying values of these financial instruments approximate their fair values due to their short-term maturities.

The carrying amounts of long-term bank and other borrowings approximate their fair values since they bear interest rates which approximate market interest rates. The contingent considerations in both cash and shares and share-settled bonuses are initially measured at fair value on the acquisition dates of the acquired businesses and the date of grant, respectively, and subsequently remeasured at the end of each reporting period with an adjustment for fair value recorded to the current period expense. The mandatorily redeemable noncontrolling interest is initially recognized at its issuance value. We recognize changes in the redemption value based on the higher of its redemption value at the end of each reporting period and the original issuance value as interest expense. We, with the assistance of an independent third party valuation firm, determined the estimated fair value of the contingent consideration in both cash and shares and mandatorily redeemable controlling interests that are recognized in the consolidated financial statements. Based on the quoted market price as of December 31, 2014, the fair value of the bonds payable was RMB2,211.3 million (US$356.4 million).

Consolidation of Variable Interest Entities

PRC laws and regulations currently restrict foreign ownership of PRC companies that engage in value-added telecommunications services, including content and application delivery services. To comply with the foreign ownership restriction, we conduct our businesses in the PRC through our variable interest entities using contractual arrangements entered into by us, 21Vianet China, 21Vianet Technology and its respective shareholders. See "—C. Organizational Structure". 21Vianet Beijing, subsidiary of 21Vianet Technology, holds a Cross-Regional VAT licenses to carry out the data center services across nine cities in China. We exercise effective control over 21Vianet Technology through a series of contractual arrangements, including: (i) an irrevocable power of attorney, under which each shareholder of 21Vianet Technology appointed 21Vianet China or a person designated by 21Vianet China as his/her attorney-in-fact to attend shareholders' meeting of 21Vianet Technology and exercise all the shareholder's voting rights, such power of attorney has been subsequently assigned to 21Vianet Group; (ii) a loan agreement and a financial support letter pursuant to which we agree to give unlimited financial support to 21Vianet Technology; and (iii) an exclusive technical consulting and services agreement, where we receive substantially all of the economic benefits of 21Vianet Technology in consideration for the services provided by 21Vianet China and we are considered the primary beneficiary of 21Vianet Technology. Accordingly, 21Vianet Technology is our variable interest entity under U.S. GAAP and we consolidate its result in our consolidated financial statements. Similar contractual arrangements had been entered into (i) amongst iJoy BVI, SZ Zhuoaiyi, BJ iJoy and its shareholder; and (ii) amongst WiFire Group, aBitCool DG, aBitCool BJ and its shareholders; and similar conclusion has been reached respect to the variable

interest entity structure with iJoy BVI and WiFire Group as the primary beneficiaries of BJ iJoy and aBitCool BJ, respectively. We have confirmed with Beijing DHH Law Firm, our PRC legal counsel, on the compliance and validity of each of the contractual agreements under PRC laws and regulations. However, any change in PRC laws and regulations may affect our ability to effectively control the variable interest entities and preclude us from consolidating the variable interest entities in the future.

Business Combinations

We acquired the Managed Network Entities, Gehua, 21Vianet Xi'an, Fastweb, BJ Tianwang, BJ Yilong, iJoy, Aipu Group and Dermot Entities in September 2010, October 2011, July 2012, September 2012, February 2013, February 2013, April 2013, May 2014 and August 2014 respectively, as well as other individually insignificant businesses during 2014. We accounted for these acquisitions pursuant to ASC topic 805, *Business Combinations* ("ASC 805"). ASC 805 requires us to recognize separately from goodwill the assets acquired and the liabilities assumed at their acquisition date fair values. Goodwill as of the acquisition date is measured as the excess of the acquisition date fair value of consideration transferred and the contingent considerations plus the acquisition date fair value of the noncontrolling interests, if any, over the net of the acquisition date fair values of the assets acquired and the liabilities assumed. In cases where we acquire less than 100% ownership interest, we will derive the fair value of the acquired business as a whole, which will typically include a control premium and subtract the consideration transferred by us for the controlling interest to identify the fair value of the noncontrolling interest. The share purchase agreements entered into may contain contingent consideration provisions obligating us to pay additional purchase consideration, upon the acquired business's achievement of certain agreed upon operating performance based milestones. Under ASC 805, these contingent consideration arrangements are required to be recognized and measured at fair value at the acquisition date as either a liability or as an equity instrument, with liability instruments being required to be remeasured at each reporting period through the results of our operations until such time as to when the contingency is resolved.

In connection with our acquisitions, we determine the estimated fair value of acquired identifiable intangible and tangible assets as well as assumed liabilities with the assistance of independent third party valuation firms. We derive estimates of the fair value of assets acquired and liabilities assumed using reasonable assumptions based on historical experiences and on the information obtained from management of the acquired companies. Critical estimates in valuing certain of the acquired intangible assets required us to but were not limited to the following: deriving estimates of future expected cash flows from the acquired business, the determination of an appropriate discount rate, deriving assumptions regarding the period of time that the acquired vendor contracts and customer relationship arrangements would continue and the initial measurement and recognition of any contingent consideration arrangements and the evaluation of whether contingent consideration arrangement is in substance compensation for future services. Unanticipated events may occur which may affect the accuracy or validity of such assumptions or estimates.

In case where we acquired the remaining interest in a subsidiary once we have obtained control, such transaction is accounted for as an equity transaction where the difference between the fair value of the purchase consideration and the carrying amount of the non-controlling interests is recorded in additional paid-in capital.

Short-term investments

All highly liquid investments with stated maturities of greater than 90 days but less than 365 days are mainly fixed rate time deposits, floating-rate time deposits and floating rate principal guaranteed investments that are classified as held-to-maturity short-term investments, which are stated at their amortized costs, which approximate their estimated fair value for their short-term maturity. We account for short-term investments in accordance with ASC Topic 320 ("ASC 320"), *Investments—Debt and Equity Securities*. We classify the short-term investments in debt and equity securities as "held-to-maturity", "trading" or "available-for-sale", whose classification determines the respective accounting methods stipulated by ASC 320. Dividend and interest income for all categories of investments in securities are included in earnings. Any realized gains or losses, if

any, on the sale of the short-term investments are determined on a specific identification method, and such gains and losses are reflected in earnings during the period in which gains or losses are realized.

The securities that we have positive intent and ability to hold to maturity are classified as held-to-maturity securities and stated at amortized cost. For individual securities classified as held-to-maturity securities, we evaluate whether a decline in fair value below the amortized cost basis is other-than-temporary in accordance with our policy and ASC 320. When we intend to sell an impaired debt security or it is more-likely-than-not that it will be required to sell prior to recovery of its amortized cost basis, an other-than-temporary impairment is deemed to have occurred. In these instances, the other-than-temporary impairment loss is recognized in earnings equal to the entire excess of the debt security's amortized cost basis over its fair value at the balance sheet date of the reporting period for which the assessment is made. When we do not intend to sell an impaired debt security and it is more-likely-than-not that it will not be required to sell prior to recovery of its amortized cost basis, we must determine whether or not it will recover its amortized cost basis. If we conclude that it will not, an other-than-temporary impairment exists and that portion of the credit loss is recognized in earnings, while the portion of loss related to all other factors is recognized in other comprehensive income (loss).

The securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities. Unrealized holding gains and losses for trading securities are included in earnings.

Investments not classified as trading or as held-to-maturity are classified as available-for-sale securities. Available-for-sale investment is reported at fair value, with unrealized gains and losses recorded in accumulated other comprehensive income (loss). Realized gains or losses are included in earnings during the period in which the gain or loss is realized. An impairment loss on the available-for-sale securities would be recognized in earnings when the decline in value is determined to be other-than-temporary. No impairment loss had been recorded during each of the three years ended December 31, 2014.

Goodwill

Goodwill represents the excess of the purchase price over the amounts assigned to the fair value of the assets acquired and the liabilities assumed of an acquired business. Our goodwill as of December 31, 2013 and 2014 were mainly related to our acquisitions of the Managed Network Entities, Fastweb, iJoy, Aipu Group (2014) and Dermot Entities (2014). In accordance with ASC 350, *Goodwill and Other Intangible Assets*, recorded goodwill amounts are not amortized, but rather are tested for impairment annually or more frequently if there are indicators of impairment present. We have adopted Accounting Standards Update No. 2011-08 ("ASU 2011-08"), *Intangibles — Goodwill and Others*, pursuant to which we can elect to perform a qualitative assessment to determine whether the two-step impairment testing on goodwill is necessary.

The performance of the impairment test in accordance to ASC 350 involves a two-step process. The first step of the impairment test involves comparing the fair value of the reporting unit with its carrying amount, including goodwill. Fair value is primarily determined by computing the future discounted cash flows expected to be generated by the reporting unit. If the reporting unit's carrying value exceeds its fair value, goodwill may be impaired. If this occurs, the Company performs the second step of the goodwill impairment test to determine the amount of impairment loss.

The fair value of the reporting unit is allocated to its assets and liabilities in a manner similar to a purchase price allocation in order to determine the implied fair value of the reporting unit's goodwill. If the implied goodwill fair value is less than its carrying value, the difference is recognized an impairment loss.

In accordance with ASC 350, we assigned and assessed goodwill for impairment at the reporting unit level. A reporting unit is an operating segment or one level below the operating segment. We have determined it has one reporting unit, which is also its only operating segment. Goodwill that has arisen as a result of the acquisitions of subsidiaries was assigned to this reporting unit.

In 2014, we have elected to assess goodwill for impairment using the two-step process. As of October 1, 2014, we completed our annual impairment test for goodwill that has arisen out of our acquisitions. We determined the fair value of the reporting unit using the income approach based on the discounted expected cash flows associated with the reporting unit. The discounted cash flows for the reporting unit were based on six year projections. Cash flow projections were based on past experience, actual operating results and management best estimates about future developments as well as certain market assumptions. Cash flows after six years were estimated using a terminal value calculation, which considered terminal value growth at 3%, considering the long term revenue growth for entities in a similar industry in the PRC. The discount rate of approximately 13% was derived and used in the valuations which reflect the market assessment of the risks specific to us and our industry and is based on its weighted average cost of capital. The resulting fair value of the reporting unit was higher than its carrying value, and as such, we were not required to complete the second step; therefore, no impairment losses were recognized in 2014. Similarly, pursuant to the same goodwill impairment tests in 2012 and 2013, no impairment losses were recognized.

Impairment of long-lived assets

We evaluate our long-lived assets or asset group, including intangible assets with finite lives, for impairment whenever events or changes in circumstances (such as a significant adverse change to market conditions that will impact the future use of the assets) indicate that the carrying amount of an asset or a group of long-lived assets may not be recoverable. When these events occur, we evaluate for impairment by comparing the carrying amount of the assets to future undiscounted net cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected undiscounted cash flow is less than the carrying amount of the assets, we would recognize an impairment loss based on the excess of the carrying amount of the asset group over its fair value. Fair value is generally determined by discounting the cash flows expected to be generated by the assets, when the market prices are not readily available for the long-lived assets. No impairment charge was recognized for each of the three years ended December 31, 2014.

Leases

Leases are classified at the inception date as either a capital lease or an operating lease. We did not enter into any leases whereby we are the lessor for any of the periods presented. As the lessee, a lease is a capital lease if any of the following conditions exists: a) ownership is transferred to the lessee by the end of the lease term, b) there is a bargain purchase option, c) the lease term is at least 75% of the property's estimated remaining economic life, or d) the present value of the minimum lease payments at the beginning of the lease term is 90% or more of the fair value of the leased property to the lessor at the inception date. A capital lease is accounted for as if there was an acquisition of an asset and an incurrence of an obligation at the inception of the lease. We entered into capital leases for certain fiber optic cables, network equipment and property in the years ended December 31, 2012, 2013 and 2014.

All other leases are accounted for as operating leases wherein rental payments are expensed on a straight-line basis over the periods of their respective lease terms. We lease office space and employee accommodation under operating lease agreements. Certain lease agreements contain rent holidays and escalating rent. Rent holidays and escalating rent are considered in determining the straight-line rent expense to be recorded over the lease term. The lease term begins on the date of initial possession of the lease property for purposes of recognizing lease expense on a straight-line basis over the term of the lease.

Income Taxes

We account for income taxes using the liability method. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the period in which the differences are expected to

reverse. We record a valuation allowance against deferred tax assets if, based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date.

We apply ASC 740, *Accounting for Income Taxes*, to account for uncertainty in income taxes. ASC 740 prescribes a recognition threshold a tax position is required to meet before being recognized in the financial statements.

We have elected to classify interest and penalties related to unrecognized tax benefits, if and when required, as part of "income tax" in the consolidated statements of operations.

Share-based Compensation

Share options and Restricted Share Units ("RSUs") granted to employees are accounted for under ASC 718, *Compensation—Stock Compensation*, which requires that share-based awards granted to employees be measured based on the grant date fair value and recognized as compensation expense over the requisite service period and/or performance period (which is generally the vesting period) in the consolidated statements of operations.

We have elected to recognize compensation expense using the straight-line method for share-based awards granted with service conditions that have a graded vesting schedule. For share-based awards granted with performance conditions, we recognize compensation expense using the accelerated method. We commence recognition of the related compensation expense if it is probable that the defined performance condition will be met. To the extent that we determine that it is probable that a different number of share-based awards will vest depending on the outcome of the performance condition, the cumulative effect of the change in estimate is recognized in the period of change.

For the performance bonuses that the employees can elect to settle in cash and/or our restricted shares (at an agreed premium), we estimate the portion of the arrangement to be settled in equity based on our past settlement practices and classify such portion as a liability in accordance with ASC718.

ASC 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from initial estimates. The forfeiture rate is estimated based on historical and future expectations of employee turnover rates and are adjusted to reflect future changes in facts and circumstances, if any.

Share-based compensation expense is recorded net of estimated forfeitures such that expense is recorded only for those share-based awards that are expected to vest. To the extent we revise this estimate in the future, the share-based payments could be materially impacted in the period of revision, as well as in following periods. During the years ended December 31, 2012 and 2013, we estimated that the forfeiture rate for both our management and non-management employees was zero. For the year ended 2014, we estimated that the forfeiture rate for both our management and non-management employees was 1.66%.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers. ASU 2014-09 outlines a comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 also requires significantly expanded disclosures about

revenue recognition. For public entities, ASU 2014-09 is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2016. Early adoption is not permitted. The Company is currently evaluating the impact of the adoption of ASU 2014-09 on the Group's consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40), *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern.* The guidance requires an entity to evaluate whether there are conditions or events, in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued and to provide related footnote disclosures in certain circumstances. The guidance is effective for the annual period ending after December 15, 2016, and for annual and interim periods thereafter. Early application is permitted. The Company has not yet adopted ASU 2014-15 and is currently in the process of evaluating the impact of the adoption of the update on the consolidated financial statements.

Inflation

In the last 3 years, inflation in China has not materially impacted our results of operations. According to the National Bureau of Statistics of China, the annual average percent changes in the consumer price index in China for 2012, 2013 and 2014 were 2.6%, 2.6% and 2.0%, respectively. The year-over-year percent changes in the consumer price index for January 2013, 2014 and 2015 were increases of 2.0%, 2.5% and 0.8%, respectively. Although we have not been materially affected by inflation in the past, we cannot assure you that we will not be affected in the future by higher rates of inflation in China.

Results of Operations

The following table sets forth a summary of our consolidated results of operations for the periods indicated both in absolute amount and as a percentage of our total net revenues. This information should be read together with our consolidated financial statements and related notes included elsewhere in this annual report. The results of operations in any period are not necessarily indicative of the results you may expect for future periods.

	For the Year Ended December 31,						
	2012		2013		2014		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except percentages)						
Consolidated Statements of Operations Data:							
Net revenues	1,524,158	100.0	1,966,717	100.0	2,876,447	463,599	100.0
Hosting and related services	866,882	56.9	1,259,260	64.0	1,980,688	319,229	68.9
Managed network services	657,276	43.1	707,457	36.0	895,759	144,370	31.1
Cost of revenues(1)	(1,098,477)	(72.1)	(1,449,845)	(73.7)	(2,066,304)	(333,028)	(71.8)
Gross profit	425,681	27.9	516,872	26.3	810,143	130,571	28.2
Operating expenses:							
Sales and marketing expenses(1)	(109,871)	(7.2)	(154,479)	(7.9)	(287,229)	(46,293)	(10.0)
General and administrative expenses(1)	(153,512)	(10.1)	(186,907)	(9.5)	(493,309)	(79,507)	(17.1)
Research and development expenses(1)	(63,929)	(4.2)	(77,831)	(4.0)	(121,676)	(19,611)	(4.2)
Changes in the fair value of contingent purchase consideration payable	(17,430)	(1.1)	(55,882)	(2.8)	(22,629)	(3,647)	(0.8)
Operating profit	80,939	5.3	41,773	2.1	(114,700)	(18,487)	(4.0)
Interest income	16,301	1.1	48,503	2.5	67,904	10,944	2.4
Interest expense	(11,376)	(0.7)	(136,775)	(7.0)	(232,020)	(37,395)	(8.1)
Loss on debt extinguishment	—	—	—	—	(41,581)	(6,702)	(1.4)
Other income	11,616	0.8	6,232	0.3	26,560	4,281	0.9
Other expense	(2,167)	(0.1)	(2,112)	(0.1)	(1,040)	(168)	(0.0)
Loss from equity method investment	(1,101)	(0.0)	(1,372)	(0.1)	(671)	(108)	(0.0)
Foreign exchange gain (loss)	(397)	(0.0)	7,072	0.4	(16,256)	(2,620)	(0.6)
Profit/(loss) before income taxes	93,815	6.2	(36,679)	(1.9)	(311,804)	(50,255)	(10.8)
Income tax expense	(36,159)	(2.4)	(10,324)	(0.5)	(16,673)	(2,687)	(0.6)
Consolidated net income (loss)	57,656	3.8	(47,003)	(2.4)	(328,477)	(52,942)	(11.4)
Net income attributable to non-controlling interest	(1,332)	(0.1)	(1,223)	(0.1)	(20,003)	(3,224)	(0.7)
Net income (loss) attributable to the Company's ordinary shareholders	56,324	3.7	(48,226)	(2.5)	(348,480)	(56,166)	(12.1)

	For the Year Ended December 31,			
	2012	2013	2014	
	RMB	RMB	RMB	US$
	(in thousands)			
Non-GAAP Financial Data:(2)				
Adjusted gross profit	457,381	568,670	924,228	148,958
Adjusted net profit	167,287	120,466	79,374	12,792
Adjusted EBITDA	294,165	365,613	558,938	90,083

(1) Includes share-based compensation expense as follows:

	2012	2013	2014	
	RMB	RMB	RMB	US$
	(in thousands)			
Allocation of share-based compensation expenses:				
Cost of revenues	4,517	8,054	7,163	1,154
Sales and marketing expenses	10,508	13,405	13,482	2,173
General and administrative expenses	47,749	40,711	208,914	33,671
Research and development expenses	4,858	5,599	4,176	673
Total share-based compensation expenses	67,632	67,769	233,735	37,671

(2) For discussions and reconciliations of these non-GAAP measures to net loss, see “Item 3. Key Information—A. Selected Financial Data—Discussion of Non-GAAP Financial Measures”

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Net Revenues

Our net revenues increased by 46.3% from RMB1,966.7 million in 2013 to RMB2,876.4 million (US$463.6 million) in 2014. This increase was primarily due to the growth of both our hosting and related service business and our managed network services business. The average monthly recurring revenues increased by 42.2% to RMB208.4 million (US$33.6 million) in 2014 from RMB146.6 million in 2013. In addition to organic revenue growth, the contribution from our newly acquired businesses to our total net revenues was RMB598.8 million in 2014, which accounted for 20.8% of total net revenues, compared to RMB145.8 million in 2013, which accounted for 7.4% of total net revenues.

Revenues from our hosting and related services amounted to RMB1,980.7 million (US$319.2 million) in 2014, increasing by 57.3% from RMB1,259.3 million in 2013. The increase in revenues from our hosting and related services was primarily a combined result of (i) the increase in the total number of cabinets under our management in both our self-built and partnered data centers, which was attributable to growing customer demand, and (ii) increase of annualized average monthly cabinet utilization rate. The number of cabinets under our management increased from 14,041 as of December 31, 2013 to 21,522 as of December 31, 2014, while our pricing points remained relatively stable. The increase of our hosting and related services revenues in this period was also a result of the significant growth in sales to existing customers, mainly driven by an increased demand for our hosting and related services (including our CDN and cloud businesses) and contributions from acquisitions, partially offset by the transition to a VAT system.

Revenues from our managed network services amounted to RMB895.8 million (US$144.4 million) in 2014, increasing by 26.6% from RMB707.5 million in 2013. As a percentage of net revenues, revenues from our managed network services decreased from 36.0% in 2013 to 31.1% in 2014. The increase in revenues from managed network services was driven by the contributions from acquisitions, which was partially offset by the network grooming initiative and the transition to a VAT system. The decrease in percentage was due to the significant increase of the total net revenues.

Cost of Revenues

Our cost of revenues increased by 42.5% from RMB1,449.8 million in 2013 to RMB2,066.3 million (US$333.0 million) in 2014. Our telecommunication costs increased by 22.2% from RMB1,107.9 million in 2013 to RMB1,353.5 million (US$218.1 million) in 2014. The increase in our cost of revenues was primarily due to the increase in our telecommunication costs. Additionally, amortization expense of intangible assets derived from acquisitions recorded within cost of revenue were RMB106.9 million (US$17.2 million) in 2014, compared to RMB43.7 million in 2013. The contribution from our newly acquired businesses to our cost of revenues in 2014 were RMB407.2 million (US$65.6 million), which accounted for 19.7% of total cost of revenues, compared to RMB89.0 million in 2013, which accounted for 6.1% of total cost of revenues.

We expect that our cost of revenues will increase as our business expands, both organically and as a result of acquisitions. Additionally, we anticipate recording significant expenses related to the amortization of the intangible assets related to the acquisition of the intangible assets of our subsidiaries as these intangible assets are amortized over their remaining useful lives.

Gross Profit

Our gross profit increased by 56.7% from RMB516.9 million in 2013 to RMB810.1 million (US$130.6 million) in 2014. As a percentage of net revenues, our gross profit increased from 26.3% in 2013 to 28.2% in 2014. The increase in gross margin was primarily due to continued revenue mix shift towards a higher percentage of self-built data centers, which carry slightly higher gross margins relative to partnered data centers, an increase in utilization rate of newly deployed self-built data centers and revenue contributions from acquisitions and cloud services which carry higher gross margin.

Operating Expenses

Our operating expenses increased by 94.7% from RMB475.1 million in 2013 to RMB924.8 million (US$149.1 million) in 2014. Our operating expenses as a percentage of net revenues increased from 24.2% in 2013 to 32.2% in 2014. The increase of our operating expenses was primarily due to an increase in share-based compensation expenses, including RMB117.2 million (US$18.9 million) for the fully vested ADSs issued to Galaxy ENet, and an increase in the headcount of our operating staff and acquisition with higher operating expenses.

Sales and Marketing Expenses. Our sales and marketing expenses increased by 85.9% from RMB154.5 million in 2013 to RMB287.2 million (US$46.3 million) in 2014, primarily due to expansion of our sales and service support team and acquisition with higher operating expenses. As a percentage of net revenues, our sales and marketing expenses increased from 7.9% in 2013 to 10.0% in 2014.

General and Administrative Expenses. Our general and administrative expenses increased significantly by 163.9% from RMB186.9 million in 2013 to RMB493.3 million (US$79.5 million) in 2014, primarily due to the increase in share-based compensation expenses, an increase in headcount, office rentals and other expansion related expenses and acquisitions with higher operating expenses. As a percentage of net revenues, our general and administrative expenses increased from 9.5% in 2013 to 17.1% in 2014.

Research and Development Expenses. Our research and development expenses increased by 56.3% from RMB77.8 million in 2013 to RMB121.7 million (US$19.6 million) in 2014. The increase reflected our efforts to further strengthen our research and development capabilities and expand and improve our CDN and cloud computing service offerings. As a percentage of net revenues, our research and development expenses increased from 4.0% in 2013 to 4.2% in 2014.

Changes in the Fair Value of Contingent Purchase Consideration Payable. We recorded an increase in the fair value of contingent purchase consideration payable in the amount of RMB22.6 million (US$3.6 million) in 2014 in connection with our acquisitions, which was primarily due to an increase in the fair value of estimated contingent cash and share considerations during this period.

Interest Income

Our interest income increased from RMB48.5 million in 2013 to RMB67.9 million (US$10.9 million) in 2014, primarily due to an increase in interest income generated from short-term investments.

Interest Expense

Our interest expense increased from RMB136.8 million in 2013 to RMB232.0 million (US$37.4 million) in 2014, primarily due to the issuance of the 2017 Bonds in June 2014 with a principal amount of RMB2 billion at an interest rate of 6.875% per annum.

Other Income

Our other income increased substantially from RMB6.2 million in 2013 to RMB26.6 million (US$4.3 million) in 2014. Other income in 2013 was primarily attributable to the VAT refund enjoyed by BJ iJoy. Other income in 2014 was primarily attributable to the debt restructuring gain received by Aipu and the value-added tax refund enjoyed by BJ iJoy.

Other Expenses

Our other expenses decreased from RMB2.1 million in 2013 to RMB1.0 million (US$168,000) in 2014. Other expenses in both periods were primarily due to the loss attributable to the disposal of certain of our equipment, such as servers and entry securities systems.

Loss on Debt Extinguishment

We incurred loss on debt extinguishment in the amount of RMB41.6 million (US$6.7 million) in 2014 due to the repurchase of 73.57% of the 2016 Bonds with the total consideration of RMB776.2 million (US$125.1 million) including payment of accrued interests of RMB15.6 million (US$2.5 million).

Foreign Exchange Gain (loss)

We had a foreign exchange loss of RMB16.3 million (US$2.6 million) in 2014, compared to a foreign exchange gain of RMB7.1 million in 2013, primarily due to the depreciation of U.S. dollar relative to Renminbi in the second half of 2014 for the Renminbi denominated bonds.

Income Tax Expense

Our income tax expense increased from RMB10.3 million in 2013 to RMB16.7 million (US$2.7 million) in 2014 with the effective tax rates negative 5.3%. This is primarily due to:

- the increase of taxable income for our PRC subsidiaries and consolidated affiliated entities from RMB128.4 million in 2013 to RMB173.7 million (US$28.0 million) in 2014.
- the effect of tax holidays and preferential tax rates of RMB26.4 million (US$4.2 million) enjoyed by certain of our PRC subsidiaries and consolidated affiliated entities. In 2013, BJ iJoy was qualified as a software enterprise which allows it to utilize a two-year 100% tax exemption followed by a three-year 50% reduced EIT rate from 2013 to 2017. Gehua, Fastweb, 21Vianet Beijing and GD Tianying are qualified as HNTEs and enjoy a preferential income tax rate of 15%. 21Vianet Xi'an, SC Aipu and Yunnan Aipu are qualified as for a preferential tax rate of 15%, which was awarded to companies that have operations in certain industries and meet the criteria of the Preferential Tax Policies for Development of the Western Regions.
- offset by (i) the increase of the pre-tax losses of our offshore entities with zero tax rate as a result of the increase in the fair value of the contingent purchase consideration for historical business acquisitions and interest expenses of the 2016 Bonds and 2017 Bonds issued in 2013 and 2014 respectively; and (ii) the increase of share-based compensation expenses from RMB67.8 million in 2013 to RMB233.7 million (US$37.7 million) in 2014.

Consolidated Net Income (Loss)

As a result of the above, we recorded a net loss of RMB328.5 million (US$52.9 million) in 2014, as compared to a net loss of RMB47.0 million in 2013.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

Net Revenues

Our net revenues increased by 29.0% from RMB1,524.2 million in 2012 to RMB1,966.7 million in 2013. This increase was due to the growth of both our hosting and related service business and our managed network services business. The average monthly recurring revenues increased by 17.1% to RMB146.6 million in 2013 from RMB125.2 million in 2012. In addition to organic revenue growth, the contribution from our newly acquired businesses to our total net revenues was RMB145.8 million in 2013, which accounted for 7.4% of total net revenues, compared to RMB34.0 million in 2012, which accounted for 2.2% of total net revenues.

Revenues from our hosting and related services amounted to RMB1,259.3 million in 2013, increasing by 45.3% from RMB866.9 million in 2012. The increase in revenues from our hosting and related services was primarily a result of the increase in the total number of cabinets under our management in both our self-built and partnered data centers, which was attributable to growing customer demand. The number of cabinets under our management increased from 11,917 as of December 31, 2012 to 14,041 as of December 31, 2013, while our pricing points remained relatively stable. The increase of our hosting and related services revenues in this period was also a result of the significant growth in sales to existing customers, mainly driven by an increased demand for our hosting and related services.

Revenues from our managed network services amounted to RMB707.5 million in 2013, increasing by 7.6% from RMB657.3 million in 2012. As a percentage of net revenues, revenues from our managed network services decreased from 43.1% in 2012 to 36.0% in 2013. The increase in revenues from managed network services was driven by an increase in network capacity demand for data transmission services while the decrease in percentage was due to the significant increase of the total net revenues.

Cost of Revenues

Our cost of revenues increased by 32.0% from RMB1,098.5 million in 2012 to RMB1,449.8 million in 2013. Our telecommunication costs increased by 24.9% from RMB887.2 million in 2012 to RMB1,107.9 million in 2013. The increase in our cost of revenues was primarily due to a general overall increase in our telecommunication costs. Additionally, amortization expense of intangible assets derived from acquisitions recorded within cost of revenue were RMB43.7 million in 2013, compared to RMB27.2 million in 2012. The contribution from our newly acquired businesses to our cost of revenues in 2013 were RMB89.0 million, which accounted for 6.1% of total cost of revenues, compared to RMB26.3 million in 2012, which accounted for 2.4% of total cost of revenues.

We expect that our cost of revenues will increase as our business expands, both organically and as a result of acquisitions. Additionally, we anticipate recording significant expenses related to the amortization of the intangible assets related to our acquisition of the intangible assets as these intangible assets are amortized over their remaining useful lives.

Gross Profit

Our gross profit increased by 21.4% from RMB425.7 million in 2012 to RMB516.9 million in 2013. However, as a percentage of net revenues, our gross profit decreased from 27.9% in 2012 to 26.3% in 2013. The increase in the absolute amount of our gross profit was primarily due to the increase in revenues. The decrease in our gross profit as a percentage of net revenues was primarily due to an increase in cost of revenues as a percentage of net revenues, resulting from lower utilization rate of newly deployed self-built data centers, increased depreciation of our self-built data centers and increased amortization of intangible assets derived from our acquisitions.

Operating Expenses

Our operating expenses increased by 37.8% from RMB344.7 million in 2012 to RMB475.1 million in 2013. Our operating expenses as a percentage of net revenues increased from 22.6% in 2012 to 24.2% in 2013. The increase of our operating expenses was primarily due to an increase in changes in the fair value of contingent purchase consideration payable, and an increase in the headcount of our operating staff.

Sales and Marketing Expenses. Our sales and marketing expenses increased by 40.6% from RMB109.9 million in 2012 to RMB154.5 million in 2013, primarily due to expansion of our sales and service support team. As a percentage of net revenues, our sales and marketing expenses increased from 7.2% in 2012 to 7.9% in 2013.

General and Administrative Expenses. Our general and administrative expenses increased by 21.8% from RMB153.5 million in 2012 to RMB186.9 million in 2013, primarily due to an increase in headcount, office rentals and other expansion related expenses. As a percentage of net revenues, our general and administrative expenses decreased from 10.1% in 2012 to 9.5% in 2013.

Research and Development Expenses. Our research and development expenses increased by 21.7% from RMB63.9 million in 2012 to RMB77.8 million in 2013. The increase reflected our efforts to further strengthen our research and development capabilities and expand and improve our computing service offerings. As a percentage of net revenues, our research and development expenses decreased from 4.2% in 2012 to 4.0% in 2013.

Changes in the Fair Value of Contingent Purchase Consideration Payable. We recorded an increase in the fair value of contingent purchase consideration payable in the amount of RMB55.9 million in 2013 in connection with our acquisitions of the Managed Network Entities, Gehua, Fastweb, BJ Tianwang, BJ Yilong and iJoy, which was primarily due to an increase in the fair value of estimated contingent cash and share considerations during this period.

Interest Income

Our interest income increased substantially from RMB16.3 million in 2012 to RMB48.5 million in 2013, primarily due to an increase in interest income generated from short-term investments.

Interest Expense

Our interest expense increased substantially from RMB11.4 million in 2012 to RMB136.8 million in 2013, primarily due to the issuance of bonds on March 22, 2013 with a principal amount of RMB1 billion at a coupon rate of 7.875% per annum, and an increase of long-term bank loans.

Other Income

Our other income decreased from RMB11.6 million in 2012 to RMB6.2 million in 2013. Other income in 2012 was primarily attributable to a bargain purchase gain related to the acquisition of 21Vianet Xi’an. Other income in 2013 was primarily attributable to the VAT refund enjoyed by BJ iJoy.

Other Expenses

Our other expenses decreased slightly from RMB2.2 million in 2012 to RMB2.1 million in 2013. Other expenses in both periods were primarily due to the loss attributable to the disposal of certain of our equipment, such as servers and entry securities systems.

Foreign Exchange Gain (loss)

We had a foreign exchange gain of RMB7.1 million in 2013, compared to a foreign exchange loss of RMB0.4 million in 2012, primarily due to the depreciation of the U.S. dollar relative to the Renminbi for the Renminbi denominated cash and short-term investments we held on our offshore holding companies, whose functional currency is U.S. dollar.

Income Tax Expense

Our income tax expense decreased from RMB36.2 million in 2012 to RMB10.3 million in 2013 with effective tax rates decreasing from 38.5% in 2012 to negative 28.1% in 2013. This is primarily due to:

- the decrease in taxable income for our PRC subsidiaries and consolidated affiliated entities from RMB168.0 million in 2012 to RMB128.4 million in 2013.
- the effect of tax holidays and preferential tax rates of RMB13.1 million enjoyed by certain of our PRC subsidiaries and consolidated affiliated entities. In 2013, BJ iJoy was qualified as a software enterprise which allows it to utilize a two-year 100% tax exemption followed by a three-year 50% reduced EIT rate from 2013 to 2017. Gehua, Fastweb and 21Vianet Beijing qualify as HNTEs and enjoy a preferential income tax rate of 15%.
- offset by the increase of the pre-tax losses of our offshore entities with zero tax rate as a result of the increase in the fair value of the contingent purchase consideration for historical business acquisitions and interest expenses of the 2016 Bonds issued in 2013.

Consolidated Net Income (Loss)

As a result of the above, we recorded a net loss of RMB47.0 million in 2013, as compared to a net income of RMB57.7 million in 2012.

B. Liquidity and Capital Resources

As of December 31, 2014, we had RMB644.4 million (US$103.9 million) in cash and cash equivalents, RMB283.1 million (US$45.6 million) in restricted cash (current and non-current portion) and RMB911.2 million (US$146.9 million) in short-term investments.

As of December 31, 2014, we had short-term bank borrowings and long-term bank borrowings (current portions) from various commercial banks with an aggregate outstanding balance of RMB1,115.8 million (US$179.8 million), and long-term bank borrowings (excluding current portions) from various commercial banks with an aggregate outstanding balance of RMB61.7 million (US$9.9 million). The short-term bank borrowings bore average interest rates of 7.66%, 7.00% and 6.36% per annum, respectively, in 2012, 2013 and 2014. Our short-term bank borrowings have maturity terms of two months to one year and expire at various times throughout the year. As of December 31, 2013, we were in breach of one of our financial covenants under our short-term bank borrowing with Deutsche Bank (China) Co., Ltd. Beijing Branch, or Deutsche Bank, with an outstanding balance of RMB19.6 million. The breach was subsequently cured on March 11, 2014 through an amendment to the original financial covenants. The breach did not result in acceleration of the repayment of the loan and as a result, did not have any impact on our financial condition or operating performance. Apart from the covenants under our short-term bank borrowing with Deutsche Bank that require us to maintain certain financial ratios, there are no other material covenants or restrictions on us associated with our outstanding short-term borrowings.

We have entered into long-term bank borrowing arrangements since 2012 with maturity terms of two or three years. The long-term bank borrowing (including current portion) outstanding as of December 31, 2012, 2013 and 2014 bore weighted-average interest rates of 8.35%, 7.12% and 6.00% per annum, respectively, in

2012, 2013 and 2014 and have certain financial covenants. We have incurred other long-term borrowings in 2013 with a two-year term and interest rate of 4.00% per annum and an outstanding balance of RMB900 million (US$145.1 million) as of December 31, 2014. We also have a contractual obligation to purchase the 10% noncontrolling interest in Asia Cloud Investment from Dongguan Dongcai at the end of five years from the establishment of Asia Cloud Investment in July 2013 at a consideration equivalent to the higher of the then fair value and the investment costs of RMB100 million. Dongguan Dongcai is entitled to a cumulative dividend at 8.00% per annum for its capital contribution of RMB100 million in Asia Cloud Investment.

In March 2013, we issued the 2016 Bonds with RMB1 billion (US$165.2 million) in aggregate principal amount due in March 2016 with a coupon rate of 7.875% per annum and an effective interest rate of 9.29% per annum. Interest on the 2016 Bonds is payable semi-annually in arrears on, or nearest to, March 22 and September 22 in each year, beginning on September 22, 2013.

In June 2014, we issued the 2017 Bonds with RMB2 billion (US$322.3 million) in aggregate principal amount due in June 2017 with a coupon rate of 6.875% per annum and an effective interest rate of 7.39% per annum. Interest on the 2017 Bonds is payable semi-annually in arrears on, or nearest to, June 26 and December 26 in each year, beginning on December 26, 2014. We used a portion of the proceeds to purchase, pursuant to a tender offer, substantially all the 2016 Bonds, with only RMB264.3 million of the principal amount of the 2016 Bonds outstanding.

Both of the 2016 Bonds and 2017 Bonds have (i) restrictive covenant that restricts our ability in consolidation, merger and sale of assets to a certain extent; (ii) negative pledge covenant that restricts our ability to create security to secure bonds, notes, debentures or other securities that are quoted, listed or dealt in or traded on securities market on our undertaking, assets or revenues; (iii) dividend payment restriction covenant; and (iv) covenant relating to the ratio of our Adjusted EBITDA to our Consolidated Interest Expense (interest expense paid net of interest income received). Such covenants may limit our ability to undertake additional debt financing, but not equity financing. As of the date of this annual report, the Company is in compliance with all the covenants under the 2016 Bonds and 2017 Bonds. Breach of covenants under the 2016 Bonds and 2017 Bonds will trigger acceleration of the 2016 Bonds and 2017 Bonds, the principal amount together with accrued interest shall become immediately due and payable. When such breach of covenants occurs, our assets and cash flows may not be sufficient to repay the 2016 Bonds and 2017 Bonds, or we may not be able to find alternative financing. Even if we could obtain alternative financing, such financing may not be on terms that are favorable or acceptable to us. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—If we are unable to comply with the restrictions and covenants contained in our debt agreements, an event of default could occur under the terms of such agreements, which could cause repayment of such debt to be accelerated.”

We have unused credit line in the amount of RMB170.0 million (US$27.4 million) as of December 31, 2014, pursuant to credit agreements entered into with seven banks. A total of RMB310.1 million (US$50.0 million) credit line was granted to us under seven credit agreements, of which we have used RMB140.1 million (US$22.6 million). There are no material covenants that restrict our ability to undertake additional financing associated with the used credit line. No terms and conditions of the unused credit line are available yet because utilization of such unused portion requires approval by the banks and separate loan agreements setting forth detailed terms and conditions will only be entered into with the banks upon utilization. As of December 31, 2014, we were in a net current liability position; however, taking into consideration of the completion of the investment in us by Kingsoft, Xiaomi and Esta in January 2015 with cash proceeds in the amount of US$296 million, we believe the working capital is sufficient for our present requirements.

As of December 31, 2014, we had total outstanding debts of RMB3,441.6 million (US$554.7 million). The growth of our business relies on the construction of new data centers. In additions, we also intend to acquire or invest in companies that are complementary to our business. Therefore, we intend to use the proceeds of our outstanding debt mainly to add new data centers and fund acquisitions. For example, as of December 31, 2014,

we have purchase commitments (commitments related to acquisition of machinery, equipment, construction in progress, bandwidth and cabinet capacity) of RMB1,442.3 million (US$232.5 million) coming due during the 12-month period, and we intend to use a portion of the proceeds to fund the purchase commitments.

As of December 31, 2014, the amount of outstanding debt inside and outside of the PRC was RMB1.1 billion (US$189.5 million) and RMB2.3 billion (US$365.2 million), respectively. We believe we have sufficient financial resources to meet both of our onshore and offshore debt obligations when due.

Except as disclosed in this annual report, we have no outstanding bank loans or financial guarantees or similar commitments to guarantee the payment obligations of third parties. We believe that our current cash, cash equivalents and time deposits, our cash flow from operations and proceeds from our financing activities will be sufficient to meet our anticipated cash needs, including our cash needs for working capital and capital expenditures, for the next 12 months. If we have additional liquidity needs in the future, we may obtain additional financing, including equity offering and debt financing in capital markets, to meet such needs.

As of December 31, 2014, the total amount of cash and cash equivalents, restricted cash and short-term investments was RMB1,838.7 million (US$296.3 million), of which RMB644.4 million (US$103.9 million), RMB283.1 million (US$45.6 million) and RMB911.2 million (US$146.9 million) was held by our consolidated affiliated entities, PRC subsidiaries and offshore subsidiaries, respectively. Cash transfers from our PRC subsidiaries to our subsidiaries outside of China are subject to PRC government control of currency conversion. Restrictions on the availability of foreign currency may affect the ability of our PRC subsidiaries and consolidated affiliated entities to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations. See “Item 3. Key Information D. Risk Factors—Risks Related to Doing Business in China —Governmental control of currency conversion may limit our ability to receive and utilize our revenues effectively .” The major cost that would be incurred to distribute dividends is the withholding tax imposed on the dividends distributed by our PRC operating subsidiaries at the rate of 10% or a lower rate under an applicable tax treaty, if any.

The following table sets forth a summary of our cash flows for the periods indicated:

	For the Year Ended December 31,			
	2012	2013	2014	
	RMB	RMB	RMB	US$
	(in thousands)			
Net cash generated from operating activities	173,923	64,531	325,365	52,443
Net cash used in investing activities	(175,670)	(1,507,315)	(2,261,797)	(364,536)
Net cash generated from financing activities	23,952	2,477,557	1,121,732	180,787
Effect on foreign exchange rate changes on cash and short-term investments	(340)	(8,171)	259	42
Net increase in cash and cash equivalents	21,865	1,026,602	(814,441)	(131,264)
Cash and cash equivalents at beginning of the year	410,389	432,254	1,458,856	235,125
Cash and cash equivalents at end of the year	432,254	1,458,856	644,415	103,861
Cash and cash equivalents, restricted cash and short-term investments at the end of the year	1,068,349	2,972,758	1,838,721	296,349

Operating Activities

Net cash generated from operating activities was RMB325.4 million (US$52.4 million) in 2014, compared to net cash generated from operating activities of RMB64.5 million in 2013.

Net cash generated from operating activities in 2014 primarily resulted from a net loss of RMB328.5 million (US$52.9 million), positively adjusted for certain items such as (i) depreciation of property and equipment of RMB279.0 million (US$45.0 million), (ii) amortization of intangible assets of RMB127.7 million (US$20.6

million), (iii) share-based compensation expense of RMB233.7 million (US$37.7 million), (iv) increase in accounts and notes payable of RMB121.7 million (US$19.6 million), primarily due to an increase in telecommunication payables driven by revenue increase, (v) increase of advances from customers of RMB97.1 million (US$15.7 million), primarily due to advances received from cloud business; partially offset by certain items such as (i) increase in accounts and notes receivable of RMB81.7 million (US$13.2 million), primarily due to the expansion of business, (ii) increase in prepaid expenses and other current assets of RMB103.3 million (US$16.7 million), primarily due to increased deductible VAT input in relation to the purchase of property and equipment, (iii) decrease of accrued expenses and other payables of RMB46.9 million (US$7.6 million), primarily due to decreased business tax payable along with the business tax replacement by VAT.

Net cash generated from operating activities in 2014 primarily reflected payments of RMB2,807.1 million (US$452.4 million) received from our customers, partially offset by our payments for telecommunication costs of RMB1,317.0 million (US$212.3 million) in 2014, payment for taxes of RMB176.4 million (US$29.1 million) and payment to employees of RMB546.7 million (US$88.1 million).Net cash generated from operating activities was RMB64.5 million in 2013, compared to net cash generated from operating activities of RMB173.9 million in 2012.

Net cash generated from operating activities in 2013 primarily reflected a net loss of RMB47.0 million, positively adjusted for certain items such as (i) depreciation of property and equipment of RMB141.3 million, (ii) increase in accrued expenses and other payables of RMB104.0 million, mainly in interest payables and payables in relation to newly built data centers and purchased network equipment, (iii) increase in accounts payable of RMB61.3 million, primarily due to an increase in telecommunication payables driven by the increase in revenues, (iv) amortization of intangible assets of RMB58.9 million, (v) share-based compensation expense of RMB67.8 million, (vi) increase in the fair value of contingent purchase consideration payable of RMB55.9 million, primarily due to an increase in the fair value of the underlying ordinary share of the Company to settle the contingent purchase considerations for historical and new acquisitions in 2013; partially offset by certain items such as (i) increase in accounts receivables of RMB303.4 million and (ii) increase in prepaid expenses and other current assets in the amount of RMB44.6 million. The increase in accounts receivables was primarily due to the expansion of business and longer payment process for certain customers such as state-owned enterprises and leading Internet technology companies in China. Such companies typically have relatively complicated and time consuming internal approval processes for payment settlement, which were further prolonged in 2013 because the transformation of PRC tax regime from business tax to VAT was effective from August 1, 2013. Some clients withheld their payments until the Company completed its shift to VAT and could issue valid VAT invoices for the clients to claim the relevant tax credits. Hence, our days sales outstanding increased from 52 days in 2012 to 83 days in 2013 even though there was no significant change in credit terms. On the other hand, the increase in prepaid expenses and other current assets was primarily due to interest income derived from our financings, prepaid expenses and value added taxes paid in relation to the purchase and construction of data centers.

Net cash generated from operating activities in 2013 primarily resulted from payments of RMB1,673.3 million received from our customers, partially offset by our payments for telecommunication costs of RMB1,049.4 million in 2013, payments for taxes of RMB147.8 million and payments to employees of RMB218.0 million.

Investing Activities

Net cash used in investing activities was RMB2,261.8 million (US$364.5 million) in 2014, as compared to net cash used in investing activities of RMB1,507.3 million in 2013. Net cash used in investing activities in 2014 is primarily related to our purchase of property and equipment in the amount of RMB800.5 million (US$129.0 million), our payment for assets acquisition in the amount of RMB137.4 million (US$22.2 million), our payment for short-term investments in the amount of RMB152.1 million (US$24.5 million), our payment of acquisitions, net of cash required, in the amount of RMB1,308.2 million (US$210.8 million), partially offset by proceeds received from maturity of short-term investments in the amount of RMB443.0 million (US$71.4 million).

Net cash used in investing activities was RMB1,507.3 million in 2013, as compared to net cash used in investing activities of RMB175.7 million in 2012. Net cash used in investing activities in 2013 is primarily related to our payments for short-term investments in the amount of RMB1,098.3 million, our purchase of property and equipment in the amount of RMB419.1 million, our payment for acquisitions, net of cash required, in the amount of RMB61.8 million, our payment for long-term investments in the amount of RMB50.5 million, partially offset by proceeds received from maturity of short-term investments in the amount of RMB219.1 million.

Financing Activities

Net cash generated from financing activities was RMB1,121.7 million (US$180.8 million) in 2014, as compared to net cash generated from financing activities amounting to RMB2,477.6 million in 2013. Net cash generated from financing activities in 2014 primarily related to proceeds from long-term bank borrowings in the amount of RMB48.1 million (US$7.7 million), proceeds from short-term bank borrowings in the amount of RMB362.9 million (US$58.5 million), proceeds from issuance of bonds, net in the amount of RMB1,980.6 million (US$319.2 million), partially offset by repayment of long-term bank borrowings in the amount of RMB195.8 million (US$31.6 million), repayment of short-term bank borrowings in the amount of RMB380.4 million (US$61.3 million), repurchase of bonds in the amount of RMB760.6 million (US$122.6 million), and repurchase of ordinary shares in the amount of RMB213.7 million (US$34.4 million).

Net cash generated from financing activities was RMB2,477.6 million in 2013, as compared to net cash generated from financing activities amounting to RMB24.0 million in 2012. Net cash generated from financing activities in 2013 primarily related to proceeds from issuance of bonds, net in the amount of RMB972.8 million, proceeds from long-term bank borrowings in the amount of RMB935.9 million, proceeds from issuance of ordinary shares in the amount of RMB612.0 million, proceeds from short-term bank borrowings in the amount of RMB200.0 million, partially offset by repayment of short-term bank borrowings in the amount of RMB203.3 million and repurchase of ordinary shares in the amount of RMB138.5 million.

Capital Expenditures

We had capital expenditures relating to the addition of property and equipment of RMB602.3 million and RMB752.4 million in 2012 and 2013, respectively, representing 39.5% and 38.3%, respectively, of our total net revenues. Our purchase of property and equipment was RMB800.5 million (US$129.0 million) in 2014, representing 27.8% of our total revenues in 2014. Our capital expenditures were primarily for the capital lease or purchase of electronic equipment and optic fibers for our business. Our capital expenditures have been primarily funded by net cash provided by financing activities and cash generated from our operations. We estimate that our data center capital expenditures in 2015 will be within the range of RMB700.0 million to RMB900.0 million, which will be primarily used to build self-built data centers, purchase network equipment, servers and other equipment to expand our business. We may have additional capital expenditure for real property purchase, data center construction and network capacity expansion if our actual development is beyond our current plan. We plan to fund the balance of our capital expenditure requirements for 2015 with cash from the proceeds from overseas offerings, operations and additional bank borrowings, if available.

Holding Company Structure

21Vianet Group, Inc. is a holding company with no material operations of its own. We conduct our operations primarily through our PRC subsidiaries and consolidated affiliated entities in China. As a result, although other means are available for us to obtain financing at the holding company level, 21Vianet Group, Inc.'s ability to pay dividends and to finance any debt it may incur depends upon dividends paid by our subsidiaries. If our subsidiaries or any newly formed subsidiaries incur debt on its own behalf in the future, the instruments governing their debt may restrict its ability to pay dividends to 21Vianet Group, Inc. In addition, our

PRC subsidiaries and consolidated affiliated entities are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC law, our PRC subsidiaries and consolidated affiliated entities are required to set aside a portion of their after-tax profits each year to fund a statutory reserve and to further set aside a portion of its after-tax profits to fund the employee welfare fund at the discretion of the board or the enterprise itself. Although the statutory reserves can be used, among other ways, to increase the registered capital and eliminate future losses in excess of retained earnings of the respective companies, the reserve funds are not distributable as cash dividends except in the event of liquidation of these subsidiaries and consolidated affiliated entities.

C. Research and Development, Patents and Licenses, etc.

Research and Development

Our strong research and development capabilities support and enhance our service offerings. We believe that we have one of the most experienced research and development teams in the internet infrastructure sector in China. We devote significant resources to our research and development efforts, focusing on improving customer experience, increasing operational efficiency and bringing innovative solutions to the market quickly. We have 497 employees on our research and development team, including 350 engineers, as of December 31, 2014. The engineers consist of 16.9% of our work force. Many of our engineers have more than 10 years of relevant industry experience. In 2012, 2013 and 2014, our research and development expenses were RMB63.9 million, RMB77.8 million and RMB121.7 million (US$19.6 million), respectively.

Consistent with our strong culture of innovation, we devote significant resources to the research and development of our container-based data centers, our smart routing technology and other innovations. We plan to strengthen our research and development in CDN and cloud computing infrastructure service technologies. Our research and development efforts have yielded 40 patents, 56 patent applications and 89 software copyright registrations, all in China and related to different aspects of data center services. We intend to continue to devote a significant amount of time and resources to carry out our research and development efforts.

Intellectual Property

We use our proprietary smart routing technology to optimize network connectivity and overcome the inherent inadequacies in China's telecommunication and internet infrastructure. Our smart routing technology continually monitors and analyzes the performance of all available routes and identifies the most appropriate pathway in real-time. In planning for and finding the optimized routing plan, our smart routing technology takes into consideration speed (latency), performance, route stability and pocket losses and dynamically responds with intelligent route adjustments in order to ensure that data is traveling along the fastest and most reliable route.

We rely on a combination of copyright, patent, trademark, trade secret and other intellectual property laws, nondisclosure agreements and other protective measures to protect our intellectual property rights. We generally control access to, and use of, our proprietary software and other confidential information through the use of internal and external controls, including physical and electronic security, contractual protections, and intellectual property law. We have implemented a strict security and information technology management system, including the prohibition of copying and transferring of codes. We educate our staff on the need to, and require them to, comply with such security procedures. We also promote protection through contractual prohibitions, such as requiring our employees to enter into confidentiality and non-compete agreements.

D. Trend Information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the year ended December 31, 2014 that are reasonably likely to have a

material adverse effect on our net revenues, income, profitability, liquidity or capital resources, or that caused the disclosed financial information to be not necessarily indicative of future results of operations or financial conditions.

E. Off-Balance Sheet Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity, or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. Moreover, we do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

F. Tabular Disclosure of Contractual Obligations

The following table sets forth our contractual obligations and commercial commitments as of December 31, 2014:

	Payment Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(in thousands of RMB)				
Short-term borrowings(1)	160,181	160,181	—	—	—
Long-term borrowings(1)(2)	117,320	55,648	32,882	28,790	—
Other long-term borrowings(3)	900,000	900,000	—	—	—
Mandatorily redeemable noncontrolling interests(4)	100,000	—	—	100,000	—
Bonds payable(5)	2,264,300	—	2,264,300	—	—
Operating lease obligations(6)	426,579	87,699	152,977	58,488	127,415
Purchase commitments(7)	1,713,241	1,442,294	115,566	54,833	100,548
Capital lease minimum lease payment(8)	1,196,144	120,919	210,904	132,023	732,298
Total	6,877,765	2,766,741	2,776,629	374,134	960,261

Notes:

(1) As of December 31, 2014, our short-term bank borrowings bore a weighted average interest rate of 6.36% and have original maturity terms of two months to one year. Our unused short-term and long-term bank borrowing facilities amounted to RMB170.0 (US$27.4 million). We have pledged computer and network equipment with the net book value of RMB42.1 million (US$6.8 million) for our bank borrowings. We have also pledged buildings with a net book value of RMB22.9 million (US$3.7 million) for our bank borrowings.

(2) Long-term bank borrowings (including the current portions) outstanding as of December 31, 2014 bear a weighted-average interest rate of 6.00% per annum, and are denominated in Renminbi. These loans were obtained from financial institutions located in the PRC.

(3) Long-term other borrowings outstanding as of December 31, 2014 were entrusted loans from a financial institution located in the PRC entrusted by Dongguan Dongcai with an interest rate of 4.00% per annum and are denominated in Renminbi.

(4) Mandatorily redeemable noncontrolling interest liability of RMB100 million (US$16.1 million) as of December 31, 2014 represents our contractual obligation to purchase the 10% noncontrolling interest in Asia Cloud Investment from Dongguan Dongcai in 2018. Dongguan Dongcai is entitled to a cumulative dividend at 8.00% per annum for its capital contribution of RMB100 million in Asia Cloud Investment.

(5) The 2017 Bonds with RMB2 billion in aggregate principal amount due 2017 at an interest rate of 6.875% per annum and the 2016 Bonds with RMB264.3 million of the principal amount outstanding.

(6) Operating lease obligations are primarily related to the lease of office and data center space.

(7) As of December 31, 2014, we had commitments of approximately RMB484.4 million (US$78.1 million) related to acquisition of machinery, equipment and construction in progress. In addition, we had outstanding purchase commitments in relation to bandwidth and cabinet capacity of RMB1,228.8 million (US$198.0 million).

(8) Related to capital leases for electronic equipment, optic fibers and property.

G. Safe Harbor

This annual report on Form 20-F contains forward-looking statements. These statements are made under the "safe harbor" provisions of Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," "may," "intend," "is currently reviewing," "it is possible," "subject to" and similar statements. Among other things, the sections titled "Item 3. Key Information—Risk Factors," "Item 4. Information on the Company," and "Item 5. Operating and Financial Review and Prospects" in this annual report on Form 20-F, as well as our strategic and operational plans, contain forward-looking statements. We may also make written or oral forward-looking statements in our reports filed with or furnished to the SEC, in our annual report to shareholders, in press releases and other written materials and in oral statements made by our officers, directors or employees to third parties. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements and are subject to change, and such change may be material and may have a material adverse effect on our financial condition and results of operations for one or more prior periods. Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those contained, either expressly or impliedly, in any of the forward-looking statements in this annual report on Form 20-F. Potential risks and uncertainties include, but are not limited to, a further slowdown in the growth of China's economy, government measures that may adversely and materially affect our business, failure of the wealth management services industry in China to develop or mature as quickly as expected, diminution of the value of our brand or image due to our failure to satisfy customer needs and/or other reasons, our inability to successfully execute the strategy of expanding into new geographical markets in China, our failure to manage growth, and other risks outlined in our filings with the SEC. All information provided in this annual report on Form 20-F and in the exhibits is as of the date of this annual report on Form 20-F, and we do not undertake any obligation to update any such information, except as required under applicable law.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The following table sets forth information regarding our directors and executive officers as of the date of this annual report.

Directors and Executive Officers	Age	Position/Title
Sheng Chen	46	Chairman of the Board of Directors, Chief Executive Officer
Yoshihisa Ueno	52	Director
Hongwei Jenny Lee	42	Director
Terry Wang	55	Director
Kenneth Chung-Hou Tai	64	Director
Eden Y. Woon	67	Director
Kong Kat Wong	40	Director
Hongjiang Zhang	55	Director
Frank Meng	54	President
Shang-Wen Hsiao	53	Chief Financial Officer
Qi Ning	51	Chief Operating Officer
Feng Xiao	43	Senior Vice President of Sales and Key Account, Data Center Business Group
Ningning Lai	38	Senior Vice President of Product and Marketing, Data Center Business Group
Wing-Dar Ker	54	President of Microsoft Cloud Business Unit
Philip Lin	47	Executive Vice President of Strategic & Business Development

Mr. Sheng Chen is one of our co-founders and has served as the chairman of our board of directors and our chief executive officer since our inception. Mr. Chen has been instrumental to the development and success of our business. Mr. Chen provides vision, overall management, and strategic decision-making relating to marketing, investment planning, and corporate development. Mr. Chen has more than 20 years' experience in the internet infrastructure industry in China and started his entrepreneur career in 1990 when he was a sophomore at Tsinghua University. In 1999, Mr. Chen founded our business and started the first carrier-neutral data center in China. Mr. Chen received his bachelor's degree in electrical engineering from Tsinghua University in 1991. Mr. Chen is a member of the Tsinghua Entrepreneur & Executive Club and a managing director of the Internet Society of China.

Mr. Yoshihisa Ueno has served as our director since October 2010. Our board of directors has determined that Mr. Ueno satisfies the independence standards under Rule 5605 of NASDAQ Stock Market Rules. Mr. Ueno is a serial entrepreneur & venture capitalist with operation & industrial expertise in the US, Europe, Japan and China and over 30 years of incubation investment experience in emerging technology startups. Mr. Ueno has been our lead investor and board member of several of our affiliated companies since 2006. Mr. Ueno has been the founding partner of Synapse Partners Limited since December 2002 and SMC Synapse Partners Limited from December 2010. Mr. Ueno has also been a director of several start-up portfolios such as Biomass Energy Corporation since June 2012, Insource (HK) Ltd. From December 2011 to September 2014, TransVirtual K.K. from August 2008 to March 2013 etc. Mr. Ueno has also served as director of BeyondSoft Group Holding Limited (SZSE: 2649) from September 2005 to May 2010, and CDS GS Japan Ltd. (a joint venture with CDC Corp. NASDAQ: CHINA) from June 2011 to April 2012. Mr. Ueno has managed several venture funds such as the Japan-China Bridge Fund from March 2005 to February 2011, Intellectual Property Bank (IPB) Partners Fund #1 in Japan from March 2006 to March 2010 and IPB Holding LLC in the United States from March 2006 to July 2007. Mr. Ueno also served as the chief executive officer at Cycolor, Inc., in the US from September 1998 to June 2003, until Cycolor was acquired by Eastman Kodak in early 2003. Mr. Ueno worked for Fujitec from April 1985 to May 1997 in various managerial capacities in Japan, China, the United Kingdom, Spain and Hong Kong. Mr. Ueno received his bachelor's degree in business administration from Takushoku University.

Ms. Hongwei Jenny Lee has served as our director since October 2010. Our board of directors has determined Ms. Lee satisfies the independence standards under Rule 5605 of NASDAQ Stock Market Rules.

Ms. Lee is currently a director of YY Inc. (NASDAQ: YY), a revolutionary rich communication social platform that engages users in real-time online group activities through voice, text and video, listed on the NASDAQ Global Market. She also currently serves as a managing director of Granite Global Ventures III L.L.C. and as a general partner of Granite Global Ventures III L.P. and of GGV III Entrepreneurs Fund L.P. From 2002 to 2005, she served as a vice president of JAFCO Asia. From 2001 to 2002, she worked as an investment banker with Morgan Stanley. Prior to that, Ms. Lee worked as an assistant principal engineer with Singapore Technologies Aerospace Group from 1995 to 2000. Ms. Lee received her bachelor's degree in electrical engineering and master's degree in engineering from Cornell University. Ms. Lee also has an MBA degree from Kellogg School of Management at Northwestern University.

Mr. Terry Wang has served as our independent director since April 2011. Mr. Wang has over 20 years of extensive experience in international financial service industry and management experience in technology, manufacturing industries and capital markets. Mr. Wang has been the chief financial officer since 2014 at GalaxyCore, a company for designing and providing CMOS image sensor. From 2008 to 2014, Mr. Wang served as the chief financial officer at Trina Solar Ltd., a company listed on the New York Stock Exchange. Prior to joining Trina Solar Ltd., Mr. Wang served as the executive vice president of finance of Spreadtrum Communications, Inc., a wireless and fabless semiconductor company listed on NASDAQ, from 2004 to 2007. Before that, Mr. Wang served as the chief financial officer of a silicon valley-based technology company and controller at one of the largest NASDAQ-listed semiconductor assembly and testing companies. Before that time, he worked for several years in capital market and service industries. Mr. Wang is a certified management accountant (CMA) and is certified in financial management (CFM). Mr. Wang received an MBA from University of Wisconsin and master of science degrees from Brown University and Fudan University. Mr. Wang received his bachelor's degree in science from Fudan University.

Mr. Kenneth Chung-Hou Tai has served as our independent director since October 2012. Mr. Tai is a prominent figure in the Taiwanese technology sector with over 35 years of industry experience with leading technology and hardware companies in Taiwan and the United States. Mr. Tai co-founded Acer Group in 1976, which has become one of the top five branded PC vendors in the world today, and held various managerial positions during his tenure. Later in his technology career, Mr. Tai also founded Investar Capital, a venture capital firm focusing on IT companies. Mr. Tai is now serving as chairman of Richtek Technology Corp, a world-leading power management IC design house listed on Taiwan Stock Exchange, and chairman of Digital Times, the only technology-focused newspaper in Taiwan. Currently, Mr. Tai serves on the board of directors for several public companies in Taiwan and Singapore, including D-Link Corporation (TPE: 2332), Fullerton Technology (TPE: 6136), Ares International Corporation (TPE: 2471), Global Testing Corporation (SGX: G31), and Wafer Works Corporation (TPE: 6182). Mr. Tai received a master's degree in business administration from Tam Kang University and a bachelor's degree in electrical engineering from National Chiao Tung University in Taiwan.

Dr. Eden Y. Woo has served as our independent director since June 2014. Dr. Woon is currently vice president for Institutional Advancement at Hong Kong University of Science & Technology (HKUST), where he manages the international relations of HKUST with global enterprises, governments and other universities. He is also in charge of public relations, branding, alumni relations and development for the university. Prior to joining HKUST, Dr. Woon served as managing director of Li & Fung Group's China Corporate Office and China Managing Director of Toys "R" Us LiFung—the franchise of Toys "R" Us in China. From 2006 to 2007, Dr. Woon was a vice president of Starbucks Coffee China in Shanghai. From 1997 to 2006, Dr. Woon served as chief executive officer of the Hong Kong General Chamber of Commerce, the oldest and largest business organization in Hong Kong. He was the executive director of the Washington State China Relations Council from 1994 to 1997. He retired from the US Air Force in 1993 with the rank of Colonel. Dr. Woon received his BA degree from the University of Iowa and his MA, MS, and PhD degrees, all in Mathematics, from the University of Washington. He is a member of the Council on Foreign Relations in New York.

Mr. Kong Kat Wong has served as our independent director since January 2015. Mr. Wong is one of the co-founders and vice president of Xiaomi Corporation. Mr. Wong graduated from Purdue University. Before

joining Xiaomi, Mr. Wong was Chief Technology Officer of Microsoft's China Academy of Engineering, responsible for many development projects, including the data analysis system of Microsoft Commerce Server, B2B system, BizTalk Logistics distribution system, Windows Mobile and the R&D program of Multimedia, browser and instant messaging of Windows Phone 7.

Dr. Hongjiang Zhang has served as our independent director since January 2015. Dr. Zhang currently serves as an executive director and the chief executive officer of Kingsoft Corporation Limited, which is listed on the Hong Kong Stock Exchange (Stock Code: 3888), the chief executive officer of Kingsoft Cloud, which is a subsidiary of Kingsoft Corporation Limited, a director of Cheetah Mobile Inc. (NYSE: CMCM), which is a subsidiary of Kingsoft Corporation Limited, and the director of Xunlei Limited (NASDAQ: XNET). Prior to joining Kingsoft Corporation Limited in October 2011, Dr. Zhang was the chief technology officer of Microsoft Asia-Pacific Research and Development Group and the managing director of the Microsoft Advanced Technology Center and a distinguished scientist. In his dual role, Dr. Zhang led Microsoft's research and development initiatives in China, including strategy and planning, research and development, as well as incubation of products, services and solutions. Dr. Zhang was also a member of the executive management committee of Microsoft (China) Limited. Dr. Zhang was the deputy managing director and a founding member of Microsoft Research Asia. Dr. Zhang has authored four books and over 400 scientific papers and holds approximately 200 US and international patents. Dr. Zhang received a Ph.D. in electrical engineering from the Technical University of Denmark in 1991, and a bachelor of science degree from Zhengzhou University, China, in 1982.

Mr. Frank Meng has served as our president since July 2013. From April 2010 to June 2013, Mr. Meng served as senior vice president and president of greater China for Motorola Mobility, LLC, or Motorola, a wholly owned subsidiary of Google Inc., where he managed all the aspects of Motorola's business and sales operations in mainland China, Hong Kong and Taiwan. Since August 2011, Mr. Meng has served as a Non-Executive and Independent Director at the Semiconductor Manufacturing International Corporation (HKSE: 0981). From September 2002 to April 2010, Mr. Meng served as senior vice president and president of Qualcomm, Inc, or Qualcomm, in the greater China region and served on the board of directors for Unicom-BREW Telecommunication Technologies, the joint venture between China Unicom and Qualcomm. From 1996 to 2002, he had held executive positions in other leading technology firms in Asia and the U.S. including Tecom Asia Group, Asia.com Inc., Leyou.com Inc., Infocomm International Corp., and Allen Telecom Inc. Mr. Meng is a member of the Expert Committee for Telecommunication Economy of the MIIT. Mr. Meng received his master's degree in electrical engineering from the Polytechnic University of New York and his bachelor's degree in microwave and fiber optics from Beijing University of Posts and Telecommunications.

Mr. Shang-Wen Hsiao has served as our chief financial officer since June 2010. Previously, Mr. Hsiao served as the chief financial officer of Greatdreams (China), Inc. from June 2008 to June 2010. Prior to that, Mr. Hsiao served as the chief financial officer of Memsic Inc. (NASDAQ: MEMS) from July 2007 to June 2008. Mr. Hsiao is currently an independent director of Camelot Information Systems Inc. (NYSE: CIS), a leading provider of enterprise application services and financial industry IT services in China listed on the New York Stock Exchange. Mr. Hsiao also served as the chief executive officer and chief financial officer of Centuryfone 121 Networking and Communication Co. from September 2003 to May 2007. From July 2000 to September 2003, Mr. Hsiao served as the chief financial officer of YesKey Group. From January 1994 to July 2000, Mr. Hsiao was a senior manager of business, tax and legal advisory for Arthur Andersen LLP in Philadelphia and Shanghai. Mr. Hsiao received his juris doctor degree from Rutgers School of Law in 1994 and his bachelor's degree in finance and accounting from Temple University in 1989. Mr. Hsiao has been a certified public accountant since 1989 and was admitted to the Pennsylvania Bar in 1994.

Mr. Qi Ning has served as our chief operating officer since January 2015. Mr. Ning has also served as our senior vice president from August 2012 to December 2014. From May 2012 to May 2008, Mr. Ning was the executive director of China Broadband Capital; from October 1999 to May 2012, Mr. Ning served in various roles in various companies within China Netcom Group, from director of business development of China Netcom Holding Co. to executive director and chief executive officer of CNC Broadband Corp.; from September 1989 to

September 1999, Mr. Ning held various managerial positions in governmental organization, IT and telecommunication companies, including China Chamber of International Commerce, IBM China, US based Telpac International Ltd. and the China Rep Office of Global TeleSystems Group, which later merged with Esprit Telecom Group plc and was renamed as Global Crossing. Mr. Ning received his master's degree of engineering in industrial & innovation economics from Tsinghua University in 1989 and his bachelor's degree of engineering in nuclear reactor physics from Tsinghua University in 1986.

Mr. Feng Xiao has served as our senior vice president of Sales and Key Account, Data Center Business Group since January 2009. Mr. Xiao has served in various roles since joining us in 1996 as a sales manager. From May 1998 to December 2002, Mr. Xiao was the senior manager of the marketing department; from January 2003 to December 2005, Mr. Xiao was a director of sales; from January 2006 to December 2007, Mr. Xiao was the deputy general manager of our company; and from January 2008 to December 2008, Mr. Xiao was the general manager of North China Region and vice president. Prior to joining us, Mr. Xiao was a planning manager of HeDe Group Company. Mr. Xiao graduated from Capital University of Economics and Business in 1995, and received his MBA at China Europe International Business School in 2011.

Mr. Ningning Lai has served as our senior vice president of Products and Marketing, Data Center Business Group since October 2007. Mr. Lai joined us as a network engineer in March 2000 and has served in many roles. From April 2001 to September 2004, Mr. Lai was the manager of the network operation department; from October 2004 to June 2005, Mr. Lai was a senior business development manager for our network business; and from July 2005 to July 2006, Mr. Lai was the senior manager of technical support center before being promoted to serve as the director of our technical support center from August 2006 to September 2007. Prior to joining us, Mr. Lai worked for Capital Information Development Co. Ltd. from July 1999 to February 2000. Mr. Lai received his bachelor's degree in computer science from Beijing Union University.

Mr. Wing-Dar Ker has served as our president of Microsoft cloud business unit since October 2013. Prior to that, Mr. Ker was the general manager of Microsoft's Customer Service and Support for the Asia Pacific and Greater China Region. Mr. Ker started his career with Microsoft as the finance controller for the Greater China Region in August 1993, and held various managerial positions in Microsoft since then. Prior to joining Microsoft, Mr. Ker was the manager and group head of the Business Systems Consulting group of Andersen Consulting (now known as Accenture). Mr. Ker started his career in New York City where he served at several private companies for more than five years before joining Accenture. Mr. Ker received his MBA degree from the Case Western Reserve University in Cleveland, Ohio, and his bachelor's degree of economics from the National Taiwan University.

Mr. Philip Lin has served as our executive vice president of strategy and business development since April 2011. Prior to joining us, Mr. Lin held executive positions at various internet and telecom related companies operating in China and the United States. Mr. Lin also served as an executive at Kluge & Company, where he invested in telecom and internet related private equity deals on behalf of John Kluge and Metromedia Company. Mr. Lin received an undergraduate degree from Cornell University and an MBA from Columbia University.

Employment Agreements

We have entered into employment agreements with each of our executive officers. Under these agreements, each of our senior executive officers is employed for a specified time period. We may terminate employment for cause, at any time, without advance notice or remuneration, for certain acts of the executive officer, such as conviction or plea of guilty to a felony or any crime involving moral turpitude, negligent or dishonest acts to our detriment, or misconduct or a failure to perform agreed duties. In such case, the executive officer will not be entitled to receive payment of any severance benefits or other amounts by reason of the termination, and the executive officer's right to all other benefits will terminate, except as required by any applicable law. We may also terminate an executive officer's employment without cause upon one-month advance written notice. In such case of termination by us, we are required to provide compensation to the executive officer, including severance pay, as expressly required by the applicable law of the jurisdiction where the executive officer is based. The

executive officer may terminate the employment at any time with a one-month advance written notice, if there is any significant change in the executive officer's duties and responsibilities inconsistent in any material and adverse respect with his or her title and position or a material reduction in the executive officer's annual salary before the next annual salary review, or if otherwise approved by the board of directors.

Each executive officer has agreed to hold, both during and after the termination or expiry of his or her employment agreement, in strict confidence, and not to use, except as required in the performance of his or her duties in connection with the employment, any of our confidential information or trade secrets, any confidential information or trade secrets of our clients or prospective clients, or the confidential or proprietary information of any third party received by us and for which we have confidential obligations. The executive officers have also agreed to disclose in confidence to us all inventions, designs and trade secrets which they conceive, develop or reduce to practice and to assign all right, title and interest in them to us, and assist us in obtaining patents, copyrights and other legal rights for these inventions, designs and trade secrets.

In addition, each executive officer has agreed to be bound by non-competition and non-solicitation restrictions during the term of his or her employment and for one year following the last date of employment. Specifically, each executive officer has agreed not to (i) approach our clients, customers or contacts or other persons or entities introduced to the executive officer for the purpose of doing business with such persons or entities that will harm our business relationships with these persons or entities; (ii) assume employment with or provide services to any of our competitors, or engage, whether as principal, partner, licensor or otherwise, any of our competitors; or (iii) seek directly or indirectly, to solicit the services of any of our employees who is employed by us on or after the date of the executive officer's termination, or in the year preceding such termination.

B. Compensation of Directors and Executive Officers

In 2014, the aggregate cash compensation we paid to our executive officers was approximately RMB9 million (US$1.45 million), which total amount included RMB1.8 million (US$0.3 million) for pension, retirement, medical insurance or other similar benefits for our executive officers. We did not provide any cash compensation to our non-executive directors in 2014. Other than the amounts stated above, no pension, retirement or similar benefits has been set aside or accrued for our executive officers or directors. None of our non-executive directors has a service contract with us that provides for benefits upon termination of employment.

In addition to the cash compensation referenced above, we also provide share-based compensation to our directors and officers. The total share-based compensation we provided to our directors and officers amounted to RMB49.6 million (US$8 million) in 2014. For option grants to our directors and officers, see "—Share Incentive Plans."

Share Incentive Plans

On July 16, 2010, we adopted our 2010 Plan to attract and retain the best available personnel, provide additional incentives to employees, directors and consultants and to promote the success of our business. We subsequently amended our 2010 Plan on January 14, 2011 and July 6, 2012. On May 29, 2014, we adopted our 2014 Plan on our annual general meeting, which was subsequently amended on April 1, 2015 by unanimous written approval of our board of directors. The amended 2010 Plan and 2014 Plan permit the grant of options to purchase our ordinary shares, share appreciation rights, restricted shares, RSUs, dividend equivalent rights and other instruments as deemed appropriate by the administrator under the plans. The maximum aggregate number of ordinary shares that may be issued pursuant to all awards under the amended 2010 Plan is 39,272,595 Class A ordinary shares. Under the amended 2014 Plan, we are authorized to issue to our employees, directors and consultants (i) 21,888,624 Class A ordinary shares, and (ii) an automatic increase by a number that is equal to 15% of the number of new Class A ordinary shares issued by the Company from time to time. Our board is also authorized, but not obligated, to increase the maximum number under the 2014 Plan by the number of, or a portion of, the Class A ordinary shares repurchased by us since January 1, 2014. As of the date of this annual report, options to purchase 8,067,824 ordinary shares and 3,575,395 RSUs have been granted to our employees, directors and consultants.

The following table summarizes, as of the date of this annual report, the stock options granted, or to be granted in the near future, under our amended 2010 Plan and amended 2014 Plan to our directors and executive officers and to other individuals as a group.

Name	Options Granted	Restricted Share Units	Exercise Price (US$/Share)	Date of Grant	Date of Expiration
Sheng Chen	*	—	0.15	July 16, 2010	July 16, 2020
	—	*	—	August 30, 2012	August 29, 2022
	—	*	—	November 23, 2013	November 23, 2023
	—	*	—	March 7, 2015	March 7, 2025
Yoshihisa Ueno	—	*	—	October 1, 2012	September 30, 2022
	—	*	—	April 25, 2014	April 25, 2024
Hongwei Jenny Lee	—	*	—	October 1, 2012	September 30, 2022
	—	*	—	April 20, 2014	April 20, 2024
Terry Wang	*	—	0.15	April 1, 2011	April 1, 2021
	—	*	—	October 1, 2012	September 30, 2022
	—	*	—	April 25, 2014	April 25, 2024
Kenneth Chung-Hou Tai	—	*	—	October 16, 2012	October 15, 2022
Eden Y. Woon	—	*	—	May 27, 2014	May 27, 2024
Kong Kat Wong	—	—	—	—	—
Hongjiang Zhang	—	—	—	—	—
Frank Meng	—	*	—	November 22, 2014	November 22, 2024
Shang-Wen Hsiao	*	—	0.15	July 16, 2010	July 16, 2020
	—	*	—	November 22, 2014	November 22, 2024
Qi Ning	—	*	—	November 22, 2014	November 22, 2024
Feng Xiao	*		0.15	July 16, 2010	July 16, 2020
	—	*	—	August 30, 2012	August 29, 2022
	—	*	—	November 23, 2013	November 23, 2023
Ningning Lai	*	—	0.15	July 16, 2010	July 16, 2020
	—	*	—	August 30, 2012	August 29, 2022
	—	*	—	November 23, 2013	November 23, 2023
Wing-Dar Ker	—	*	—	August 30, 2012	August 29, 2022
Philip Lin	*	—	0.15	March 25, 2011	March 25, 2021
Other individuals as a group	21,038,074	1,694,126	0.15 to 0.85	—	—

* Shares underlying vested options are less than 1% of our total outstanding shares.

Our 2010 Plan and 2014 Plan have similar terms, the following paragraphs describe the principal terms of our 2010 Plan and 2014 Plan.

Plan Administration. Our board and the compensation committee of the board will administer our plans. A committee of one or more members of the board designated by our board or the compensation committee is also authorized to grant or amend awards to participants other than senior executives. The committee will determine the provisions and terms and conditions of each award grant. It shall also have discretionary power to interpret the terms of our plans.

Award Agreement. Awards granted under our plans are evidenced by an award agreement that sets forth terms, conditions and limitations for each award, which may include the term of an award, the provisions applicable in the event the participant's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an award.

Eligibility. We may grant awards to our employees, consultants and directors. However, no shares may be optioned, granted or awarded if such action would cause an incentive share option to fail to qualify as an incentive share option under Section 422 of the Internal Revenue Code of 1986 of the United States.

Acceleration of Awards upon Change in Control. The participant's awards shall become fully exercisable and all forfeiture restrictions on such awards shall lapse, unless converted, assumed or replaced by a successor.

Exercise Price. The exercise price of an option shall be determined by the plan administrator and set forth in the award agreement and may be a fixed or variable price related to the fair market value of the shares, to the extent not prohibited by applicable laws. Subject to certain limits set forth in the plan, the exercise price may be amended or adjusted in the absolute discretion of the plan administrator, the determination of which shall be final, binding and conclusive. To the extent not prohibited by applicable laws or any exchange rule, a downward adjustment of the exercise prices of options shall be effective without the approval of the shareholders or the approval of the affected participants.

Vesting Schedule. In general, our plan administrator determines or the evidence of the award specifies, the vesting schedule.

Amendment and Termination of the Plan. With the approval of our board, our plan administrator may, at any time and from time to time, amend, modify or terminate the plan, provided, however, that no such amendment shall be made without the approval of the our shareholders to the extent such approval is required by applicable laws, or in the event that such amendment increases the number of shares available under our plan, permits our plan administrator to extend the term of our plan or the exercise period for an option beyond ten years from the date of grant or results in a material increase in benefits or a change in eligibility requirements, unless we decides to follow home country practice.

C. Board Practices

Board of Directors

Our board of directors currently consists of eight directors. A director is not required to hold any shares in the company by way of qualification. Under our currently effective memorandum and articles of association, a director may vote in respect of any contract or proposed contract or arrangement and notwithstanding that he may be interested therein and if he does so his vote shall be counted and he may be counted in the quorum at the meeting of the directors at which such contract or proposed contract or arrangement is considered. Any of our directors who is in any way, whether directly or indirectly, interested in a contract or proposed contract with our company is required to declare the nature of his interest at a meeting of the directors. Our directors may exercise all the powers of the company to borrow money, mortgage its undertaking, property and uncalled capital, and issue debentures or other securities whenever money is borrowed or as security for any obligation of the company or of any third party.

Committees of the Board of Directors

We have three committees under the board of directors: the audit committee, the compensation committee and the nominating and corporate governance committee. We have adopted a charter for each of the three committees. Each committee's members and functions are described below.

Audit Committee. Our audit committee consists of Terry Wang, Hongwei Jenny Lee and Yoshihisa Ueno, each of whom satisfies the "independence" requirements of Rule 5605 of NASDAQ Stock Market Rules and Rule 10A-3 under the Securities Exchange Act of 1934. Terry Wang is the chair of our audit committee. The purpose of the audit committee is to assist our board of directors with its oversight responsibilities regarding: (i) the integrity of our financial statements, (ii) our compliance with legal and regulatory requirements, (iii) the independent auditor's qualifications and independence and (iv) the performance of our internal audit function and independent auditor. The audit committee will be responsible for, among other things:

- appointing the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;

- reviewing with the independent auditors any audit problems or difficulties and management's response;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any steps taken to monitor and control major financial risk exposures;
- reviewing and approving all proposed related party transactions;
- meeting separately and periodically with management and the independent auditors; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

Compensation Committee. Our compensation committee consists of Yoshihisa Ueno, Hongwei Jenny Lee and Terry Wang, each of whom satisfies the "independence" requirements of Rule 5605 of NASDAQ Stock Market Rules. Kenneth Chung-Hou Tai is the chair of our compensation committee. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated. The compensation committee is responsible for, among other things:

- reviewing and approving, or recommending to the board for its approval, the compensation for our chief executive officer and other executive officers;
- reviewing and recommending to the board for determination with respect to the compensation of our non-employee directors; and
- reviewing periodically and approving any incentive compensation or equity plans, programs or similar arrangements.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee consists of Kenneth Chung-Hou Tai, Yoshihisa Ueno and Hongwei Jenny Lee, each of whom satisfies the "independence" requirements of Rule 5605 of NASDAQ Stock Market Rules. Yoshihisa Ueno is the chair of our nominating and corporate governance committee. The nominating and corporate governance committee assists the board of directors in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

- selecting and recommending to the board nominees for election by the shareholders or appointment by the board;
- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, knowledge, skills, experience and diversity;
- making recommendations on the frequency and structure of board meetings and monitoring the functioning of the committees of the board; and
- advising the board periodically with regards to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to the board on all matters of corporate governance and on any remedial action to be taken.

Duties of Directors

Under Cayman Islands law, our directors owe to us fiduciary duties, including a duty of loyalty, a duty to act honestly, and a duty to act in what they consider in good faith to be in our best interests. Our directors also

have a duty to exercise the skill they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association. We have the right to seek damages if a duty owed by our directors is breached.

Terms of Directors and Officers

Our officers are appointed by and serve at the discretion of our board of directors. Our directors are not subject to a term of office and hold office until such time as they are removed from office by ordinary resolution or the unanimous written resolution of all shareholders. We do not have a mandatory retirement age for directors. The officer of a director shall be vacated if, among other things, the director (i) becomes bankrupt or makes any arrangement or composition with his or her creditors; (ii) dies or is found by our company to be or becomes of unsound mind; (iii) resign his office by notice in writing to our company; or (iv) without special leave of absence from our board, is absent from three consecutive board meetings and the board resolves that his office be vacated.

D. Employees

We had 1,070, 1,471 and 5,356 employees as of December 31, 2012, 2013 and 2014, respectively. The following table sets forth the number of our employees by function as of December 31, 2014:

Functional Area	Number of Employees	% of Total
Operations	1,885	35.2
Sales, marketing and customer support	1,903	35.5
Research and development	625	11.7
General and administrative	943	17.6
Total	**5,356**	**100.0**

Of our total employees as of December 31, 2014, 1,458 were located in Beijing, 3,898 in other cities in China.

We plan to hire additional research and development staff and other employees as we expand. Our recruiting efforts include on-campus recruiting, online recruiting and the use of professional recruiters. We partner with leading national research institutions and employ other measures designed to bring us into contact with suitable candidates for employment.

Our full time employees in the PRC participate in a government mandated defined contribution plan pursuant to which certain pension benefits, medical care, unemployment insurance, employee housing fund and other welfare benefits are provided to employees. Chinese labor regulations require that our PRC subsidiaries make contributions to the government for these benefits based on a fixed percentage of the employees' salaries.

E. Share Ownership

The following table sets forth information with respect to the beneficial ownership of our ordinary shares, as of the date of this annual report, by:

- each of our directors and executive officers; and
- each person known to us to own beneficially more than 5.0% of our ordinary shares.

The calculations in the table below assume there are 504,715,053 ordinary shares (including 438,208,805 Class A ordinary shares and 66,506,248 Class B ordinary shares) outstanding as of the date of this annual report.

Percentage ownership and beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days of this annual report, including through the exercise of any option, warrant or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

	Shares Beneficially Owned		
	Number	%	% of Voting Power(1)
Directors and Executive Officers:			
Sheng Chen(2)	39,898,304	7.9	30.2
Hongwei Jenny Lee(3)	20,819,156	4.1	1.9
Yoshihisa Ueno(4)	5,338,260	1.1	4.6
Terry Wang	*	*	*
Kenneth Chung-Hou Tai	*	*	*
Eden Y. Woon	*	*	*
Kong Kat Wong(5)	16,666,667	3.3	10.1
Hongjiang Zhang	—	—	—
Frank Meng	*	*	*
Shang-Wen Hsiao	*	*	*
Qi Ning	*	*	*
Feng Xiao	*	*	*
Ningning Lai	*	*	*
Wing-Dar Ker	*	*	*
Philip Lin	*	*	*
All Directors and Officers as a Group	154,433,654	30.3	67.9
Principal Shareholders:			
Fast Horse Technology Limited(2)(6)	19,670,117	3.9	17.8
Sunrise Corporate Holding Ltd(2)(7).	18,887,875	3.7	11.7
King Venture Holdings Limited(8)	57,337,393	11.4	20.1
Esta Investments Pte Ltd(9)	64,668,024	12.8	5.9
Xiaomi Ventures Limited(5)(10)	16,666,667	3.3	10.1
FIL Limited(11)	35,033,982	5.7	2.6

Notes:

* Less than 1%.

(1) Percentage of total voting power represents voting power with respect to all of our Class A and Class B ordinary shares, as a single class. Each holder of our Class B ordinary shares is entitled to ten votes per Class B ordinary share and each holder of Class A ordinary shares is entitled to one vote per Class A ordinary share held by our shareholders on all matters submitted to them for a vote. Our Class A ordinary shares and Class B ordinary shares vote together as a single class on all matters submitted to a vote of our shareholders, except as may otherwise be required by law. Our Class B ordinary shares are convertible at any time by the holder into Class A ordinary shares on a 1:1 basis.

(2) Consists of (i) 19,670,117 Class B ordinary shares held by Fast Horse Technology Limited, a British Virgin Islands company solely owned by Mr. Chen, (ii) 12,187,875 Class B ordinary shares and 6,700,000 Class A ordinary shares held by Sunrise Corporate Holding Ltd., a British Virgin Islands company solely owned by Mr. Chen, (iii) 769,486 Class B ordinary shares and 4 Class A ordinary shares held by Personal Group Limited, a British Virgin Islands company solely owned by Mr. Chen, and (iv) 570,822 Class A ordinary shares upon vesting of Mr. Chen's restricted share units within 60 days of this annual report. The business address for Mr. Chen is M5, 1 Jiuxianqiao East Road, Chaoyang District, Beijing 100016, China.

(3) Consists of (i) 3,377,566 ADSs, representing 20,265,396 Class A ordinary shares, and 4 Class B ordinary Shares held by Granite Global Ventures III L.P., (ii) 54,920 ADSs, representing 329,520 Class A ordinary

shares, and 4 Class B ordinary shares held by GGV III Entrepreneurs Fund L.P., and (iii) 224,232 Class A ordinary shares upon vesting of Ms. Lee's restricted share units within 60 days of this annual report. Granite Global Ventures III L.L.C. is the sole General Partner of Granite Global Ventures III L.P. and GGV III Entrepreneurs Fund L.P. As such, Granite Global Ventures III L.L.C. possesses power to direct the voting and disposition of the shares owned by Granite Global Ventures III L.P. and GGV III Entrepreneurs Fund L.P. and may be deemed to have indirect beneficial ownership of the shares held by Granite Global Ventures III L.P. and GGV III Entrepreneurs Fund L.P. Granite Global Ventures III L.L.C. owns no securities in the Company directly. Scott Bonham, Hany Nada, Glenn Soloman, Thomas Ng, Jixun Foo, Hongwei Jenny Lee, Jessie Jin and Fumin Zhuo are managing directors of Granite Global Ventures III L.L.C. As such, Scott Bonham, Hany Nada, Glenn Soloman, Thomas Ng, Jixun Foo, Hongwei Jenny Lee, Jessie Jin and Fumin Zhuo possess power to direct the voting and disposition of the shares owned by Granite Global Ventures III L.P. and GGV III Entrepreneurs Fund L.P. and may be deemed to have indirect beneficial ownership of the shares held by Granite Global Ventures III L.P. and GGV III Entrepreneurs Fund L.P. Scott Bonham, Hany Nada, Glenn Soloman, Thomas Ng, Jixun Foo, Jessie Jin and Fumin Zhuo own no securities in the Company directly. Ms. Lee is a director of our company. The business address for Ms. Lee is GGV Capital Shanghai, 3501, 35th Floor, Two IFC, 8 Century Avenue, Pudong District, Shanghai 200120, China.

(4) Consists of (i) 5,104,200 Class B ordinary shares held by SMC Synapse Partners Limited, and (ii) 234,060 Class A ordinary shares upon vesting of Mr. Ueno's restricted share units within 60 days of this annual report. Mr. Ueno is a director of our company appointed by SMC Synapse Partners Limited. The business address for Mr. Ueno is 23F Chinachem Johnston Plaza, 178-186 Johnston Road, Hong Kong.

(5) Consists of 6,142,410 Class A ordinary shares and 10,524,257 Class B ordinary shares held by Xiaomi Ventures Limited, a Cayman Islands company. Mr. Wong is a director of our company appointed by Xiaomi Ventures Limited. The business address for Mr. Wong is No. 68 Qinghe Middle Street, Wu Cai Cheng Office Building, 12F-056, Haidian District, Beijing 100085, China.

(6) Consists of 19,670,117 Class B ordinary shares. Fast Horse Technology Limited is 100% owned by Sheng Chen. The registered address for Fast Horse Technology Limited is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.

(7) Consists of 6,700,000 Class A ordinary shares and 12,187,875 Class B ordinary shares. Sunrise Corporate Holding Ltd. is 100% owned by Sheng Chen. The registered address for Sunrise Corporate Holding Ltd. is Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands.

(8) Consists of 39,087,125 Class A ordinary shares and 18,250,268 Class B ordinary shares. The business address for King Venture Holdings Limited is Kingsoft Tower No. 33, Xiaoying West Road, Haidian District, Beijing 100085, China.

(9) Consists of 10,778,004 ADSs, representing 64,668,024 Class A ordinary shares. The business address for Esta Investments Pte Ltd is 60B Orchard Road #06-18 Tower 2, The Atrium@Orchard, Singapore 238891.

(10) Consists of 6,142,410 Class A ordinary shares and 10,524,257 Class B ordinary shares. The business address for Xiaomi Ventures Limited is No. 68 Qinghe Middle Street, Wu Cai Cheng Office Building, 12F-056, Haidian District, Beijing 100085, China.

(11) Consists of 28,954,248 Class A ordinary shares held by FIL Limited. Information regarding beneficial ownership is reported as of December 31, 2014, based on the information contained in the Schedule 13G/A filed by FIL Limited with the SEC on February 13, 2015. Please see the Schedule 13G/A filed by FIL Limited with the SEC on February 13, 2015 for information relating to FIL Limited. The address for FIL Limited is Pembroke Hall, 42 Crow Lane, Hamilton, Bermuda.

Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares are entitled to one vote per share, while holders of Class B ordinary shares are entitled to ten votes per share. We issued Class A ordinary shares represented by our ADSs in our initial public offering in April 2011. Holders of our Class B ordinary shares may choose to convert their Class B ordinary shares into the same number of Class A ordinary shares at any time. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company. See "Item 3.D. Key Information—Risk Factors—Risks Related to Our ADSs—Our dual-class voting structure will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial."

To our knowledge, as of the date of this annual report, a total of 373,783,474 Class A ordinary shares and 16 Class B ordinary shares are held by eleven record holders in the United States, including Citibank N.A., the depositary of our ADS program. The number of beneficial owners of our ADSs in the United States is likely to be much larger than the number of record holders of our ordinary shares in the United States.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

Please refer to "Item 6. Directors, Senior Management and Employees—Share Ownership."

B. Related Party Transactions

Transactions with Certain Directors, Shareholders, Affiliates and Key Management Personnel

Transactions with Companies Controlled by aBitCool

We have provided internet data center services to companies that are our related parties on similar terms and conditions available to unrelated parties customers. For the year ended December 31, 2012, we received RMB27.4 million from companies controlled by aBitCool, a company owned by our major shareholders, in connection with the internet data center services provided by us. We did not provide any services to companies controlled by aBitCool for the years ended December 31, 2013 and 2014.

For the year ended December 31, 2012, we paid RMB12.2 million to companies controlled by aBitCool in connection with the optical fibers and bandwidth we leased from these companies. We did not lease any optical fibers and bandwidth from these companies for the years ended December 31, 2013 and 2014.

For the years ended December 31, 2012, 2013 and 2014, we paid nil, RMB266,000 and nil to companies controlled by aBitCool for the computer and network equipment purchased by us.

For the years ended December 31, 2012, 2013 and 2014, we made loans to BitCool Media Group Limited, a company controlled by aBitCool, in the amount of RMB14.8 million, RMB19.1 million and RMB22.8 million (US$3.7 million) and recorded interest income in the amount of RMB253,000, RMB861,000 and RMB956,000 (US$154,000). We received a repayment of the principle of loans from BitCool Media Group Limited in the amount of nil, RMB1.2 million and RMB35.4 million (US$5.7 million) for the years ended December 31, 2012, 2013 and 2014. We received a repayment of the interest of loans from BitCool Media Group Limited in the amount of nil, nil and RMB1.6 million (US$250,000) for the years ended December 31, 2012, 2013 and 2014.

Transactions with Affiliates

For the year ended December 31, 2014, we received RMB161,000 (US$26,000) from the seller of Dermot Entities and a company controlled by the ultimate shareholder of the seller of Dermot Entities, for the internet data center services provided by us.

For the year ended December 31, 2014, we paid RMB4.8 million (US$0.8 million) to the seller of Dermot Entities, ultimate shareholder of the seller of Dermot Entities and the companies controlled by the ultimate shareholder of the seller of Dermot Entities, for the management services provided by these companies.

For the year ended December 31, 2014, we paid RMB330,000 (US$53,000) to Dyxnet Corporate Service Limited, a company controlled by the ultimate shareholder of the seller of Dermot Entities, for the computer and network equipment purchased by us.

For the year ended December 31, 2014, we made a loan to the seller of Aipu Group in the amount of RMB98.5 million (US$15.9 million).

For the year ended on December 31, 2014, we paid RMB8.9 million (US$1.4 million) to Dyxnet Corporate Service Limited, a company controlled by the ultimate shareholder of the seller of Dermot Entities, for the management services provided by the company.

For the year ended December 31, 2013 and 2014, we paid RMB61.2 million and RMB80.1 million (US$12.9 million) to Suzhou Aizhuoyi Information Technology Company Limited, a company controlled by seller of iJoy, for the computer and network equipment purchased by us.

For the year ended December 31, 2013, we made a loan to Shanghai Shibei Hi-Tech Co., Ltd., a non-controlling shareholder of Shanghai Wantong 21Vianet Information Technology Co., Ltd., in the amount of RMB4.9 million.

For the year ended December 31, 2013, we made a loan to the seller of iJoy in the amount of RMB12.2 million.

Transactions with our Shareholders

On July 5, 2012, we acquired 21Vianet Xi'an for cash consideration of RMB16.0 million from 21Vianet Infrastructure Limited, a subsidiary of aBitCool.

Contractual Arrangements with Our Variable Interest Entities and Their Shareholders

See "Item 4.C. Information on the Company—Organizational Structure—Contractual Arrangements with Our Variable Interest Entities and Their Shareholders."

Our PRC subsidiaries and consolidated affiliated entities have engaged, during the ordinary course of business, in a number of customary transactions with each other. All of these inter-company balances have been eliminated in consolidation.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

We have appended consolidated financial statements filed as part of this annual report.

Legal Proceedings

From time to time, we are subject to legal proceedings, investigations and claims incidental to the conduct of our business. We are currently not involved in any legal or administrative proceedings that may have a material adverse impact on our business, financial position or profitability.

Litigation

On September 12, 2014, a putative shareholder class action lawsuit against our company and our chief executive officer and chief financial officer, *Singh v. 21Vianet Group, Inc., et al., Civil Action No. 2:14-cv-00894*

(E.D. Tex.) (the "Singh Case"), was filed in the United States District Court for the Eastern District of Texas. On September 17, 2014, another putative shareholder class action against our company and our chief executive officer and chief financial officer, *Sun v. 21Vianet Group, Inc., et al., Civil Action No. 4:14-cv-2677 (S.D. Tex.)* (the "Sun Case"), was filed in the United States District Court for the Southern District of Texas. The complaints in the Singh Case and Sun Case allege that public filings, press releases, financial statements and other related disclosures made by our company during the alleged class period contained material misstatements and omissions, in violation of the federal securities laws, and that such public filings, press releases, financial statements and other related disclosures artificially inflated the value of our company's ADSs. The complaints in the Singh Case and Sun Case state that plaintiffs seek to represent a class of persons who allegedly suffered damages as a result of their trading activities related to our ADSs from April 21, 2011 to September 10, 2014, and allege violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, 15 U.S.C. §§ 78j(b) and 78t(a), and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5 (2013).

On October 1, 2014, the Sun Case was transferred upon plaintiff's request to the United States District Court for the Eastern District of Texas. On November 12 and 13, 2014, two alleged shareholders of our company, Emily Wu ("Wu") and Hyoung Wan Noh ("Noh"), respectively filed motions requesting the court to consolidate the two putative shareholder class action lawsuits and appoint themselves as lead plaintiffs. On December 3, 2014, Noh filed a response to Wu's motion and acknowledged that Noh did not oppose Wu's appointment as lead plaintiff. The Court has not ruled on the above-mentioned motions to consolidate and has not yet appointed a lead plaintiff.

The actions remain at their preliminary stages. We believe the cases are without merit and intend to defend the actions vigorously. For risks and uncertainties relating to the pending cases against us, please see "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—We have been named as a defendant in two putative shareholder class action lawsuits that could have a material adverse impact on our business, financial condition, results of operation, cash flows and reputation."

Disputes with Shanghai 21Vianet Information System Co., Ltd.

Shanghai 21Vianet Information System Co., Ltd. is a company bearing "21Vianet" in its name but is not affiliated with us. In January 2008, 21Vianet Beijing and 21Vianet China brought two lawsuits against Shanghai 21Vianet Information System Co., Ltd. in a Beijing court for intellectual property rights infringement and unfair competition. 21Vianet Beijing and 21Vianet China prevailed in each case. The court ordered Shanghai 21Vianet Information System Co., Ltd. to stop infringing our trademark and stop engaging unfair competition activities. 21Vianet Beijing and 21Vianet China was also awarded RMB150,000 in damages for each case. In October 2010, 21Vianet China filed another complaint against Shanghai 21Vianet Information System Co., Ltd. for domain name infringement and unfair competition. In July 2011, Shanghai 21Vianet Information System Co., Ltd. settled the case with us and transferred the domain name www.21vianet.com.cn to us for free. However, Shanghai 21Vianet Information System Co., Ltd. may continue to include "21Vianet" as part of its official company name when the name is spelt out in full, while using "21Vianet" or our logo in a short form or other context is prohibited.

Our chairman and chief executive officer, Sheng Chen, holds a minority equity interest in Shanghai 21Vianet Information System Co., Ltd. due to historical reasons. As a result of the restriction on equity transfer pursuant to its articles of association, it is not practical for Mr. Chen to transfer his equity interest in Shanghai 21Vianet Information System Co., Ltd. to us or any other parties. Mr. Chen, however, has executed an irrevocable power of attorney, pursuant to which Mr. Chen has appointed 21Vianet Beijing as his attorney-in-fact to attend shareholders' meeting of Shanghai 21Vianet Information System Co., Ltd. and to exercise all the shareholder's voting rights. Such power of attorney remains valid and irrevocable so long as Mr. Chen remains the shareholder of Shanghai 21Vianet Information System Co., Ltd.

Dividend Policy

We do not plan to pay any dividends on our ordinary shares in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

Our board of directors has complete discretion whether to distribute dividends, subject to certain restrictions under Cayman Islands law and our memorandum and articles or association. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant.

Holders of our ADSs will be entitled to receive dividends, if any, subject to the terms of the deposit agreement, to the same extent as the holders of our ordinary shares. Cash dividends will be paid to the depositary in U.S. dollars, which will distribute them to the holders of ADSs according to the terms of the deposit agreement. Other distributions, if any, will be paid by the depositary to the holders of ADSs by any means it deems legal, fair and practical.

We are a holding company incorporated in the Cayman Islands. We rely on dividends from our operating subsidiary to fund cash and financing requirements. Our operating subsidiary is required to comply with the applicable PRC regulations when it pays dividends to us. See “Item 3.D. Key Information—Risk Factors—Risks Related to Doing Business in China—We may rely on dividends paid by our operating subsidiaries to fund cash and financing requirements, and limitations on the ability of our operating subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business and fund our operations.”

B. Significant Changes

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

ITEM 9. THE OFFER AND LISTING

A. Offering and Listing Details

Our ADSs, each representing six of our Class A ordinary shares, have been listed on the NASDAQ Global Select Market since April 21, 2011 under the symbol “VNET.” The following table sets forth, for the periods indicated, the high and low trading prices on the NASDAQ Global Select Market for our ADSs.

The last reported closing price for our ADSs on April 9, 2015 was US$19.90 per ADS.

	Trading Price (US$)	
	High	Low
Annual High and Low		
2011	22.33	8.31
2012	13.75	8.39
2013	23.64	8.52
2014	32.34	14.23
Quarterly Highs and Lows		
2013		
First Quarter of 2013	10.56	8.61
Second Quarter of 2013	12.20	8.52
Third Quarter of 2013	16.54	11.25
Fourth Quarter of 2013	23.64	15.75
2014		
First Quarter of 2014	32.19	20.28
Second Quarter of 2014	30.41	21.73
Third Quarter of 2014	32.34	14.23
Fourth Quarter of 2014	23.00	15.11
Monthly Highs and Lows		
October 2014	21.84	16.55
November 2014	23.00	18.00
December 2014	20.84	15.11
January 2015	17.99	15.31
February 2015	19.34	16.16
March 2015	18.18	15.79
April 2015 (through April 9, 2015)	16.84	20.33

B. Plan of Distribution

Not applicable.

C. Markets

Our ADSs, each representing six of our ordinary shares, have been traded on the NASDAQ Global Select Market since April 21, 2011 under the symbol “VNET.”

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

We are a Cayman Islands company and our corporate affairs are governed by our memorandum and articles of association and by the Companies Law (as amended) and common law of the Cayman Islands.

As of the date hereof, our authorized share capital is US$15,000 divided into (i) 1,200,000,000 Class A Ordinary Shares of a nominal or par value of US$0.00001 each and (ii) 300,000,000 Class B Ordinary Shares of a nominal or par value of US$0.00001 each. As of the date of this annual report, there are 438,208,805 Class A ordinary shares and 66,506,248 Class B ordinary shares issued and outstanding.

The following are summaries of material provisions of our currently effective memorandum and articles of association and the Companies Law insofar as they relate to the material terms of our shares.

Registered Office and Objects

The Registered Office of the Company is situated at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, or at such other location within the Cayman Islands as our directors may from time to time determine. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law or any other law of the Cayman Islands.

Board of Directors

See “Item 6.C. Board Practices—Board of Directors.”

Ordinary shares

General. Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights (as described in more details below). Our ordinary shares are issued in registered form, and are issued when registered in our register of members (shareholders). Our shareholders who are nonresidents of the Cayman Islands may freely hold and vote their shares.

Dividends. The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors, subject to the Companies Law and our articles of association. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. Under Cayman Islands law, a Cayman Islands company may pay a dividend on its shares out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business.

Conversion. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon transfer of Class B ordinary shares by a holder thereof to any person or entity which is not an affiliate of such holder, such Class B ordinary shares will be automatically and immediately converted into an equal number of Class A ordinary shares.

Voting Rights. In respect of matters requiring shareholders' votes, each Class A ordinary share is entitled to one vote and each Class B ordinary share is entitled to ten votes. Voting at any shareholders' meeting is by show of hands unless a poll is demanded. A poll may be demanded by the chairman or by any three shareholders entitled to vote at the meeting, or one or more shareholders holding at least 10% of the paid-up voting share capital or 10% of the total voting rights entitled to vote at the meeting, present in person or by proxy.

A quorum required for a meeting of shareholders consists of at least one shareholder present in person or by proxy or, if a corporation or other non-natural person, by its duly authorized representative, who holds no less than one-third of the voting power of the shares in issue carrying a right to vote at a meeting of shareholders. Shareholders' meetings may be held annually and may be convened by our board of directors on its own initiative or upon a requisition to the directors made by shareholders holding in aggregate at least one-third of the voting power of the shares in issue carrying a right to vote at a meeting of shareholders. Advance notice of at least 14 days is required for a meeting of shareholders.

An ordinary resolution to be passed by the shareholders requires a simple majority of votes attaching to the ordinary shares cast in a general meeting while a special resolution requires no less than two-thirds of the votes attaching to the ordinary shares cast in a general meeting. Both ordinary resolutions and special resolutions may also be passed by a unanimous written resolution signed by all the shareholders of our company, as permitted by the Companies Law and our memorandum and articles of association. A special resolution is required for matters including, but not limited to, amending the memorandum and articles of association of the company, reducing share capital and winding up. Our shareholders may effect certain changes by ordinary resolution, including increasing the amount of our authorized share capital, consolidating and dividing all or any of our share capital into shares of larger amount than our existing shares, and the cancellation of any authorized but unissued shares.

Transfer of Shares. Subject to the restrictions of our memorandum and articles of association, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in any usual or common form or any other form approved by our board of directors.

Our board of directors may, in its sole discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our directors may also decline to register any transfer of any share unless (a) the instrument of transfer is lodged with us, accompanied by the certificate for the shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer; (b) the instrument of transfer is in respect of only one class of shares; (c) the instrument of transfer is properly stamped, if required; (d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four; I the shares transferred are free of any lien in favor of us; and (f) a nominal processing fee determined to be payable by our directors (not to exceed the maximum sum as NASDAQ may determine to be payable) has been paid to us in respect thereof.

If our directors refuse to register a transfer, they must, within two months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal. The registration of transfers may, on 14 days' notice being given by advertisement in one or more newspapers or by electronic means, be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine; provided, however, that the registration of transfers may not be suspended and the register may not closed for more than 30 days in any year.

Liquidation. On a return of capital on winding up, if the assets available for distribution among our shareholders are more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus will be distributed among shareholders in proportion to the par value of the shares held by them at the commencement of the winding up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to our company for unpaid calls or otherwise. If our assets available for distribution are insufficient to repay the whole of the share capital, the assets will be distributed so that, as nearly as may be, the losses are borne by our shareholders in proportion to the par value of the shares held by them.

Calls on Shares and Forfeiture of Shares. Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their shares in a notice served to such shareholders at least 14 days prior to the specified time of payment. The shares that have been called upon and remain unpaid on the specified time are subject to forfeiture.

Redemption, Repurchase and Surrender of Shares. We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders thereof, on such terms and in such manner as may be determined, before the issue of such shares, by our board of directors or by a special resolution of our shareholders. Our company may also repurchase any of our shares provided that the manner of such purchase has been approved by an ordinary resolution of our shareholders, or the manner of purchase is in accordance with the procedures set out in our memorandum and articles of association. Under the Companies Law, the redemption or repurchase of any share may be paid out of our company's profits or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if our company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Law no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares outstanding, or (c) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

Variations of Rights of Shares. Whenever the capital of our company is divided into different classes, the rights attached to any such class of shares may, subject to any right or restriction attached to any class, be varied either with the written consent of the holders of a majority of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. The rights conferred upon the holders of the shares of any class will not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking in priority to or pari passu with such previously existing shares.

Inspection of Books and Records. Holders of our ordinary shares will have no right to inspect our corporate records except as conferred by Cayman Islands law or authorized by the board or by ordinary resolution of the shareholders.

C. Material Contracts

We have entered into the following material contracts in 2013: (i) a purchase agreement dated September 30, 2013 by and among 21Vianet Group, Inc., Esta Investments Pte Ltd and the sellers named therein; (ii) an investor rights agreement dated October 11, 2013 by and among 21Vianet Group, Inc., Esta Investments Pte Ltd and certain other parties named therein; and (iii) a registration rights agreement dated October 11, 2013 between 21Vianet Group, Inc. and Esta Investments Pte Ltd.

We have entered into the following material contracts in 2014: (i) a purchase agreement dated November 29, 2014 by and among 21Vianet Group, Inc., King Venture Holdings Limited and certain other parties named therein; (ii) amendment No.1 to purchase agreement dated January 15, 2015 by and among 21Vianet Group, Inc., King Venture Holdings Limited, Mr. Sheng Chen, Personal Group Limited and Sunrise Corporate Holding Ltd.; (iii) an investor rights agreement dated January 15, 2015 by and among 21Vianet Group, Inc., King Venture Holdings Limited, Xiaomi Ventures Limited and certain other parties named therein; (iv) a purchase agreement dated December 1, 2014 by and between 21Vianet Group, Inc. and Esta Investments Pte. Ltd.; (v) amendment No.1 to purchase agreement dated January 28, 2015 by and between 21Vianet Group, Inc. and Esta Investments Pte. Ltd.; (vi) a participation rights agreement dated January 15, 2015 by and between 21Vianet Group, Inc. and Esta Investments Pte. Ltd.; (vii) a purchase agreement dated November 30, 2014 by and among 21Vianet Group, Inc., Xiaomi Ventures Limited and the other parties named therein; (viii) a registration rights agreement dated January 15, 2015 by and among 21Vianet Group, Inc., King Venture Holdings Limited and Xiaomi Ventures Limited, (ix) a share purchase agreement dated May 30, 2014, among

21Vianet Group, Inc., Sichuan Aipu Network Co., Ltd. and the sellers named therein; (x) an investment agreement dated May 30, 2014 by and among Langfang Xunchi Computer Data Processing Co., Ltd., Sichuan Aipu Network Co., Ltd., Chengdu Guotao Culture Communication Co., Ltd., Chengdu Guotao Network Technology Co., Ltd., Chengdu Chuantao Investment Partnership (LP), Suzhou Tianwei Zhongshan Jiuding Investment Center (LP), Xiamen Hongtai Jiuding Equity Partnership (LP), Beijing Hanguang Jiuding Investment Center (LP), Chengdu Everassion Equity Investment Fund Center (LP), Chengdu Zhongtao Investment Partnership (LP), Chengdu Hetao Investment Partnership (LP) and Li Jia; (xi) a share sale and purchase agreement dated August 8, 2014 by and among Upwise Investments Limited, 21Vianet Group, Inc. and Mr. Lap Man; and (xii) an equity transfer agreement in respect of Shenzhen Diyixian Communication Co., Ltd., dated August 8, 2014, among Beijing Anlai Information Communication Technology Co., Ltd., Langfang Xunchi Computer Data Processing Co., Ltd. and Shenzhen Diyixian Communication Co., Ltd.

Other than in the ordinary course of business and other than those described above, in "Item 4. Information on the Company—A. History and Development of the Company" and "Item 7—Major Shareholders and Related Party Transactions—B. Related Party Transactions" or elsewhere in this annual report, we have not entered into any material contract during the two years immediately preceding the date of this annual report:

D. Exchange Controls

See "Item 4. Information on the Company—Business Overview—Regulations—Regulations on Foreign Currency Exchange."

E. Taxation

The following summary of the material Cayman Islands, British Virgin Islands, Hong Kong, PRC and United States federal income tax consequences of an investment in our ADSs or Class A ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change. This summary does not deal with all possible tax consequences relating to an investment in our ADSs or Class A ordinary shares, such as the tax consequences under state, local and other tax laws.

The Cayman Islands

The Cayman Islands currently does not levy taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to our company levied by the government of the Cayman Islands, except for stamp duties that may be applicable on instruments executed in, or after execution brought within the jurisdiction of, the Cayman Islands. The Cayman Islands is not a party to any double taxation treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

The British Virgin Islands

Our British Virgin Islands subsidiaries are not subject to income or capital gain tax under the current laws of the British Virgin Islands.

Hong Kong

Our Hong Kong subsidiaries are subject to Hong Kong profits tax at a rate of 16.5% for the three years ended December 31, 2012, 2013 and 2014. We have not made a provision for Hong Kong profits tax in the consolidated financial statements because our Hong Kong subsidiaries had no assessable profits in the years

ended December 31, 2012, 2013 and 2014, except for Diyixian.com Limited which was newly acquired in 2014 and has profits since acquisition.

Taiwan

The Taiwan branch of Diyixian.com Limited is incorporated in Taiwan and is subject to Taiwan profits tax rate of 17% for the year ended December 31, 2014.

People's Republic of China Taxation

Under the New EIT Law, an enterprise established under the laws of foreign countries or regions and whose "place of effective management" is located within the PRC are considered PRC tax resident enterprises and subject to PRC income tax at the rate of 25% on worldwide income. Circular 82, as amended, clarified that dividends and other income paid by certain offshore enterprises controlled by a PRC company or a PRC company group established outside of the PRC will be considered PRC-source income and subject to PRC withholding tax, currently at a rate of 10% (or a lower rate under an applicable tax treaty, if any), when paid to non-PRC enterprise shareholders. Under the implementation regulations to the New EIT Law, a "place of effective management" is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and properties of an enterprise. In addition, the circular mentioned above specifies that certain offshore enterprises controlled by a PRC company or a PRC company group will be classified as PRC resident enterprises if the following are located or resident in the PRC: senior management personnel and departments that are responsible for daily production, operation and management; financial and personnel decision-making bodies; key properties, accounting books, the company seal, and minutes of board meetings and shareholders meetings; and half or more of the senior management or directors having voting rights. Although the circular only applies to offshore enterprises controlled by PRC enterprises and not those controlled by PRC individuals, the determining criteria set forth in the circular may reflect the State Administration of Taxation's general position on how the "place of effective management" test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises or individuals.

We believe that we are not a PRC resident enterprise. However, if the PRC tax authorities determine we are a PRC resident enterprise for EIT purposes, we may be required to withhold tax at the rate of 10% (or a lower rate under an applicable tax treaty, if any) from dividends we pay to our non-PRC resident enterprise shareholders (20% for non-PRC individual shareholders), including the holders of our ADSs. In addition, non-PRC holders of shares and ADSs may be subject to PRC tax on gains realized on the sale or other disposition of ADSs or Class A ordinary shares at the same rates if such income is treated as sourced from within the PRC. It is unclear whether our non-PRC holders of shares and ADSs would be able to claim the benefits of any tax treaties between their jurisdictions of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. See "Risk Factors—Risks Related to Doing Business in China—Under the New PRC Enterprise Income Tax Law, we may be classified as a "resident enterprise" of China. Such classification could result in unfavorable tax consequences to us and our non-PRC holders of shares and ADSs."

United States Federal Income Tax Considerations

The following is a summary of the principal United States federal income tax consequences of the ownership and disposition of our ADSs or Class A ordinary shares by a U.S. Holder, as defined below, that acquires our ADSs and holds our ADSs or Class A ordinary shares as "capital assets" (generally, property held for investment) under the United States Internal Revenue Code of 1986, as amended (the "Code"). This summary is based upon current United States federal tax law, which is subject to differing interpretations or change, possibly with retroactive effect. No ruling has been sought from the United States Internal Revenue Service (the "IRS") with respect to any United States federal income tax consequences described below, and there can be no assurance that the IRS or a court will not take a contrary position. This summary does not discuss all aspects of

United States federal income taxation that may be important to particular investors in light of their individual investment circumstances, including investors subject to special tax rules (for example, certain financial institutions, insurance companies, regulated investment companies, real estate investment trusts, broker-dealers, traders in securities that elect mark-to-market treatment, partnerships and their partners, tax-exempt organizations (including private foundations), investors who are not U.S. Holders, investors who own (directly, indirectly, or constructively) 10% or more of our voting stock, investors that hold their ADSs or Class A ordinary shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for United States federal income tax purposes, or investors that have a functional currency other than the United States dollar), all of whom may be subject to tax rules that differ significantly from those summarized below. In addition, this summary does not discuss any state, local, or non-United States tax considerations. Each potential investor is urged to consult its tax advisor regarding the United States federal, state, local and non-United States income and other tax considerations of an investment in our ADSs or Class A ordinary shares.

General

For purposes of this summary, a "U.S. Holder" is a beneficial owner of our ADSs or Class A ordinary shares that is, for United States federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation (or other entity treated as a corporation for United States federal income tax purposes) created in, or organized under the law of, the United States or any state thereof or the District of Columbia, (iii) an estate the income of which is includible in gross income for United States federal income tax purposes regardless of its source, or (iv) a trust (A) the administration of which is subject to the primary supervision of a United States court and which has one or more United States persons who have the authority to control all substantial decisions of the trust or (B) that has otherwise elected to be treated as a United States person under the United States Internal Revenue Code.

If a partnership (or other entity treated as a partnership for United States federal income tax purposes) is a beneficial owner of our ADSs or Class A ordinary shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships and partners of a partnership holding our ADSs or Class A ordinary shares are urged to consult their tax advisors regarding an investment in our ADSs or Class A ordinary shares.

The discussion below assumes that the representations contained in the deposit agreement are true and that the obligations in the deposit agreement and any related agreement have been and will be complied with in accordance with their terms. If you hold ADSs, you should be treated as the holder of the underlying ordinary shares represented by those ADSs for U.S. federal income tax purposes.

Passive Foreign Investment Company Considerations

A non-United States corporation, such as our company, will be a "passive foreign investment company," or PFIC, for United States federal income tax purposes for any taxable year, if either (i) 75% or more of its gross income for such year consists of certain types of "passive" income or (ii) 50% or more of the value of its assets (determined on the basis of a quarterly average) during such year produce or are held for the production of passive income, or the asset test. Passive income generally includes dividends, interest, certain non-active royalties, rents, annuities, net gains from the sale or exchange of property producing such income and net foreign currency gains. For this purpose, cash and assets readily convertible into cash are categorized as passive assets and the company's unbooked intangibles are taken into account for determining the value of its assets. We will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which we own, directly or indirectly, more than 25% (by value) of the stock.

Although the law in this regard is not entirely clear, we treat our variable interest entities as being owned by us for United States federal income tax purposes because we control their management decisions and we are entitled to substantially all of their economic benefits and, as a result, we consolidate their results of operations in

our consolidated U.S. GAAP financial statements. If it were determined, however, that we are not the owner of our variable interest entities for United States federal income tax purposes, we would likely be treated as a PFIC for our taxable year ended December 31, 2014 and for subsequent taxable years.

Assuming that we are the owner of our variable interest entities for United States federal income tax purposes, we believe that we primarily operate as an active provider of managed hosting and cloud services in China. Based on the market price of our ADSs and Class A ordinary shares, the value of our assets, and the composition of our assets and income, we believe that we were not a PFIC for United States federal income tax purposes for our taxable year ended December 31, 2014 and we do not expect to be a PFIC in subsequent years. While we do not anticipate becoming a PFIC, because the value of our assets for purpose of the asset test may be determined, in part, by reference to the market price of our ADSs or Class A ordinary shares, fluctuations in the market price of our ADSs and Class A ordinary shares may cause us to become a PFIC for the current or any subsequent taxable year. Under circumstances where revenues from activities that produce passive income significantly increase relative to our revenues from activities that produce non-passive income, or where we determine not to deploy significant amounts of cash for active purposes, our risk of becoming a PFIC may substantially increase.

Furthermore, because there are uncertainties in the application of the relevant rules, it is possible that the IRS may challenge our classification of certain income and assets as non-passive or our valuation of our tangible and intangible assets, each of which may result in our becoming a PFIC for the current taxable year or any future taxable years. If we are a PFIC for any year during which a U.S. Holder holds our ADSs or Class A ordinary shares, we generally will continue to be treated as a PFIC as to such U.S. Holder for all succeeding years during which such U.S. Holder holds our ADSs or Class A ordinary shares unless we cease to be a PFIC and the U.S. Holder makes a “deemed sale” election with respect to the ADSs or Class A ordinary shares.

If we are a PFIC for any taxable year during which a U.S. Holder holds our ADSs or Class A ordinary shares, unless the U.S. Holder makes a mark-to-market election (as described below), the U.S. Holder will generally be subject to special tax rules that have a penalizing effect, regardless of whether we remain a PFIC, on (i) any excess distribution that we make to the U.S. Holder (which generally means any distribution paid during a taxable year to a U.S. Holder that is greater than 125% of the average annual distributions paid in the three preceding taxable years or, if shorter, the U.S. Holder’s holding period for the ADSs or Class A ordinary shares), and (ii) any gain realized on the sale or other disposition, including, under certain circumstances, a pledge, of ADSs or Class A ordinary shares. Under the PFIC rules:

- the excess distribution and/or gain will be allocated ratably over the U.S. Holder’s holding period for the ADSs or Class A ordinary shares;
- the amount allocated to the current taxable year and any taxable years in the U.S. Holder’s holding period prior to the first taxable year in which we are a PFIC, or pre-PFIC year, will be taxable as ordinary income;
- the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for such year and would be increased by an additional tax equal to interest on the resulting tax deemed deferred with respect to each such other taxable year.

If we are a PFIC for any taxable year during which a U.S. Holder holds our ADSs or Class A ordinary shares and any of our non-United States subsidiaries is also a PFIC, such U.S. Holder would, under proposed regulations, be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC and would be subject to the rules described above on certain distributions by a lower-tier PFIC and a disposition of shares of a lower-tier PFIC even though such U.S. holder would not receive the proceeds of those distributions or dispositions. U.S. Holders should consult their tax advisors regarding the application of the PFIC rules to any of our subsidiaries.

As an alternative to the foregoing rules, if we are a PFIC, a U.S. Holder of "marketable stock" may make a mark-to-market election with respect to our ADSs, but not our Class A ordinary shares, provided that the ADSs continue to be listed on the NASDAQ Global Select Market and are regularly traded. If a U.S. Holder makes this election, the holder will generally (i) include as ordinary income for each taxable year that we are a PFIC the excess, if any, of the fair market value of ADSs held at the end of the taxable year over the adjusted tax basis of such ADSs and (ii) deduct as an ordinary loss the excess, if any, of the adjusted tax basis of the ADSs over the fair market value of such ADSs held at the end of the taxable year, but such deduction will only be allowed to the extent of the net amount previously included in income as a result of the mark-to-market election. The U.S. Holder's adjusted tax basis in the ADSs would be adjusted to reflect any income or loss resulting from the mark-to-market election. If a U.S. Holder makes a mark-to-market election and we cease to be a PFIC, the holder will not be required to take into account the mark-to-market gain or loss described above during any period that we are not a PFIC. If a U.S. Holder makes a mark-to-market election, any gain such U.S. Holder recognizes upon the sale or other disposition of our ADSs in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as ordinary loss, but such loss will only be treated as ordinary loss to the extent of the net amount previously included in income as a result of the mark-to-market election. In the case of a U.S. Holder who has held ADSs or Class A ordinary shares during any taxable year in respect of which we were classified as a PFIC and continues to hold such ADSs or Class A ordinary shares (or any portion thereof) and has not previously determined to make a mark-to-market election, and who is now considering making a mark-to-market election, special tax rules may apply relating to purging the PFIC taint of such ADSs or Class A ordinary shares.

Because, as a technical matter, a mark-to-market election cannot be made for any lower-tier PFICs that we may own, a U.S. Holder may continue to be subject to the general PFIC rules described above with respect to such U.S. Holder's indirect interest in any investments held by us that are treated as an equity interest in a PFIC for United States federal income tax purposes, notwithstanding a market-to-market election.

We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections, which, if available, would result in tax treatment different from the general tax treatment for PFICs described above.

If a U.S. Holder owns our ADSs or Class A ordinary shares during any taxable year that we are a PFIC, the holder must file an annual report with the U.S. Internal Revenue Service. Each U.S. Holder is urged to consult its tax advisor concerning the United States federal income tax consequences of purchasing, holding, and disposing ADSs or Class A ordinary shares if we are or become a PFIC, including the possibility of making a mark-to-market election.

The discussion below under "Dividends" and "Sale or Other Disposition of ADSs or Class A ordinary shares" assumes that we will not be a PFIC for United States federal income tax purposes.

Dividends

Subject to the PFIC discussion above, any cash distributions (including the amount of any PRC tax withheld) paid on our ADSs or Class A ordinary shares out of our current or accumulated earnings and profits, as determined under United States federal income tax principles, will generally be includible in the gross income of a U.S. Holder as dividend income on the day actually or constructively received by the U.S. Holder, in the case of Class A ordinary shares, or by the depositary bank, in the case of ADSs. Because we do not intend to determine our earnings and profits on the basis of United States federal income tax principles, any distribution paid will generally be treated as a "dividend" for United States federal income tax purposes.

A non-corporate recipient of dividend income generally will be subject to tax on dividend income from a "qualified foreign corporation" at a lower applicable capital gains rate rather than the marginal tax rates generally applicable to ordinary income provided that certain holding period and other requirements are met. We will be considered to be a qualified foreign corporation (i) with respect to any dividend we pay on our ADSs or Class A

ordinary shares that are readily tradable on an established securities market in the United States, or (ii) if we are eligible for the benefits of a comprehensive tax treaty with the United States that the Secretary of Treasury of the United States determines is satisfactory for this purpose and includes an exchange of information program. Because the ADSs are listed on the NASDAQ Global Select Market, we believe that the ADSs are readily tradable on an established securities market in the United States and that we are a qualified foreign corporation with respect to dividends paid on the ADSs, but not with respect to dividends paid on our Class A ordinary shares. In the event we are deemed to be a resident enterprise under the PRC Enterprise Income Tax Law, we believe that we would be eligible for the benefits under the United States-PRC income tax treaty (which the U.S. Treasury Department has determined is satisfactory for this purpose) and that we would be treated as a qualified foreign corporation with respect to dividends paid on both our Class A ordinary shares or ADSs. U.S. Holders should consult their tax advisors regarding the availability of the reduced tax rate on dividends in their particular circumstances. Dividends received on our ADSs or Class A ordinary shares will not be eligible for the dividends received deduction allowed to corporations.

For United States foreign tax credit purposes, dividends paid on our ADSs or Class A ordinary shares generally will be treated as income from foreign sources and generally will constitute passive category income. In the event that we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law, a U.S. Holder may be subject to PRC withholding taxes on dividends paid, if any, on our ADSs or Class A ordinary shares. A U.S. Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any foreign withholding taxes imposed on dividends received on our ADSs or Class A ordinary shares. A U.S. Holder who does not elect to claim a foreign tax credit for foreign tax withheld may instead claim a deduction for United States federal income tax purposes in respect of such withholding, but only for a year in which such holder elects to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex. U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Sale or Other Disposition of ADSs or Class A Ordinary Shares

Subject to the PFIC discussion above, a U.S. Holder will generally recognize capital gain or loss upon the sale or other disposition of ADSs or Class A ordinary shares in an amount equal to the difference between the amount realized upon the disposition and the holder's adjusted tax basis in such ADSs or Class A ordinary shares. Any capital gain or loss will be long-term if the ADSs or Class A ordinary shares have been held for more than one year and will generally be United States source gain or loss for United States foreign tax credit purposes. In the event that we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law, and gain from the disposition of the ADSs or Class A ordinary shares is subject to tax in the PRC, such gain may be treated as PRC source gain for foreign tax credit purposes under the United States-PRC income tax treaty and a U.S. Holder may elect to treat such gain as foreign-source, subject to special rules. The deductibility of a capital loss may be subject to limitations. U.S. Holders are urged to consult their tax advisors regarding the tax consequences if a foreign tax is imposed on a disposition of our ADSs or Class A ordinary shares, including the availability of the foreign tax credit under their particular circumstances.

Medicare Tax

Recently effective legislation generally imposes a 3.8% Medicare tax on a portion or all of the net investment income of certain individuals with a modified adjusted gross income of over $200,000 (or $250,000 in the case of joint filers or $125,000 in the case of married individuals filing separately) and on the undistributed net investment income of certain estates and trusts. For these purposes, "net investment income" generally includes interest, dividends (including dividends paid with respect to our ADSs or Class A ordinary shares), annuities, royalties, rents, net gain attributable to the disposition of property not held in a trade or business (including net gain from the sale, exchange or other taxable disposition of an ADS or Class A ordinary share) and certain other income, reduced by any deductions properly allocable to such income or net gain. U.S. holders are

urged to consult their tax advisors regarding the applicability of the Medicare tax to their income and gains in respect of their investment in the ADSs or Class A ordinary shares.

Information Reporting and Backup Withholding

Individual U.S. Holders and certain entities may be required to submit to the IRS certain information with respect to his or her beneficial ownership of the ADSs or Class A ordinary shares, if such ADSs or Class A ordinary shares are not held on his or her behalf by a financial institution. Penalties are also imposed if an individual U.S. Holder is required to submit such information to the IRS and fails to do so.

In addition, dividend payments with respect to the ADSs or Class A ordinary shares and proceeds from the sale, exchange or redemption of the ADSs or Class A ordinary shares may be subject to information reporting to the IRS and United States backup withholding. Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification, or who is otherwise exempt from backup withholding. U.S. Holders should consult their tax advisors regarding the application of the United States information reporting and backup withholding rules. Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder's United States federal income tax liability, and a U.S. Holder generally may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the Internal Revenue Service and furnishing any required information.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We have filed with the SEC a registration statement on Form F-1, including relevant exhibits and securities under the Securities Act with respect to underlying ordinary shares represented by the ADSs.

We are subject to the periodic reporting and other informational requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F no later than four months after the close of each fiscal year, which is December 31. Copies of reports and other information, when so filed, may be inspected without charge and may be obtained at prescribed rates at the public reference facilities maintained by the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549, and at the regional office of the SEC located at Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. The public may obtain information regarding the Washington, D.C. Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a web site at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system.

Our internet website is www.21vianet.com. We make available free of charge on our website our annual reports on Form 20-F and any amendments to such reports as soon as reasonably practicable following the electronic filing of such report with the SEC. In addition, we provide electronic or paper copies of our filings free of charge upon request. The information contained on our website is not part of this or any other report filed with or furnished to the SEC.

As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are

exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. Our financial statements have been prepared in accordance with U.S. GAAP.

We will furnish hard copies of our annual report which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP free of charge to our shareholders and ADS holders upon request.

I. Subsidiary Information

For a listing of our subsidiaries, see "Item 4. Information on the Company—C. Organizational Structure."

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Our exposure to interest rate risk primarily relates to interest expenses incurred in respect of bonds payable, bank and other borrowings, mandatorily redeemable noncontrolling interests in Asia Cloud Investment, capital lease obligations as well as interest income generated by excess cash, which is mostly held in interest-bearing bank deposits. As of December 31, 2014, we had: (i) short-term and long-term bank borrowings (current portions) with an aggregate outstanding balance of RMB215.8 million (US$34.8 million); (ii) long-term bank borrowings (excluding current portions) with an aggregate outstanding balance of RMB61.7 million (US$9.9 million); (iii) long-term other borrowings with an outstanding balance of RMB900 million (US$145.1 million); (iv) an outstanding principal balance of RMB2,264.3 million (US$364.9 million) with respect to the 2016 Bonds and 2017 Bonds payable; and (v) a mandatorily redeemable noncontrolling interest liability of RMB100 million (US$16.1 million).

The short-term bank borrowings bore a weighted average interest rate of 6.36% per annum. The long-term bank and other borrowings bore weighted-average interest rates of 6.00% and 4.00% per annum, respectively. The 2016 Bonds bore a coupon rate of 7.875% per annum and an effective interest rate of 9.29% per annum. The 2017 Bonds bore an interest rate of 6.875% per annum and an effective interest rate of 7.39% per annum. The cumulative dividend rate on the mandatorily redeemable noncontrolling interest is 8.00% per annum. We also had RMB911.2 million (US$146.9 million) in short-term investments with original maturities of greater than 90 days but less than 365 days. A hypothetical one percentage point (100 basis-point) decrease in interest rates would have resulted in a decrease of approximately RMB12.6 million (US$2.0 million) in interest expense for the year ended December 31, 2014. We have not used derivative financial instruments in our investment portfolio. Interest earning instruments and interest-bearing obligations carry a degree of interest rate risk. We have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in market interest rates. However, our future interest income and interest expenses may fluctuate due to changes in market interest rates.

Foreign Exchange Risk

We earn substantially all of our revenues and incur most of our expenses in Renminbi, and almost all of our sales contracts are denominated in Renminbi. We do not believe that we currently have any significant direct foreign exchange risk and have not used any derivative financial instruments to hedge our exposure to such risk. Although in general, our exposure to foreign exchange risks should be limited, the value of your investment in our ADSs will be affected by the exchange rate between the U.S. dollar and the Renminbi because the value of our business is effectively denominated in Renminbi, while the ADSs is traded in U.S. dollars. The Renminbi depreciated by 0.4% against the U.S. dollar in 2014. A hypothetical 10% decrease in the exchange rate of the U.S. dollar against the RMB would have resulted in a decrease of RMB10.6 million (US$1.7 million) in the value of our U.S. dollar-denominated financial assets at December 31, 2014.

The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the People's Bank of China. The PRC government allowed the Renminbi to appreciate by more than 20% against the

U.S. dollar between July 2005 and July 2008. Between July 2008 and June 2010, this appreciation was halted and the exchange rate between the Renminbi and the U.S. dollar remained within a narrow band. As a consequence, the Renminbi fluctuated significantly during that period against other freely traded currencies, in tandem with the U.S. dollar. Since June 2010, the PRC government has allowed the Renminbi to appreciate slowly against the U.S. dollar again. In the recent months, the Renminbi depreciated against the U.S. dollar and the PRC government expanded the band within which the exchange rate between the Renminbi and the U.S. dollar can fluctuate. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future. To the extent that we need to convert U.S. dollars into Renminbi for capital expenditures and working capital and other business purposes, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, if we decide to convert Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs, strategic acquisitions or investments or other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amount available to us.

Inflation Risk

In the last three years, inflation in China has not materially impacted our results of operations. According to the National Bureau of Statistics of China, the annual average percent changes in the consumer price index in China for 2012, 2013 and 2014 were 2.6%, 2.6% and 2.0%, respectively. The year-over-year percent changes in the consumer price index for January 2013, 2014 and 2015 were increases of 2.0%, 2.5% and 0.8%, respectively. Although we have not been materially affected by inflation in the past, we cannot assure you that we will not be affected in the future by higher rates of inflation in China.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Fees and Charges Our ADS holders May Have to Pay

Citibank, N.A., the depositary of our ADS program, collects fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deductions from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid. Citibank's principal executive office is located at 388 Greenwich Street, New York, New York, 10013. The depositary bank typically appoints a custodian to safekeep the securities on deposit. In this case, the custodian is Citibank Hong Kong, located at 10/F, Harbour Front (II), 22, Tak Fung Street, Hung Hom, Kowloon, Hong Kong. As an ADS holder, you will be required to pay the following service fees to the depositary bank:

Service	Fees
• Issuance of ADSs	Up to US$0.05 per ADS issued
• Cancellation of ADSs	Up to US$0.05 per ADS canceled
• Distribution of cash dividends or other cash distributions	Up to US$0.05 per ADS held
• Distribution of ADSs pursuant to stock dividends, free stock distributions or exercise of rights.	Up to US$0.05 per ADS held
• Distribution of securities other than ADSs or rights to purchase additional ADSs	Up to US$0.05 per ADS held
• Depositary services	Up to US$0.05 per ADS held on the applicable record date(s) established by the Depositary
• Transfer of ADRs	US$1.50 per certificate presented for transfer

As an ADS holder, you will also be responsible to pay certain fees and expenses incurred by the depositary bank and certain taxes and governmental charges such as:

- fees for the transfer and registration of Class A ordinary shares charged by the registrar and transfer agent for the Class A ordinary shares in the Cayman Islands (i.e., upon deposit and withdrawal of Class A ordinary shares);
- expenses incurred for converting foreign currency into U.S. dollars;
- expenses for cable, telex and fax transmissions and for delivery of securities;
- taxes and duties upon the transfer of securities (i.e., when Class A ordinary shares are deposited or withdrawn from deposit); and
- fees and expenses incurred in connection with the delivery or servicing of Class A ordinary shares on deposit.

Depositary fees payable upon the issuance and cancellation of ADSs are typically paid to the depositary bank by the brokers (on behalf of their clients) receiving the newly issued ADSs from the depositary bank and by the brokers (on behalf of their clients) delivering the ADSs to the depositary bank for cancellation. The brokers in turn charge these fees to their clients. Depositary fees payable in connection with distributions of cash or securities to ADS holders and the depositary services fee are charged by the depositary bank to the record holders of ADSs as of the applicable ADS record date.

The depositary fees payable for cash distributions are generally deducted from the cash being distributed. In the case of distributions other than cash (i.e., stock dividends, rights), the depositary bank charges the applicable fee to the record date ADS holders concurrent with the distribution. In the case of ADSs registered in the name of the investor (whether certificated or uncertificated in the direct registration system), the depositary bank sends invoices to the applicable record date ADS holders. In the case of ADSs held in brokerage and custodian accounts (via DTC), the depositary bank generally collects its fees through the systems provided by DTC (whose nominee is the registered holder of the ADSs held in DTC) from the brokers and custodians holding ADSs in their DTC accounts. The brokers and custodians who hold their clients' ADSs in DTC accounts in turn charge their clients' accounts the amount of the fees paid to the depositary banks.

In the event of refusal to pay the depositary fees, the depositary bank may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary fees from any distribution to be made to the ADS holder.

Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary bank. You will receive prior notice of such changes.

The depositary bank may reimburse us for certain expenses incurred by us in respect of the ADR program established pursuant to the deposit agreement, by making available a portion of the depositary fees charged in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary bank may agree from time to time.

Fees and Other Payments Made by the Depositary to Us

Our depositary has agreed to reimburse us for certain expenses we incur that are related to establishment and maintenance of the ADS program, including investor relations expenses and exchange application and listing fees. There are limits on the amount of expenses for which the depositary will reimburse us, but the amount of reimbursement available to us is not related to the amounts of fees the depositary collects from investors. For the year ended December 31, 2014, we were entitled to US$859,413 from the depositary as reimbursement for our expenses incurred in connection with the establishment and maintenance of the ADS program.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

See "Item 10. Additional Information" for a description of the rights of security holders, which remain unchanged since our initial public offering.

The following "Use of Proceeds" information relates to the registration statement on Form F-1 (File number 333-173292) for our initial public offering of 14,950,000 ADSs, representing 89,700,000 Class A ordinary shares, which registration statement was declared effective by the SEC on April 21, 2011. We issued and sold all registered ADSs at an initial offering price of US$15.00 per ADS.

We received net proceeds of US$204.3 million from our initial public offering. We used all of the net proceeds received from our initial public offering on data center infrastructure expansion, network infrastructure expansion and general corporate purposes.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this annual report, as required by Rule 13a-15(b) under the Exchange Act. Based on such evaluation, our management has concluded that, as of the end of the period covered by this annual report, our disclosure controls and procedures were effective.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control system was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of its published consolidated financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective may not prevent or detect misstatements and can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management, with the participation of our chief executive officer and chief financial officer, conducted an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2014. In making this assessment, we used the criteria established within the Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Our management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Sichuan Aipu Group Network Co., Ltd and Dermot Holding Limited, which are included in the 2014 consolidated financial statements of 21Vianet Group, Inc. and constituted RMB3,443.9 million and RMB2,513.0 million of total and net assets, respectively, as of December 31, 2014 and RMB578.3 million and RMB50.8 million of revenues and net income, respectively, for the year then ended Based on this assessment, our management has concluded that, as of December 31, 2014, our internal control over financial reporting was effective.

Our independent registered public accounting firm, Ernst & Young Hua Ming LLP, has audited our internal control over financial reporting as of December 31, 2014 and has issued an attestation report set forth below.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and the Shareholders of 21Vianet Group, Inc.:

We have audited 21Vianet Group, Inc.'s (the "Company") internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Management's Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Sichuan Aipu Group Network Co., Ltd and Dermot Holding Limited, which are included in the 2014 consolidated financial statements of 21Vianet Group, Inc. and constituted RMB3,443.9 million and RMB2,513.0 million of total and net assets, respectively, as of December 31, 2014 and RMB578.3 million and RMB50.8 million of revenues and net income, respectively, for the year then ended. Our audit of internal control over financial reporting of 21Vianet Group, Inc. also did not include an evaluation of the internal control over financial reporting of Sichuan Aipu Group Network Co., Ltd and Dermot Holding Limited.

In our opinion, 21Vianet Group, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of 21Vianet Group, Inc. as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income (loss), cash flows and changes in shareholders' equity for each of the three years in the period ended December 31, 2014 and our report dated April 10, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young Hua Ming LLP

Shanghai, the People's Republic of China

April 10, 2015

Changes in Internal Control over Financial Reporting

There were no changes in our internal controls over financial reporting that occurred during the period covered by this annual report that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Mr. Terry Wang, an independent director (under the standards set forth in NASDAQ Stock Market Rule 5605(a)(2) and Rule 10A-3 under the Exchange Act) and a member of our audit committee, is an audit committee financial expert.

ITEM 16B. CODE OF ETHICS

Our board of directors has adopted a code of ethics that applies to our directors, officers, employees and agents, including certain provisions that specifically apply to our chief executive officer, chief financial officer, chief operating officer, chief technology officer, vice presidents and any other persons who perform similar functions for us. We have filed our code of business conduct and ethics as an exhibit to our registration statement on Form F-1 (No. 333-173292).

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by Ernst & Young Hua Ming LLP for the periods indicated. We did not pay any other fees to Ernst & Young Hua Ming LLP during the periods indicated below.

	For the Year Ended December 31, (in US$ thousands)	
	2013	2014
Audit fees(1)	1,298	1,561
Audit-related fees(2)	253	237
Tax fees	—	5

Notes:

(1) "Audit fees" means the aggregate fees billed for professional services rendered by Ernst & Young Hua Ming LLP for the audit of our annual financial statements.

(2) "Audit-related fees" means the aggregate fees billed for services provided in connection with offering of the 2016 Bonds and 2017 Bonds.

The policy of our audit committee is to pre-approve all audit and non-audit services provided by Ernst & Young Hua Ming LLP, including audit, audit-related and tax services as described above, prior to the commencement of such services.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

On August 26, 2014, our board of directors approved a US$5 million share repurchase program, pursuant to which we were authorized to repurchase up to US$5 million of our own outstanding shares within the next 12 months. On September 4, 2014, our board of directors approved a US$100 million share repurchase program, pursuant to which we were authorized to repurchase up to US$100 million of our own outstanding shares within the next 12 months. The share repurchase program permitted us to purchase shares from time to time on the open market at prevailing market prices, in privately negotiated transactions, in block trades or legally permissible ways depending on the market conditions and in accordance with applicable rules and regulations. For the period from August 26, 2014 to December 31, 2014, we repurchased 1,553,085 ADSs for a consideration of US$34.7 million under our share repurchase program.

The following table sets forth a summary of our repurchase of our ADSs made in the year 2014 under the share repurchase programs described in the paragraph above.

Period	Total Number of ADSs Purchased(2)	Average Price Paid Per ADS(2)	Total Number of ADSs Purchased as Part of Publicly Announced Plans or Programs(1)	Maximum Dollar Value of ADSs that May Yet Be Purchased Under Plans or Programs (US$)
August 26 through September 25, 2014	1,553,085	22.35	1,553,085	70,284,307

(1) On August 26, 2014, our board of directors approved a share repurchase program, under which we may repurchase up to US$5 million worth of our outstanding shares within the next 12 months. On September 4, 2014, our board of directors approved a share repurchase program, under which we may repurchase up to US$100 million worth of our outstanding shares within the next 12 months.

(2) Each ADS represents six Class A ordinary shares.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

Certain corporate governance practices in the Cayman Islands, which is our home country, are considerably different than the standards applied to U.S. domestic issuers. NASDAQ Stock Market Rules provide that foreign private issuers are exempt from certain corporate governance requirements of NASDAQ and may follow their home country practices, subject to certain exceptions and requirements to the extent that such exemptions would be contrary to U.S. federal securities laws and regulations. We currently follow our home country practice that: (i) does not require us to solicit proxy and hold meetings of our shareholders every year, (ii) does not restrict a company's transactions with directors, requiring only that directors exercise a duty of care and owe a fiduciary duty to the companies for which they serve, (iii) does not require us to obtain shareholder approval for issuing additional securities exceeding 20% of our outstanding ordinary shares, and (iv) does not require us to seek shareholders' approval for amending our share incentive plan. In the future, we may rely on other exemptions provided by NASDAQ.

In accordance with NASDAQ Stock Market Rule 5250(d)(1), we will post this annual report on Form 20-F on our company website at http://ir.21vianet.com. In addition, we will provide hard copies of our annual report free of charge to shareholders and ADS holders upon request.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statements pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements of 21Vianet Group, Inc. and its subsidiaries and consolidated affiliated entities are included at the end of this annual report.

ITEM 19. EXHIBITS

Exhibit Number	Description of Document
1.1	Fourth Amended and Restated Memorandum and Articles of Incorporation of the Registrant (incorporated by reference to Exhibit 3.2 from our registration statement on Form F-1 (File No. 333-173292), as amended, initially filed with the U.S. Securities and Exchange Commission (the "Commission") on April 4, 2011)
2.1	Specimen American Depositary Receipt of the Registrant (incorporated by reference to Exhibit 4.1 from our registration statement on Form F-1 (File No. 333-173292), as amended, initially filed with the Commission on April 4, 2011)
2.2	Specimen Certificate for Class A Ordinary Shares of the Registrant (incorporated by reference to Exhibit 4.2 from our registration statement on Form F-1 (File No. 333-173292), as amended, initially filed with the Commission on April 4, 2011)
2.3	Deposit Agreement among the Registrant, the depositary and holders and beneficial holders of the American Depositary Shares (incorporated by reference to Exhibit 4.3 from our registration statement on Form S-8 (File No. 333-177273), as amended, filed with the Commission on October 13, 2011)
2.4	Amended and Restated Shareholders Agreement between the Registrant and other parties therein dated January 14, 2011 (incorporated by reference to Exhibit 4.4 from our registration statement on Form F-1 (File No. 333-173292), as amended, initially filed with the Commission on April 4, 2011)
2.5	Fiscal Agency Agreement, dated March 20, 2013, between 21Vianet Group Inc. and Citicorp International Limited (incorporated by reference to Exhibit 2.5 from our annual report on Form 20-F (File No. 001-35126), initially filed with the Commission on April 19, 2013)
4.1	Form of Indemnification Agreement between the Registrant and its Directors (incorporated by reference to Exhibit 10.3 from our registration statement on Form F-1 (File No. 333-173292), as amended, initially filed with the Commission on April 4, 2011)
4.2	Form of Employment Agreement between the Registrant and an Executive Officer of the Registrant (incorporated by reference to Exhibit 10.4 from our registration statement on Form F-1 (File No. 333-173292), as amended, initially filed with the Commission on April 4, 2011)
4.3	English translation of Loan Agreement dated January 28, 2011, between 21Vianet Data Center Co., Ltd. and the shareholders of Beijing aBitCool Network Technology Co., Ltd. (incorporated by reference to Exhibit 4.7 from our annual report on Form 20-F (File No. 001-35126), initially filed with the Commission on April 19, 2013)
4.4	English translation of Share Pledge Agreement dated February 23, 2011, among 21Vianet Data Center Co., Ltd., Beijing aBitCool Network Technology Co., Ltd. and the shareholders of Beijing aBitCool Network Technology Co., Ltd. (incorporated by reference to Exhibit 10.6 from our registration statement on Form F-1 (File No. 333-173292), as amended, initially filed with the Commission on April 4, 2011)
4.5	English translation of Form Irrevocable Power of Attorney, by the shareholders of Beijing aBitCool Network Technology Co., Ltd. (incorporated by reference to Exhibit 10.7 from our registration statement on Form F-1 (File No. 333-173292), as amended, initially filed with the Commission on April 4, 2011)
4.6	English Translation of Power of Attorney dated September 30, 2010, by 21Vianet Data Center Co., Ltd. (incorporated by reference to Exhibit 10.8 from our registration statement on Form F-1 (File No. 333-173292), as amended, initially filed with the Commission on April 4, 2011)

Exhibit Number	Description of Document
4.7	Exclusive Technical Consulting and Services Agreement dated December 19, 2006, between 21Vianet Data Center Co., Ltd. and Beijing aBitCool Network Technology Co., Ltd. (incorporated by reference to Exhibit 10.9 from our registration statement on Form F-1 (File No. 333-173292), as amended, initially filed with the Commission on April 4, 2011)
4.8	Optional Share Purchase Agreement dated December 19, 2006, among 21Vianet Data Center Co., Ltd., Beijing aBitCool Network Technology Co., Ltd. (previously known as 21ViaNet System Limited), Beijing 21Vianet Broad Band Data Center Co., Ltd. and the shareholders of Beijing aBitCool Network Technology Co., Ltd. (incorporated by reference to Exhibit 10.10 from our registration statement on Form F-1 (File No. 333-173292), as amended, initially filed with the Commission on April 4, 2011)
4.9	Commitment Letter dated September 30, 2010, by AsiaCloud Inc., 21Vianet Data Center Co., Ltd., Sheng Chen and Jun Zhang (incorporated by reference to Exhibit 4.13 from our annual report on Form 20-F (File No. 001-35126), initially filed with the Commission on April 19, 2013)
4.10	2010 Share Incentive Plan, as amended on January 14, 2011 and July 6, 2012 (incorporated by reference to Exhibit 10.12 from our Form S-8 (File No. 333-187695), initially filed with the Commission on April 3, 2013)
4.11	English translation of Form of Service Agreement of Beijing aBitCool Network Technology Co., Ltd. (incorporated by reference to Exhibit 10.13 from our registration statement on Form F-1 (File No. 333-173292), as amended, initially filed with the Commission on April 4, 2011)
4.12	English translation of Form Asset Transfer Agreement (incorporated by reference to Exhibit 10.19 from our registration statement on Form F-1 (File No. 333-173292), as amended, initially filed with the Commission on April 4, 2011)
4.13	English summary of Property Lease Agreement dated February 4, 2013, between Beijing Xingguang Tuocheng Investment Co., Ltd. and Beijing 21Vianet Broad Band Data Center Co., Ltd. (incorporated by reference to Exhibit 4.18 from our annual report on Form 20-F (File No. 001-35126), initially filed with the Commission on April 19, 2013)
4.14	Purchase Agreement dated September 31, 2013, among 21Vianet Group, Inc., the sellers named therein and Esta Investments Pte Ltd (incorporated by reference to Exhibit 99.1 from Form Schedule 13D (File No. 005-86326), initially filed by Esta Investments Pte Ltd and other filers with the Commission on October 25, 2013)
4.15	Investor Rights Agreement dated October 11, 2013, among 21Vianet Group, Inc., Esta Investments Pte Ltd and certain other parties named therein (incorporated by reference to Exhibit 99.2 from Form Schedule 13D (File No. 005-86326), initially filed by Esta Investments Pte Ltd and other filers with the Commission on October 25, 2013)
4.16	Registration Rights Agreement dated October 11, 2013, between 21Vianet Group, Inc. and Esta Investments Pte Ltd (incorporated by reference to Exhibit 99.3 from Form Schedule 13D (File No. 005-86326), initially filed by Esta Investments Pte Ltd and other filers with the Commission on October 25, 2013)
4.17	Purchase Agreement dated December 1, 2014, between 21Vianet Group, Inc. and Esta Investments Pte. Ltd. (incorporated by reference to Exhibit 99.5 from Form Schedule 13D/A (File No. 005-86326), initially filed by Esta Investments Pte. Ltd. and other filers with the Commission on December 2, 2014)

Exhibit Number	Description of Document
4.18	Participation Rights Agreement dated January 15, 2015, between 21Vianet Group, Inc. and Esta Investments Pte. Ltd. (incorporated by reference to Exhibit 99.6 from Form Schedule 13D/A (File No. 005-86326), initially filed by Esta Investments Pte. Ltd. and other filers with the Commission on January 16, 2016)
4.19	Amendment No.1 to Purchase Agreement dated January 28, 2015, between 21Vianet Group, Inc. and Esta Investments Pte. Ltd. (incorporated by reference to Exhibit 99.7 from Form Schedule 13D/A (File No. 005-86326), initially filed by Esta Investments Pte. Ltd. and other filers with the Commission on January 29, 2015)
4.20	Purchase Agreement dated November 29, 2014, among 21Vianet Group, Inc., King Venture Holdings Limited and certain other parties named therein (incorporated by reference to Exhibit 7.02 from Form Schedule 13D (File No. 005-86326), initially filed by King Venture Holdings Limited and other filers with the Commission on January 20, 2015)
4.21	Amendment No.1 to Purchase Agreement dated January 15, 2015, among 21Vianet Group, Inc., King Venture Holdings Limited, Mr. Sheng Chen, Personal Group Limited and Sunrise Corporate Holding Ltd. (incorporated by reference to Exhibit 7.03 from Form Schedule 13D (File No. 005-86326), initially filed by King Venture Holdings Limited and other filers with the Commission on January 20, 2015)
4.22	Investor Rights Agreement dated January 15, 2015, among 21Vianet Group, Inc., King Venture Holdings Limited, Xiaomi Ventures Limited and certain other parties named therein (incorporated by reference to Exhibit 7.04 from Form Schedule 13D (File No. 005-86326), initially filed by King Venture Holdings Limited and other filers with the Commission on January 20, 2015)
4.23	Registration Rights Agreement dated January 15, 2015, among 21Vianet Group, Inc., King Venture Holdings Limited and Xiaomi Ventures Limited (incorporated by reference to Exhibit 7.05 from Form Schedule 13D (File No. 005-86326), initially filed by King Venture Holdings Limited and other filers with the Commission on January 20, 2015)
4.24*	Purchase Agreement dated November 30, 2014, among 21Vianet Group, Inc., Xiaomi Ventures Limited and certain other parties named therein
4.25*	English translation of Loan Agreement dated July 1, 2014, among Abitcool (China) Broadband Inc., Sheng Chen and Jun Zhang
4.26*	English translation of Equity Pledge Agreement dated July 1, 2014, among Abitcool (China) Broadband Inc., Sheng Chen and Jun Zhang
4.27*	English translation of Form Irrevocable Power of Attorney, by the shareholders of aBitcool Small Micro Network Technology (BJ) Co., Ltd.
4.28*	English translation of Power of Attorney dated July 1, 2014, by Abitcool (China) Broadband Inc.
4.29*	English translation of Exclusive Technology Consulting and Services Agreement dated July 1, 2014, between Abitcool (China) Broadband Inc. and aBitcool Small Micro Network Technology (BJ) Co., Ltd.
4.30*	English translation of Exclusive Services Agreement dated July 1, 2014, between Abitcool (China) Broadband Inc. and aBitcool Small Micro Network Technology (BJ) Co., Ltd.
4.31*	English translation of Exclusive Call Option Agreement dated July 1, 2014, among aBitCool Broadband Inc. (which later changed its name to WiFire Group Inc.), Sheng Chen, Jun Zhang and aBitcool Small Micro Network Technology (BJ) Co., Ltd.

Exhibit Number	Description of Document
4.32*	English translation of Commitment Letter dated July 1, 2014 by Sheng Chen, Jun Zhang and aBitcool Small Micro Network Technology (BJ) Co., Ltd.
4.33*	Fiscal Agency Agreement, dated June 24, 2015, between 21Vianet Group, Inc. and Citicorp International Limited
4.34*	English translation of Share Purchase Agreement, dated May 30, 2014, among 21Vianet Group, Inc., Sichuan Aipu Network Co., Ltd. and the sellers named therein
4.35*	English translation of Investment Agreement, dated May 30, 2014, among Langfang Xunchi Computer Data Processing Co., Ltd., Sichuan Aipu Network Co., Ltd., Chengdu Guotao Culture Communication Co., Ltd., Chengdu Guotao Network Technology Co., Ltd., Chengdu Chuantao Investment Partnership (LP), Suzhou Tianwei Zhongshan Jiuding Investment Center (LP), Xiamen Hongtai Jiuding Equity Partnership (LP), Beijing Hanguang Jiuding Investment Center (LP), Chengdu Everassion Equity Investment Fund Center (LP), Chengdu Zhongtao Investment Partnership (LP), Chengdu Hetao Investment Partnership (LP) and Li Jia
4.36*	Share Sale and Purchase Agreement, dated August 8, 2014, among Upwise Investments Limited, 21Vianet Group, Inc. and Mr. Lap Man (Confidential treatment will be requested with respect to certain portions of this exhibit)
4.37*	Equity Transfer Agreement in respect of Shenzhen Diyixian Communication Co., Ltd., dated August 8, 2014, among Beijing Anlai Information Communication Technology Co., Ltd., Langfang Xunchi Computer Data Processing Co., Ltd. and Shenzhen Diyixian Communication Co., Ltd.
4.38*	2014 Share Incentive Plan, as amended on April 1, 2015
8.1*	List of Subsidiaries and Principal Consolidated Affiliated Entities
11.1	Code of Business Conduct and Ethics of Registrant (incorporated by reference to Exhibit 99.1 from our F-1 registration statement (File No. 333-173292), as amended, initially filed with the Commission on April 4, 2011)
12.1*	Chief Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2*	Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1**	Chief Executive Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2**	Chief Financial Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of Ernst & Young Hua Ming LLP, Independent Registered Public Accounting Firm
15.2*	Consent of Beijing DHH Law Firm
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed with this Annual Report on Form 20-F.
** Furnished with Annual Report on Form 20-F.

21VIANET GROUP, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and the Shareholders of
21Vianet Group, Inc.

We have audited the accompanying consolidated balance sheets of 21Vianet Group, Inc. (the "Company") as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income (loss), cash flows and changes in shareholders' equity for each of the three years in the period ended December 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of 21Vianet Group, Inc. at December 31, 2014 and 2013, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), 21Vianet Group, Inc.'s internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated April 10, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young Hua Ming LLP
Shanghai, the People's Republic of China

April 10, 2015

21VIANET GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"))

	Note	As of December 31, 2013 RMB	As of December 31, 2014 RMB	As of December 31, 2014 US$
ASSETS				
Current assets:				
Cash and cash equivalents		1,458,856	644,415	103,861
Restricted cash		193,020	161,649	26,053
Accounts and notes receivable (net of allowance for doubtful accounts of RMB547 and RMB10,416 (US$1,678) as of December 31, 2013 and 2014, respectively)	5	610,413	739,945	119,258
Short-term investments	6	1,101,826	911,242	146,866
Inventories	7	—	10,059	1,621
Prepaid expenses and other current assets	8	154,875	309,441	49,869
Deferred tax assets	23	14,096	35,002	5,641
Amounts due from related parties	24	67,498	54,867	8,843
Total current assets		3,600,584	2,866,620	462,012
Non-current assets:				
Property and equipment, net	9	1,402,177	3,036,707	489,429
Intangible assets, net	10	336,889	1,404,453	226,357
Land use rights	11	—	66,175	10,665
Goodwill	12	410,500	1,755,970	283,011
Restricted cash		219,056	121,415	19,569
Deferred tax assets	23	17,869	42,573	6,862
Long-term investments	13	106,727	126,307	20,357
Amounts due from related parties	24	—	98,500	15,875
Other non-current assets		37,760	121,461	19,576
Total non-current assets		2,530,978	6,773,561	1,091,701
Total assets		6,131,562	9,640,181	1,553,713

The accompanying notes are an integral part of these consolidated financial statements

21VIANET GROUP, INC.
CONSOLIDATED BALANCE SHEETS (CONTINUED)
(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"))

	Note	As of December 31, 2013 RMB	As of December 31, 2014 RMB	As of December 31, 2014 US$
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Short-term bank borrowings (including short-term bank borrowings of the Consolidated VIEs without recourse to the primary beneficiaries of RMB173,726 and RMB160,181 (US$25,816) as of December 31, 2013 and 2014, respectively)	14	173,726	160,181	25,816
Accounts and notes payable (including accounts and notes payable of the Consolidated VIEs without recourse to the primary beneficiaries of RMB186,381 and RMB340,519 (US$54,882) as of December 31, 2013 and 2014, respectively)		188,217	386,074	62,224
Accrued expenses and other payables (including accrued expenses and other payables of the Consolidated VIEs without recourse to the primary beneficiaries of RMB195,816 and RMB375,124 (US$60,459) as of December 31, 2013 and 2014, respectively)	15	292,421	599,491	96,620
Advances from customers (including advances from customers of the Consolidated VIEs without recourse to the primary beneficiaries of RMB546 and RMB97,679 (US$15,743) as of December 31, 2013 and 2014, respectively)		546	97,679	15,743
Deferred revenue (including deferred revenue of the Consolidated VIEs without recourse to the primary beneficiaries of RMB32,558 and RMB338,655 (US$54,581) as of December 31, 2013 and 2014, respectively)		32,558	347,441	55,997
Income taxes payable (including income taxes payable of the Consolidated VIEs without recourse to the primary beneficiaries of RMB11,427 and RMB27,677(US$4,461) as of December 31, 2013 and 2014, respectively)		11,476	35,013	5,643
Amounts due to related parties (including amounts due to related parties — current of the Consolidated VIEs without recourse to the primary beneficiaries of RMB47,755 and RMB53,371 (US$8,602) as of December 31, 2013 and 2014, respectively)	24	147,699	326,804	52,671
Current portion of long-term bank and other borrowings (including current portion of long-term bank and other borrowings of the Consolidated VIEs without recourse to the primary beneficiaries of nil and RMB900,000(US$145,054) as of December 31, 2013 and 2014, respectively)	14	197,000	955,647	154,022
Current portion of capital lease obligations (including current portion of capital lease obligations of the Consolidated VIEs without recourse to the primary beneficiaries of RMB14,600 and RMB54,984(US$8,862) as of December 31, 2013 and 2014, respectively)	16	14,600	71,939	11,594
Deferred government grant (Deferred government grant of the Consolidated VIEs without recourse to the primary beneficiaries of nil and RMB6,150 (US$991) as of December 31, 2013 and 2014, respectively)	18	—	6,150	991
Deferred tax liabilities (including deferred tax liabilities of the Consolidated VIEs without recourse to the primary beneficiaries of RMB3,115 and RMB2,696(US$435) as of December 31, 2013 and 2014, respectively)	23	3,115	2,696	435
Total current liabilities		1,061,358	2,989,115	481,756

The accompanying notes are an integral part of these consolidated financial statements

21VIANET GROUP, INC.
CONSOLIDATED BALANCE SHEETS (CONTINUED)
(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"))

	Note	As of December 31, 2013 RMB	As of December 31, 2014 RMB	As of December 31, 2014 US$
Non-current liabilities:				
Amounts due to related parties (including amounts due to related parties of the Consolidated VIEs without recourse to the primary beneficiaries of nil and nil as of December 31, 2013 and 2014, respectively)	24	78,321	280,728	45,245
Long-term bank and other borrowings (including long-term bank and other borrowings of the Consolidated VIEs without recourse to the primary beneficiaries of RMB900,000 and nil as of December 31, 2013 and 2014, respectively)	14	965,740	61,673	9,940
Deferred revenue (including deferred revenue of the Consolidated VIEs without recourse to the primary beneficiaries of nil and RMB74,044 (US$11,934) as of December 31, 2013 and 2014, respectively)		—	74,044	11,934
Bonds payable (including bonds payable of the Consolidated VIEs without recourse to the primary beneficiaries of nil and nil as of December 31, 2013 and 2014, respectively)	17	998,505	2,264,064	364,901
Non-current portion of capital lease obligations (including non-current portion of capital lease obligations of the Consolidated VIEs without recourse to the primary beneficiaries of RMB337,122 and RMB458,632 (US$73,918) as of December 31, 2013 and 2014, respectively)	16	337,139	511,679	82,468
Unrecognized tax benefits (including unrecognized tax benefits of the Consolidated VIEs without recourse to the primary beneficiaries of RMB18,559 and RMB20,453 (US$3,296) as of December 31, 2013 and 2014, respectively)	23	18,559	20,453	3,296
Deferred tax liabilities (including deferred tax liabilities of the Consolidated VIEs without recourse to the primary beneficiaries of RMB74,417 and RMB227,821 (US$36,718) as of December 31, 2013 and 2014, respectively)	23	78,593	310,340	50,018
Deferred government grants (including deferred government grants of the Consolidated VIEs without recourse to the primary beneficiaries of RMB18,046 and RMB27,422 (US$4,420) as of December 31, 2013 and 2014, respectively)	18	18,046	27,422	4,420
Mandatorily redeemable noncontrolling interests (including mandatorily redeemable noncontrolling interests of the Consolidated VIEs without recourse to the primary beneficiaries of RMB100,000 and RMB100,000 (US$16,117) as of December 31, 2013 and 2014, respectively)	1(c)	100,000	100,000	16,117
Total non-current liabilities		2,594,903	3,650,403	588,339
Total liabilities		3,656,261	6,639,518	1,070,095
Commitments and contingencies	30			
Redeemable noncontrolling interests	28	—	773,706	124,699

The accompanying notes are an integral part of these consolidated financial statements

21VIANET GROUP, INC.
CONSOLIDATED BALANCE SHEETS (CONTINUED)
(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$") except for number of shares)

	Note	As of December 31, 2013	As of December 31, 2014	
		RMB	RMB	US$
Shareholders' equity:				
Class A Ordinary shares (par value of US$0.00001 per share; 470,000,000 and 1,200,000,000 shares authorized; 344,745,991 and 346,803,765 shares issued and outstanding as of December 31, 2013 and 2014, respectively)	27	22	23	3
Class B Ordinary Shares (par value of US$0.00001 per share; 300,000,000 and 300,000,000 shares authorized; 53,480,544 and 49,430,544 shares issued and outstanding as of December 31, 2013 and 2014, respectively)	27	4	3	1
Additional paid-in capital		3,944,764	4,225,029	680,951
Accumulated other comprehensive loss	20	(82,589)	(65,754)	(10,598)
Statutory reserves		35,178	52,263	8,423
Accumulated deficit		(1,429,410)	(1,794,975)	(289,297)
Treasury stock	19	(8,917)	(213,665)	(34,437)
Total 21Vianet Group, Inc. shareholders' equity		2,459,052	2,202,924	355,046
Noncontrolling interest		16,249	24,033	3,873
Total shareholders' equity		2,475,301	2,226,957	358,919
Total liabilities, redeemable noncontrolling interests and shareholders' equity		6,131,562	9,640,181	1,553,713

The accompanying notes are an integral part of these consolidated financial statements

21VIANET GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$") except for number of shares and per share data)

	Note	For the year ended December 31,			
		2012	2013	2014	
		RMB	RMB	RMB	US$
Net revenues					
Hosting and related services		866,882	1,259,260	1,980,688	319,229
Managed network services		657,276	707,457	895,759	144,370
Total net revenues		1,524,158	1,966,717	2,876,447	463,599
Cost of revenues		(1,098,477)	(1,449,845)	(2,066,304)	(333,028)
Gross profit		425,681	516,872	810,143	130,571
Operating expenses					
Sales and marketing expenses		(109,871)	(154,479)	(287,229)	(46,293)
General and administrative expenses		(153,512)	(186,907)	(493,309)	(79,507)
Research and development expenses		(63,929)	(77,831)	(121,676)	(19,611)
Changes in the fair value of contingent purchase consideration payables		(17,430)	(55,882)	(22,629)	(3,647)
Operating profit (loss)		80,939	41,773	(114,700)	(18,487)
Interest income		16,301	48,503	67,904	10,944
Interest expense		(11,376)	(136,775)	(232,020)	(37,395)
Loss on debt extinguishment	17	—	—	(41,581)	(6,702)
Other income		11,616	6,232	26,560	4,281
Other expense		(2,167)	(2,112)	(1,040)	(168)
Loss from equity method investment		(1,101)	(1,372)	(671)	(108)
Foreign exchange gain (loss)		(397)	7,072	(16,256)	(2,620)
Profit (loss) before income taxes		93,815	(36,679)	(311,804)	(50,255)
Income tax expense	23	(36,159)	(10,324)	(16,673)	(2,687)
Net profit (loss)		57,656	(47,003)	(328,477)	(52,942)
Net income attributable to noncontrolling interest		(1,332)	(1,223)	(20,003)	(3,224)
Net profit (loss) attributable to the Company's ordinary shareholders		56,324	(48,226)	(348,480)	(56,166)
Earnings (Loss) per share:					
Basic	26	RMB 0.16	RMB (0.13)	RMB (0.89)	US$ (0.14)
Diluted	26	RMB 0.16	RMB (0.13)	RMB (0.89)	US$ (0.14)
Shares used in earnings (loss) per share computation:					
Basic	26	342,533,167	364,353,974	401,335,788	401,335,788
Diluted	26	356,784,209	364,353,974	401,335,788	401,335,788

The accompanying notes are an integral part of these consolidated financial statements

21VIANET GROUP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"))

	For the year ended December 31,			
	2012	2013	2014	
	RMB	RMB	RMB	US$
Net profit (loss)	57,656	(47,003)	(328,477)	(52,942)
Other comprehensive (loss) income, net of tax of nil:				
Foreign currency translation adjustments, net of tax of nil	(2,588)	(25,222)	16,835	2,713
Other comprehensive (loss) income, net of tax of nil	(2,588)	(25,222)	16,835	2,713
Comprehensive income (loss)	55,068	(72,225)	(311,642)	(50,229)
Less: comprehensive income attributable to noncontrolling interest	(1,332)	(1,223)	(20,003)	(3,224)
Comprehensive income (loss) attributable to the Company's ordinary shareholders	53,736	(73,448)	(331,645)	(53,453)

The accompanying notes are an integral part of these consolidated financial statements

21VIANET GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"))

	For the year ended December 31,			
	2012	2013	2014	
	RMB	RMB	RMB	US$
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit (loss)	57,656	(47,003)	(328,477)	(52,942)
Adjustments to reconcile net profit (loss) to net cash generated from operating activities:				
Foreign exchange loss (gain)	397	(7,072)	16,256	2,620
Changes in the fair value of contingent purchase consideration payables	17,430	55,882	22,629	3,647
Depreciation of property and equipment	92,786	141,286	278,986	44,964
Amortization of intangible assets	35,377	58,903	127,669	20,577
Loss (gain) on disposal of property and equipment	1,786	347	(2,659)	(429)
Provision for doubtful accounts and other receivables	538	550	9,913	1,598
Stock based compensation expense	67,632	67,769	233,735	37,671
Deferred income taxes benefit	(9,322)	(19,581)	(28,728)	(4,630)
Bargain purchase gain	(10,539)	—	—	—
Loss from equity method investment	1,101	1,372	671	108
Loss on debt extinguishment	—	—	41,581	6,702
Changes in operating assets and liabilities, net of effects of acquisitions:				
Restricted cash	—	(871)	(47,175)	(7,603)
Accounts and notes receivable	(131,783)	(303,391)	(81,744)	(13,175)
Inventories	—	—	(2,341)	(377)
Prepaid expenses and other current assets	(7,131)	(44,596)	(103,314)	(16,651)
Amounts due from related parties	35,713	(7,651)	(1,757)	(283)
Accounts and notes payables	20,204	61,269	121,698	19,614
Unrecognized tax benefits (expense)	(14,461)	6,219	1,894	305
Accrued expenses and other payables	(660)	103,952	(46,945)	(7,561)
Deferred revenue	—	9,582	(10,643)	(1,716)
Advances from customers	(7,155)	546	97,133	15,655
Income taxes payable	17,639	(12,772)	8,946	1,442
Deferred government grants	12,974	(747)	13,409	2,161
Amounts due to related parties	(6,259)	538	4,628	746
Net cash generated from operating activities	173,923	64,531	325,365	52,443

The accompanying notes are an integral part of these consolidated financial statements

21VIANET GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"))

	For the year ended December 31,			
	2012	2013	2014	
	RMB	RMB	RMB	US$
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property and equipment	(446,725)	(419,126)	(800,510)	(129,019)
Assets acquisition of BJ Yichengtaihe	—	—	(137,445)	(22,152)
Purchases of intangible assets	(133,882)	(36,181)	(58,201)	(9,381)
Proceeds from disposal of property and equipment	202	241	16,638	2,682
Payments for short-term investments	(267,434)	(1,098,268)	(152,143)	(24,521)
Loans to related parties	(15,024)	(37,050)	(118,626)	(19,119)
Loans to third parties	—	—	(198,422)	(31,980)
Receipt of loans to related parties	—	1,219	38,999	6,285
Receipt of loan to a third party	—	—	50,000	8,059
Proceeds received from maturity of short-term investments	939,273	219,143	442,998	71,398
Payments for business acquisitions, net of cash acquired (Note 4)	(67,067)	(61,793)	(1,308,221)	(210,847)
Payments for long-term investments	(50,500)	(50,500)	(36,864)	(5,941)
Loans to seller of iJoy	(12,885)	—	—	—
Loans to seller of BJ Yichengtaihe	—	(24,000)	—	—
Deposit for acquisition of BJ Yichengtaihe	—	(1,000)	—	—
Restricted cash	(121,628)	—	—	—
Net cash used in investing activities	(175,670)	(1,507,315)	(2,261,797)	(364,536)
CASH FLOWS FROM FINANCING ACTIVITIES				
Restricted cash	(287,188)	(383)	81,151	13,079
Proceeds from mandatorily redeemable noncontrolling interests (Note 1(c))	—	100,000	—	—
Proceeds from exercise of stock options	3,300	6,470	2,981	480
Proceeds from issuance of ordinary shares	—	533,301	—	—
Repurchase of ordinary shares	—	(59,822)	(213,665)	(34,437)
Consideration paid to selling shareholders	—	(78,685)	—	—
Proceeds received on behalf of selling shareholders	—	78,685	—	—
Dividends paid to a noncontrolling shareholders of subsidiary	—	(3,476)	—	—
Repurchase of bonds (Note 17)			(760,607)	(122,588)
Proceeds from issuance of bonds, net	—	972,841	1,980,640	319,221
Proceeds from long-term bank and other borrowings	231,879	935,861	48,076	7,748
Proceeds from short-term bank borrowings	176,961	200,044	362,928	58,493
Repayment of long-term bank borrowings	(1,000)	(4,000)	(195,785)	(31,555)
Repayment of short-term bank borrowings	(100,000)	(203,279)	(380,418)	(61,312)
Payments for business acquisitions, net of cash acquired (Note 4)	—	—	(4,870)	(785)
Payment for acquisition of property and equipment through capital leases	—	—	(31,983)	(5,155)
Rental prepayments and deposits for sales and leaseback transactions	—	—	(30,716)	(4,951)
Advance of loan from a third party	—	—	150,000	24,176
Repayment of loan from a third party	—	—	(50,000)	(8,059)
Proceeds from sales and leaseback transactions	—	—	164,000	26,432
Net cash generated from financing activities	23,952	2,477,557	1,121,732	180,787
Effect of foreign exchange rate changes on cash and cash equivalents	(340)	(8,171)	259	42
Net increase (decrease) in cash and cash equivalents	21,865	1,026,602	(814,441)	(131,264)
Cash and cash equivalents at beginning of year	410,389	432,254	1,458,856	235,125
Cash and cash equivalents at end of year	432,254	1,458,856	644,415	103,861

The accompanying notes are an integral part of these consolidated financial statements

21VIANET GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"))

	For the year ended December 31,			
	2012	2013	2014	
	RMB	RMB	RMB	US$
Supplemental disclosures of cash flow information:				
Income taxes paid	(44,491)	(38,119)	(32,750)	(5,278)
Interest paid	(10,630)	(62,123)	(229,348)	(36,964)
Interest received	19,598	27,097	83,376	13,438
Supplemental disclosures of non-cash activities:				
Purchase of property and equipment through capital leases	(10,837)	262,668	231,879	37,372
Purchase of property and equipment included in accrued expenses and other payables, notes payable, and amounts due to related parties	12,797	44,573	125,682	20,256
Purchase of intangible assets included in accrued expenses and other payables	19,761	(10,187)	(4,946)	(797)
Contingent consideration related to the acquisitions included in amount due to related parties	(23,889)	35,483	370,752	59,754

The accompanying notes are an integral part of these consolidated financial statements

21VIANET GROUP, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$") except for number of shares)

	Note	Number of ordinary shares	Treasury Stock	Ordinary shares	Additional paid-in capital	Accumulated other comprehensive income (loss)	Statutory reserves	Accumulated deficit	Total 21Vianet Group, Inc. shareholders' equity	Noncontrolling interest	Total shareholders' equity
			RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance as of January 1, 2012		335,626,036	(168,018)	23	3,277,658	(54,779)	15,837	(1,418,167)	1,652,554	17,170	1,669,724
Consolidated net profit		—	—	—	—	—	—	56,324	56,324	1,332	57,656
Other comprehensive loss, net		—	—	—	—	(2,171)	—	—	(2,171)	—	(2,171)
Share based compensation	22	—	—	—	67,632	—	—	—	67,632	—	67,632
Share repurchase	19	(2,686,965)	—	—	—	—	—	—	—	—	—
Share options exercised	22	3,128,472	—	—	3,300	—	—	—	3,300	—	3,300
Restricted share units vested	22	645,491	—	—	—	—	—	—	—	—	—
Settlement of share options with shares held by depository bank		(3,773,963)	—	—	—	—	—	—	—	—	—
Settlement of stock consideration by treasury stock	19	14,059,434	147,316	—	(146,899)	(417)	—	—	—	—	—
Reclassification of contingent consideration payable upon resolution of contingencies		—	—	—	93,164	—	—	—	93,164	—	93,164
Appropriation of statutory reserves		—	—	—	—	—	10,034	(10,034)	—	—	—
Balance as of December 31, 2012		346,998,505	(20,702)	23	3,294,855	(57,367)	25,871	(1,371,877)	1,870,803	18,502	1,889,305

The accompanying notes are an integral part of these consolidated financial statements

21VIANET GROUP, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$") except for number of shares)

	Note	Number of ordinary shares	Treasury Stock	Ordinary shares	Additional paid-in capital	Accumulated other comprehensive income (loss)	Statutory reserves	Accumulated deficit	Total 21Vianet Group, Inc. shareholders' equity	Noncontrolling interest	Total shareholders' equity
			RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance as of January 1, 2013		346,998,505	(20,702)	23	3,294,855	(57,367)	25,871	(1,371,877)	1,870,803	18,502	1,889,305
Consolidated net loss		—	—	—	—	—	—	(48,226)	(48,226)	1,223	(47,003)
Other comprehensive loss, net		—	—	—	—	(25,144)	—	—	(25,144)	—	(25,144)
Issuance of new shares	27	39,965,142	—	2	533,299	—	—	—	533,301	—	533,301
Settlement of stock consideration by treasury stock		5,040,684	71,607	—	(71,529)	(78)	—	—	—	—	—
Share based compensation	22	—	—	—	58,873	—	—	—	58,873	—	58,873
Share issued to depository bank		6,000,000	—	1	(1)	—	—	—	—	—	—
Reclassification of contingent consideration payable upon resolution of contingencies		—	—	—	122,797	—	—	—	122,797	—	122,797
Appropriation of statutory reserves	20	—	—	—	—	—	9,307	(9,307)	—	—	—
Appropriation of dividend to noncontrolling interests		—	—	—	—	—	—	—	—	(3,476)	(3,476)
Share repurchase	19	(3,521,214)	(59,822)	—	—	—	—	—	(59,822)	—	(59,822)
Share options exercised	22	6,587,580	—	—	6,470	—	—	—	6,470	—	6,470
Restricted share units vested		1,500,348	—	—	—	—	—	—	—	—	—
Settlement of share options with shares held by depository bank		(4,344,510)	—	—	—	—	—	—	—	—	—
Balance as of December 31, 2013		398,226,535	(8,917)	26	3,944,764	(82,589)	35,178	(1,429,410)	2,459,052	16,249	2,475,301

The accompanying notes are an integral part of these consolidated financial statements

21VIANET GROUP, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$") except for number of shares)

	Note	Number of ordinary shares	Treasury Stock	Ordinary shares	Additional paid-in capital	Accumulated other comprehensive income (loss)	Statutory reserves	Accumulated deficit	Total 21Vianet Group, Inc. shareholders' equity	Noncontrolling interest	Total shareholders' equity
			RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance as of January 1, 2014		398,226,535	(8,917)	26	3,944,764	(82,589)	35,178	(1,429,410)	2,459,052	16,249	2,475,301
Consolidated net loss		—	—	—	—	—	—	(348,480)	(348,480)	2,187	(346,293)
Contribution by noncontrolling interest through acquisition (Note 4)		—	—	—	—	—	—	—	—	5,597	5,597
Other comprehensive income, net		—	—	—	—	16,950	—	—	16,950	—	16,950
Issuance of new shares	27	6,350,610	—	—	—	—	—	—	—	—	—
Settlement of post-acquisition compensation expense by treasury stock		456,288	8,917	—	(8,802)	(115)	—	—	—	—	—
Share based compensation		—	—	—	110,449	—	—	—	110,449	—	110,449
Post-compensation by treasury stock		—	—	—	117,207	—	—	—	117,207	—	117,207
Reclassification of contingent consideration payable upon resolution of contingencies		—	—	—	66,280	—	—	—	66,280	—	66,280
Appropriation of statutory reserves		—	—	—	—	—	17,085	(17,085)	—	—	—
Accretion of redeemable noncontrolling interests		—	—	—	(7,850)	—	—	—	(7,850)	—	(7,850)
Share repurchase		(9,318,510)	(213,665)	—	—	—	—	—	(213,665)	—	(213,665)
Share options exercised		1,828,910	—	—	2,981	—	—	—	2,981	—	2,981
Restricted share units vested		4,065,420	—	—	—	—	—	—	—	—	—
Settlement of share options with shares held by depository bank		(5,374,944)	—	—	—	—	—	—	—	—	—
Balance as of December 31, 2014		396,234,309	(213,665)	26	4,225,029	(65,754)	52,263	(1,794,975)	2,202,924	24,033	2,226,957
Balance as of December 31, 2014, in US$		396,234,309	(34,437)	4	680,951	(10,598)	8,423	(289,297)	355,046	3,873	358,919

The accompanying notes are an integral part of these consolidated financial statements

21VIANET GROUP, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"), unless otherwise stated)

1. ORGANIZATION

21Vianet Group, Inc. (the "Company") was incorporated under the laws of the Cayman Islands on October 16, 2009 and its principal activity is investment holding. The Company is principally engaged in the provision of Hosting and related services and Managed Network Services. .

(a) As of December 31, 2014, the significant subsidiaries of the Company and consolidated variable interest entities are as follows:

Entity	Date of incorporation/ Acquisition	Place of incorporation	Percentage of direct ownership by the Company Direct	Principal activities
Subsidiaries:				
21ViaNet Group Limited ("21Vianet HK")	May 25, 2007	Hong Kong	100%	Investment holding
21ViaNet Data Center Co., Ltd. ("21Vianet China") (1)	June 12, 2000	PRC	100%	Provision of technical and consultation services and rental of long-lived assets
Fastweb International Holdings ("Fastweb Holdings") (4)	September 9, 2012	Cayman Islands	100%	Investment holding
Hongkong Fastweb Holdings Co., Limited ("Fastweb HK") (4)	September 9, 2012	Hong Kong	100%	Investment holding
Beijing Fastweb Technology Co., Ltd. ("Fastweb Technology") (1) / (4)	September 9, 2012	PRC	100%	Dormant company
21Vianet (Foshan) Technology Co., Ltd. ("FS Technology") (1)	December 20, 2011	PRC	100%	Trading of network equipment, provision of technical and internet data center services
21Vianet Anhui Suzhou Technology Co., Ltd. ("SZ Technology") (1)	November 16, 2011	PRC	100%	Trading of network equipment
21Vianet Hangzhou Information Technology Co., Ltd. ("HZ Technology") (1)	March 4, 2013	PRC	100%	Dormant company
21Vianet Mobile Limited ("21V Mobile") (6)	April 30, 2013	Hong Kong	100%	Investment holding
Joytone Infotech Co., Ltd. ("SZ Zhuoaiyi") (1) / (6)	April 30, 2013	PRC	100%	Provision of technical and consultation services
Abitcool (China) Broadband Inc. ("aBitCool DG") (1)	June 13, 2014	PRC	100%	Provision of telecommunication services
WiFire Group Inc. ("WiFire Group")	March 7, 2014	British Virgin Islands	100%	Investment holding
Diyixian.com Limited ("DYX") (9)	August 10, 2014	Hong Kong	100%	Provision of virtual private network services

21VIANET GROUP, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"), unless otherwise stated)

1. ORGANIZATION (CONTINUED)

Entity	Date of incorporation/ Acquisition	Place of incorporation	Percentage of direct ownership by the Company Direct	Principal activities
Dermot Holding Limited ("Dermot BVI") (9)	August 10, 2014	British Virgin Islands	100%	Investment holding
Variable Interest Entities (the "VIEs"):				
Beijing Yiyun Network Technology Co., Ltd. (formerly known as Beijing aBitCool Network Technology Co., Ltd.) ("21Vianet Technology") (1) / (2)	October 22, 2002	PRC	—	Provision of internet data center and managed network services
Beijing iJoy Information Technology Co., Ltd. ("BJ iJoy") (1) / (2) / (6)	April 30, 2013	PRC	—	Provision of internet data center, content delivery network services
aBitCool Small Micro Network Technology (BJ) Co., Ltd. ("aBitCool BJ) (1) / (2)	April 1, 2014	PRC	—	Provision of telecommunication services
Held directly by BJ iJoy:				
Shanghai iJoy Information Technology Co., Ltd. ("SH iJoy") (1) / (2) / (6)	May 30, 2013	PRC	—	Provision of internet data center, content delivery network services
Held directly by aBitCool BJ:				
Shanghai Guotong Network Co., Ltd. ("SH Guotong") (1) / (2) / (10)	July 31, 2014	PRC	—	Provision of content delivery network services
Held directly by 21Vianet Technology:				
Beijing 21Vianet Broad Band Data Center Co., Ltd. ("21Vianet Beijing") (1) / (2)	March 15, 2006	PRC	—	Provision of internet data center and managed network services
Dongguan Asia Cloud Investment Co., Ltd. ("Asia Cloud Investment") (1) / (2) / (7)	July 30, 2013	PRC	—	Investment holding
Held directly by Asia Cloud Investment:				
Dongguan Asia Cloud Network Technology Co., Ltd. ("Asia Cloud Technology") (1) / (2) / (7)	August 16, 2013	PRC	—	Dormant company
Held directly by 21Vianet Beijing:				
Beijing Chengyishidai Network Technology Co., Ltd. ("CYSD") (1) / (2) / (3)	September 30, 2010	PRC	—	Provision of managed network services
Zhiboxintong (Beijing) Network Technology Co., Ltd. ("ZBXT") (1) / (2) / (3)	September 30, 2010	PRC	—	Provision of managed network services

21VIANET GROUP, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"), unless otherwise stated)

1. ORGANIZATION (CONTINUED)

Entity	Date of incorporation/ Acquisition	Place of incorporation	Percentage of direct ownership by the Company Direct	Principal activities
Guangzhou Gehua Network Technology and Development Co., Ltd. ("Gehua") (1) / (2)	October 8, 2011	PRC	—	Provision of managed network services
Langfang Xunchi Computer Data Processing Co., Ltd. ("LF Xunchi") (1) / (2)	December 19, 2011	PRC	—	Dormant company
Beijing Fastweb Network Technology Co., Ltd. ("BJ Fastweb") (1) / (2) / (4)	September 9, 2012	PRC	—	Provision of internet data center and internet content delivery network services
Shanghai Blue Cloud Technology Co., Ltd. ("SH Blue Cloud") (1) / (2)	March 21, 2013	PRC	—	Provision of Office 365 and Windows Azure platform services
Beijing Tianwang Online Communication Technology Co., Ltd. ("BJ Tianwang") (1) / (2) / (5)	February 28, 2013	PRC	—	Provision of managed network services and virtual private network services
Beijing Yilong Technology Co., Ltd. ("BJ Yilong") (1) / (2) / (5)	February 28, 2013	PRC	—	Provision of managed network services and virtual private network services
Beijing Yichengtaihe Investment Co., Ltd. ("BJ Yichengtaihe") (1) / (2) / (11)	September 30, 2014	PRC	—	Dormant Company
Held directly by LF Xunchi:				
Sichuan Aipu Network Co., Ltd. ("SC Aipu") (1) / (2) / (8)	May 31, 2014	PRC	—	Provision of community network services and business network services
Held directly by DYX:				
DYXnet Limited ("DYXnet") (9)	August 10, 2014	Hong Kong	100%	Dormant Company
Held by DYX and LF Xunchi:				
Shenzhen Diyixian Communication Co., Ltd. ("SZ DYX") (1) / (9)	August 10, 2014	PRC	50%	Provision of virtual private network services

(1) Collectively, the "PRC Subsidiaries".
(2) Collectively, the "Consolidated VIEs".
(3) On September 30, 2014, the Company through its subsidiary, 21Vianet Beijing acquired CYSD, ZBXT and its subsidiaries (collectively, the "Managed Network Entities").
(4) On September 9, 2012, the Company and its subsidiary, 21Vianet Beijing, acquired 100% equity interest in Fastweb Holding and its subsidiaries (collectively referred to as "Fastweb") (Note 4).

21VIANET GROUP, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"), unless otherwise stated)

1. ORGANIZATION (CONTINUED)

(5) On February 28, 2013, the Company through its wholly-owned subsidiary, 21Vianet Beijing, acquired 100% equity interests in BJ Tianwang and BJ Yilong. (collectively referred to as "Tianwang and Yilong") (Note 4).
(6) On April 30, 2013, the Company acquired 100% equity interest in 21V Mobile and its subsidiaries (collectively referred to as "iJoy") (Note 4).
(7) On July 30, 2013, the Company through 21Vianet Technology, and a state-owned entity established these entities for future operations of telecommunication related services (collectively referred to as "Asia Cloud Group") (Note 1(c)).
(8) On May 31, 2014, the Company and its subsidiary, Langfang Xunchi Computer Data Processing Co., Ltd. ("LF Xunchi"), acquired 50% equity interest plus one share in SC Aipu and its subsidiaries (collectively referred to as "Aipu Group") (Note 4).
(9) On August 10, 2014, the Company and its subsidiary, LF Xunchi, acquired 100% equity interest Dermot BVI and its subsidiaries (collectively referred to as "Dermot Entities") (Note 4).
(10) On August 1, 2014, the Company through its subsidiary, aBitCool BJ acquired 100% equity interest in the entity.
(11) On September 30, 2014, the Company through its subsidiary, 21Vianet Beijing acquired 100% equity interest in the entity, which was accounted for an asset acquisition (Note 4).

(b) PRC laws and regulations prohibit foreign ownership of internet and telecommunications-related businesses. To comply with these foreign ownership restrictions, the Group conducts its businesses in the PRC through its VIEs using contractual agreements (the "VIE Agreements"). The equity interests of 21Vianet Technology are legally held by certain PRC individuals, including Chen Sheng, the Director and CEO of the Company and Zhang Jun (collectively the "Nominee Shareholders"). The following is a summary of the key terms of the VIE Agreements:

Exclusive option agreement

Pursuant to the exclusive option agreement entered into amongst 21Vianet China and the Nominee Shareholders of 21Vianet Technology, the Nominee Shareholders granted the Company or its designated party, an exclusive irrevocable option to purchase all or part of the equity interests held by the Nominee Shareholders in 21Vianet Technology, when and to the extent permitted under the PRC laws, at an amount equal to RMB1. 21Vianet Technology cannot declare any profit distributions or grant loans in any form without the prior written consent of 21Vianet China. The Nominee Shareholders must remit in full any funds received from 21Vianet Technology to 21Vianet China, in the event any distributions are made by 21Vianet Technology. The term of this agreement is 10 years, expiring on December 18, 2016, which is renewable at the sole discretion of 21Vianet China.

Exclusive technical consulting and service agreement

Pursuant to the exclusive technical consulting and service agreement entered into between 21Vianet China and 21Vianet Technology, 21Vianet China is to provide exclusive management consulting services and internet technical services in return for fees based on of a predetermined hourly rate of RMB1, which is adjustable at the sole discretion of 21Vianet China. The term of this agreement is 10 years, expiring on December 18, 2016, which is renewable at the sole discretion of 21Vianet China.

21VIANET GROUP, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"), unless otherwise stated)

1. ORGANIZATION (CONTINUED)

Loan agreement

In January 2011, 21Vianet China and the Nominee Shareholders entered into a loan agreement. Pursuant to the agreement, 21Vianet China has provided interest-free loan facilities of RMB7,000 and RMB3,000, respectively, to the Nominee Shareholders of 21Vianet Technology for the purpose of providing capital to 21Vianet Technology to develop its data center and telecommunications value-added business and related businesses. There is no fixed term for the loan.

Power of attorney agreement

The Nominee Shareholders entered into the power of attorney agreement whereby they granted an irrevocable proxy of the voting rights underlying their respective equity interests in 21Vianet Technology to 21Vianet China, which includes, but are not limited to, all the shareholders' rights and voting rights empowered to the Nominee Shareholders by the company law and 21Vianet Technology's Articles of Association. The power of attorney remains valid and irrevocable from the date of execution, so long as each Nominee Shareholder remains as a shareholder of 21Vianet Technology.

The power of attorney agreement was subsequently reassigned to 21Vianet Group, Inc. in September 2010.

Share pledge agreement

Pursuant to the share pledge agreement entered into amongst 21Vianet China, 21Vianet Technology and the Nominee Shareholders, the Nominee Shareholders have contemporaneously pledged all their equity interests in 21Vianet Technology to guarantee the repayment of the loan under the Loan Agreement between 21Vianet China and the Nominee Shareholders.

If 21Vianet Technology breaches its respective contractual obligations under the Share pledge agreement and the loan agreement, 21Vianet China, as pledgee, will be entitled to certain rights, including the right to sell the pledged equity interests. The Nominee Shareholders agreed not to transfer, sell, pledge, dispose of or otherwise create any new encumbrance on their equity interests in 21Vianet Technology without the prior written consent of 21Vianet China.

Financial support letter

Pursuant to the financial support letter, 21Vianet Group, Inc. agreed to provide unlimited financial support to 21Vianet Technology for its operations and agreed to forego the right to seek repayment in the event 21Vianet Technology is unable to repay such funding.

The Company also controls two other VIEs, namely BJ iJoy and aBitCool BJ through their primary beneficiary, WiFire Group, a wholly owned subsidiary of the Company. The key terms of the VIE Agreements in relation to BJ iJoy and aBitCool BJ are similar to those summarized above.

Despite the lack of technical majority ownership, there exists a parent-subsidiary relationship between the Company and 21Vianet Technology through the irrevocable power of attorney agreement, whereby the Nominee Shareholders effectively assigned all of their voting rights underlying their equity interests in 21Vianet Technology to the Company. In addition, the Company, through 21Vianet China, obtained effective control over 21Vianet Technology through the ability to exercise all the rights of 21Vianet Technology's shareholders pursuant to the share pledge agreement and exclusive option agreement. The Company demonstrates its ability and intention to continue to exercise the ability to absorb substantially all

21VIANET GROUP, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"), unless otherwise stated)

1. ORGANIZATION (CONTINUED)

of the expected losses through the financial support letter. In addition, the Company also demonstrates its ability to receive substantially all of the economic benefits of 21Vianet Technology through 21Vianet China through the consulting and service agreement. Thus, the Company is the primary beneficiary of 21Vianet Technology and consolidates 21Vianet Technology and its subsidiaries under ASC 810-10 *Consolidation: Overall*. Similar conclusion has been reached with respect to the VIE structures with WiFire Group as the primary beneficiary.

In the opinion of the Company's management and PRC counsel, (i) the ownership structure of the VIEs is in compliance with existing PRC laws and regulations in any material respect, (ii) each of the VIE Agreements is valid, legally binding and enforceable to each party of such agreements under the existing PRC laws, (iii) the execution, delivery, effectiveness, enforceability and performance of each of the VIE Agreements will not violate any PRC laws or regulations currently in effect, except for such violation that would not have a material adverse effect, and (iv) the Company's operations are in compliance with existing PRC laws and regulations in all material aspects.

However, there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations. Accordingly, the Company cannot be assured that PRC regulatory authorities will not ultimately take a contrary view to its opinion. If the current ownership structure of the Company and its contractual arrangements with the VIEs are found to be in violation of any existing or future PRC laws and regulations, the Company may be required to restructure its ownership structure and operations in the PRC to comply with the changing and new PRC laws and regulations. To the extent that changes and new PRC laws and regulations prohibit the Company's VIE arrangements from complying with the principles of consolidation, the Company would have to deconsolidate the financial position and results of operations of its VIEs. In the opinion of management, the likelihood of loss in respect of the Company's current ownership structure or the contractual arrangements with the VIEs is remote based on current facts and circumstances.

(c) Establishment of Asia Cloud Group

On July 30, 2013, the Company through 21Vianet Technology, and a state-owned entity ("SOE") established Asia Cloud Investment in the Guangdong Province of the PRC for the operations of telecommunication related services. The registered capital of Asia Cloud Investment is RMB1,000,000, of which RMB900,000 and RMB100,000 were contributed by 21Vianet Technology and the SOE, respectively, for 90% and 10% equity interests held by 21Vianet Technology and the SOE, respectively. The investment structure is set up as follows:

(i) 21Vianet Technology received two entrusted loans from Bank of Dongguan which were entrusted by the SOE with an aggregate principal amount of RMB900,000, an annual interest rate of 4% and maturity dates of August 28 and September 10, 2015, respectively (Note 14), for the sole purpose of 21Vianet Technology's capital contribution in Asia Cloud Investment. In return, 21Vianet Technology pledged its right of sale or transfer of the 90% equity interest in Asia Cloud Investment and the underlying dividend rights to the SOE to guarantee the repayment of the loans.

(ii) Pursuant to a confirmation letter effective since the incorporation of Asia Cloud Investment, 21Vianet Technology agreed to provide unlimited financial support to Asia Cloud Investment for its operations and agreed to forego the right to seek repayment in the event Asia Cloud Investment is unable to repay such funding.

21VIANET GROUP, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"), unless otherwise stated)

1. ORGANIZATION (CONTINUED)

(iii) The 10% equity interest in Asia Cloud Investment held by the SOE is contractually required to be repurchased by 21Vianet Technology by the end of five years from the establishment of Asia Cloud Investment at a consideration equivalent to the higher of the then fair value and the investment cost of RMB100,000. The SOE is also entitled to a cumulative dividend at 8% per annum for its capital contribution of RMB100,000 in Asia Cloud Investment.

As of December 31, 2014, Asia Cloud Investment and its subsidiary, Asia Cloud Technology, had not commenced any significant operations except for investments in certain held-to-maturity securities with an aggregate amount of RMB900,000 (Note 6).

Asia Cloud Investment is determined as a variable interest entity as 21Vianet Technology's investment of RMB900,000 was funded by the SOE, which is also a party involved in Asia Cloud Investment. As 21Vianet Technology maintains the power to direct the activities that most significantly affect Asia Cloud Investment's economic performances through its voting interest underlying the 90% equity interest in accordance with company law and the articles of association of Asia Cloud Investment and absorbs the expected losses of Asia Cloud Investment, 21Vianet Technology is the primary beneficiary of Asia Cloud Investment and consolidates Asia Cloud Investment and its subsidiary under by ASC 810-10 *Consolidation: Overall*.

21Vianet Technology is contractually obligated to repurchase the 10% noncontrolling interests ("NCI") in Asia Cloud Group at the end of five years from its establishment. The NCI, together with the embedded repurchase contract, is accounted for as a liability under ASC 480, *Distinguish Liabilities from Equity* and recorded as "Mandatorily redeemable noncontrolling interests" in the Company's consolidated balance sheets. The mandatorily redeemable noncontrolling interests was initially measured at fair value, which approximated its issuance value and subsequently measured at the amount of cash that would be paid under the conditions specified in the contract if settlement occurred at the reporting date, which is the higher of the then fair value of the NCI and the initial investment cost of RMB100,000, with the resulting change in that amount from the initial value as an interest expense.

(d) VIE disclosures

Except for certain property with carrying amounts of RMB14,298 (US$2,304) that were pledged to secure banking borrowings granted to the Company (Note 14), there were no pledges or collateralization of the Consolidated VIEs' assets. Creditors of the Consolidated VIEs have no recourse to the general credit of the primary beneficiaries of the Consolidated VIEs, and such amounts have been parenthetically presented on the face of the consolidated balance sheets. The Consolidated VIEs operate the data centers and own facilities including data center buildings, leasehold improvements, fiber optic cables, computers and network equipment, which are recognized in the Company's consolidated financial statements. They also hold certain value-added technology licenses, registered copyrights, trademarks and registered domain names, including the official website, which are also considered as revenue-producing assets. However, none of such assets was recorded on the Company's consolidated balance sheets as such assets were all acquired or internally developed with insignificant cost and expensed as incurred. In addition, the Company also hires data center operation and marketing workforce for its daily operations and such costs are expensed when incurred. The Company has not provided any financial or other support that it was not previously contractually required to provide to the Consolidated VIEs during the periods presented.

21VIANET GROUP, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"), unless otherwise stated)

1. ORGANIZATION (CONTINUED)

The following tables represent the financial information of the Consolidated VIEs as of December 31, 2013 and 2014 and for the years ended December 31, 2012, 2013 and 2014 before eliminating the intercompany balances and transactions between the Consolidated VIEs and other entities within the Group:

	As of December 31,		
	2013	2014	
	RMB	RMB	US$
ASSETS			
Current assets:			
Cash and cash equivalents	259,987	369,597	59,568
Restricted cash	3,020	61,649	9,936
Accounts receivable (net of allowance for doubtful accounts of RMB547 and RMB10,012 (US$1,614) as of December 31, 2013 and 2014, respectively)	605,205	677,375	109,173
Inventories	—	9,673	1,559
Short-term investments	900,000	900,000	145,054
Prepaid expenses and other current assets	110,865	258,474	41,658
Deferred tax assets	19,091	33,717	5,434
Amounts due from a related party	9,800	9,800	1,579
Total current assets	1,907,968	2,320,285	373,961
Non-current assets:			
Property and equipment, net	813,939	1,945,176	313,505
Intangible assets, net	230,607	904,921	145,847
Land use right	—	66,175	10,665
Goodwill	410,500	1,146,570	184,794
Deferred tax assets	17,202	40,363	6,505
Amount due from a related party	—	28,500	4,593
Other non-current assets	11,645	65,942	10,628
Long-term investments	98,526	110,626	17,830
Total non-current assets	1,582,419	4,308,273	694,367
Total assets	3,490,387	6,628,558	1,068,328

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1. ORGANIZATION (CONTINUED)

	As of December 31,		
	2013	2014	
	RMB	RMB	US$
Current liabilities:			
Short-term bank borrowings	173,726	160,181	25,816
Accounts and notes payable	186,381	340,519	54,882
Accrued expenses and other payables	195,816	375,124	60,459
Advance from customers	546	97,679	15,743
Income tax payable	11,427	27,677	4,461
Deferred revenue	32,558	338,655	54,581
Amount due to inter-companies (1)	394,418	491,522	79,219
Amount due to related parties (2)	47,755	53,371	8,602
Current portion of capital lease obligation	14,600	54,984	8,862
Current portion of other long-term borrowings	—	900,000	145,054
Deferred government grants	—	6,150	991
Deferred tax liabilities	3,115	2,696	435
Total current liabilities	1,060,342	2,848,558	459,105
Non-current liabilities:			
Amount due to inter-companies	240,337	1,137,850	183,388
Other long-term borrowings	900,000	—	—
Non-current portion of capital lease obligations	337,122	458,632	73,918
Unrecognized tax benefits	18,559	20,453	3,296
Deferred tax liabilities	74,417	227,821	36,718
Deferred government grants	18,046	27,422	4,420
Deferred revenue	—	74,044	11,934
Mandatorily redeemable noncontrolling interests	100,000	100,000	16,117
Total non-current liabilities	1,688,481	2,046,222	329,791
Total liabilities	2,748,823	4,894,780	788,896

	For the Year Ended December 31,			
	2012	2013	2014	
	RMB	RMB	RMB	US$
Net revenues	1,527,626	2,051,248	2,695,021	434,359
Net profit	122,552	179,049	175,521	28,289

	For the Year Ended December 31,			
	2012	2013	2014	
	RMB	RMB	RMB	US$
Net cash provided by operating activities	169,304	195,659	434,865	70,088
Net cash used in investing activities	(205,069)	(1,272,863)	(808,117)	(130,245)
Net cash provided by financing activities	110,076	1,168,139	480,045	77,369
Net increase in cash and cash equivalents	74,311	90,935	106,793	17,212

(1) Amount due to inter-companies consist of intercompany payables to the other companies within the Group for the purchase of telecommunication resources and fixed assets on behalf of the Consolidated VIEs. The

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1. ORGANIZATION (CONTINUED)

Consolidated VIEs had intercompany payables of RMB14,892 and RMB36,103 (US$5,819) to 21Vianet China and SZ Zhuoaiyi for accrued service fees as of December 31, 2013 and 2014, respectively. Service fees paid by the Consolidated VIEs to 21Vianet China and SZ Zhuoaiyi were RMB4,224, RMB9,924 and nil for the years ended December 31, 2012, 2013 and 2014, respectively.

(2) Information with respect to related parties is discussed in Note 24.

(e) Liquidity

The Group's consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations. The Group incurred net loss of approximately RMB47,003 and RMB328,477 (US$52,942) in the years ended December 31, 2013 and 2014, respectively. Accumulated deficits were RMB1,429,410 and RMB1,794,975 (US$289,297) as of December 31, 2013 and 2014, respectively. The Company is in a net current liability position of RMB122,495 (US$19,744) as of December 31, 2014. The Company believes that as a result of the signed committed investments agreements and the eventual closing of the equity investments made by Kingsoft Corporation Limited ("Kingsoft"), a leading internet based software developer, distributor and service provider, Xiaomi Corporation ("Xiaomi"), a leading designer, manufacturer and marketer of mobile devices and other electronic equipment and a provider of internet services, and Esta Investments Pte. Ltd ("Esta"), a Singapore based investment company, at end of November 2014 and on January 15, 2015 (Note 31), respectively, its available cash and cash equivalents will be sufficient to meet its working capital requirements and capital expenditures in the ordinary course of business for the next twelve months.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP").

(b) Principles of Consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries and the Consolidated VIEs for which the Company or a subsidiary of the Company is the primary beneficiary. All significant inter-company transactions and balances between the Company, its subsidiaries and the Consolidated VIEs are eliminated upon consolidation. Results of acquired subsidiaries and its Consolidated VIEs are consolidated from the date on which control is transferred to the Company.

(c) Use of estimates

The preparation of the consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant estimates and assumptions reflected in the Company's financial statements include, but are not limited to, estimating the useful lives of long-lived assets, assessing the initial valuation of the assets acquired and liabilities assumed in a business combination and the subsequent impairment assessment of long-lived assets and related goodwill, determining the

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Use of estimates (continued)

provision for accounts receivable, accounting for deferred income taxes, accounting for share-based compensation arrangements, accounting for mandatorily redeemable noncontrolling interests and redeemable noncontrolling interests and accounting for capital lease. The valuation of and accounting for the Company's purchase consideration (Note 4) also requires significant estimates and judgments provided by management. Changes in facts and circumstances may result in revised estimates. Actual results could differ from those estimates, and as such, differences may be material to the consolidated financial statements.

(d) Foreign Currency

The functional currency of the Company and its overseas subsidiaries is the United States dollar ("US$"), whereas the functional currency of the Company's PRC subsidiaries and its Consolidated VIEs is the Chinese Renminbi ("RMB") as determined based on the criteria of ASC 830, *Foreign Currency Matters*. The Company uses the RMB as its reporting currency. Transactions denominated in foreign currencies are re-measured into the functional currency at the exchange rates prevailing on the transaction dates. Foreign currency denominated financial assets and liabilities are re-measured at the balance sheet date exchange rate. Exchange gains and losses are included in foreign exchange gains and losses in the consolidated statements of operations.

Assets and liabilities of the Company and its overseas subsidiaries are translated into RMB at fiscal year-end exchange rates. Income and expense items are translated at average exchange rates prevailing during the fiscal year. The resulting translation adjustments are recorded in other comprehensive income within the statements of comprehensive income.

(e) Convenience Translation

Amounts in US$ are presented for the convenience of the reader and are translated at the noon buying rate of US$1.00 to RMB6.2046 on December 31, 2014 in the City of New York for cable transfers of RMB as certified for customs purposes by the Federal Reserve Bank of New York. No representation is made that the RMB amounts could have been, or could be, converted into US$ at such rate.

(f) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and demand deposits placed with banks or other financial institutions which are unrestricted as to withdrawal and use and have original maturities less than three months. All highly liquid investments with a stated maturity of 90 days or less from the date of purchase are classified as cash equivalents.

(g) Restricted cash

Restricted cash mainly represents amounts held by a few banks in escrow as security for credit facilities, the guarantee of compliance with the network and service requirements of the radio spectrum license awarded by the Hong Kong Telecommunication Authority and the deposits held in escrow for the advances received from end customers subscribing Office 365 and Windows Azure services (the disbursement of which shall be agreed by both Microsoft (China) Co., Ltd. ("Microsoft") and the Company).

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Short-term investments

All highly liquid investments with stated maturities of greater than 90 days but less than 365 days are mainly fixed rate time deposits, floating-rate time deposits and floating rate principal guaranteed investments that are classified as held-to-maturity short-term investments, which are stated at their amortized costs, which approximate their estimated fair value for their short-term maturity. The Company accounts for short-term investments in accordance with ASC Topic 320 ("ASC 320"), *Investments — Debt and Equity Securities*. The Company classifies the short-term investments in debt and equity securities as "held-to-maturity", "trading" or "available-for-sale", whose classification determines the respective accounting methods stipulated by ASC 320. Dividend and interest income for all categories of investments in securities are included in earnings. Any realized gains or losses, if any, on the sale of the short-term investments are determined on a specific identification method, and such gains and losses are reflected in earnings during the period in which gains or losses are realized.

The securities that the Company has positive intent and ability to hold to maturity are classified as held-to-maturity securities and stated at amortized cost. For individual securities classified as held-to-maturity securities, the Company evaluates whether a decline in fair value below the amortized cost basis is other-than-temporary in accordance with the Company's policy and ASC 320. When the Company intends to sell an impaired debt security or it is more-likely-than-not that it will be required to sell prior to recovery of its amortized cost basis, an other-than-temporary impairment is deemed to have occurred. In these instances, the other-than-temporary impairment loss is recognized in earnings equal to the entire excess of the debt security's amortized cost basis over its fair value at the balance sheet date of the reporting period for which the assessment is made. When the Company does not intend to sell an impaired debt security and it is more-likely-than-not that it will not be required to sell prior to recovery of its amortized cost basis, the Company must determine whether or not it will recover its amortized cost basis. If the Company concludes that it will not, an other-than-temporary impairment exists and that portion of the credit loss is recognized in earnings, while the portion of loss related to all other factors is recognized in other comprehensive income (loss).

The securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities. Unrealized holding gains and losses for trading securities are included in earnings.

Investments not classified as trading or as held-to-maturity are classified as available-for-sale securities. Available-for-sale investment is reported at fair value, with unrealized gains and losses recorded in accumulated other comprehensive income (loss). Realized gains or losses are included in earnings during the period in which the gain or loss is realized. An impairment loss on the available-for-sale securities would be recognized in earnings when the decline in value is determined to be other-than-temporary.

No impairment loss had been recorded during each of the three years ended December 31, 2014.

(i) Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are carried at net realizable value. An allowance for doubtful accounts is recorded in the period when loss is probable based on an assessment of specific evidence indicating troubled collection, historical experience, accounts aging and other factors. An accounts receivable is written off after all collection effort has ceased.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out method. Adjustments to reduce the cost of inventory to its net market value are made, if required, for decreases in sales prices, obsolescence or similar reductions in the estimated net realizable value.

(k) Property and equipment

Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets, as follows:

Category	Estimated useful life
Property	25-46 years
Leasehold improvements	Over the shorter of lease term or the estimated useful lives of the assets
Optical fibers	10-20 years
Computer and network equipment	4-11 years
Office equipment	5 years
Motor vehicles	5 years

Repair and maintenance costs are charged to expense as incurred, whereas the costs of betterments that extend the useful life of property and equipment are capitalized as additions to the related assets. Retirements, sale and disposals of assets are recorded by removing the cost and accumulated depreciation with any resulting gain or loss reflected in the consolidated statements of operations.

Property and equipment that are purchased or constructed which require a period of time before the assets are ready for their intended use are accounted for as construction-in-progress. Construction-in-progress is recorded at acquisition cost, including installation costs. Construction-in-progress is transferred to specific property and equipment accounts and commences depreciation when these assets are ready for their intended use.

(l) Intangible assets

Intangible assets are carried at cost less accumulated amortization and any recorded impairment. Intangible assets acquired in a business combination are recognized initially at fair value at the date of acquisition. Intangible assets with finite useful lives, except for acquired customer relationships in the acquisition of the Managed Network Entities which is amortized using an accelerated method, are amortized using a straight-line method. These amortization methods reflect the estimated pattern in which the economic benefits of the respective intangible assets are to be consumed.

The Company has capitalized certain internal use software development costs in accordance with ASC Subtopic 350-40 ("ASC 350-40"), *Intangibles-Goodwill and Other: Internal-Use Software*, amounting to nil, RMB13,889 and RMB7,199 (US$1,160) for the years ended December 31, 2012, 2013 and 2014, respectively. The Company capitalizes certain costs relating to software acquired, developed, or modified solely to meet the Company's internal requirements and for which there are no substantive plans to market the software. These costs mainly include the consulting and service fees paid to a third-party developer that are directly associated with the internal-use software projects during the application development stage. Capitalized internal-use software costs are included in "intangible assets, net". The amortization expense for capitalized software costs amounted to nil, RMB1,570 and RMB8,333 (US$1,343) for the years ended

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Intangible assets (continued)

December 31, 2013 and 2014, respectively. The unamortized amount of capitalized internal use software development costs was RMB12,319 and RMB9,854 (US$1,588) as of December 31, 2013 and 2014, respectively.

Intangible assets have weighted average useful lives from the date of purchase as follows:

Purchased software	6.4 years
Radio spectrum license	15 years
Network use right	20 years
Contract backlog *	5.2 years
Customer relationships *	9.5 years
Supplier relationships *	8.9 years
Licenses *	15 years
Trade Name *	15.1 years
Platform software *	5 years
Non-compete agreement *	5.1 years
Internal use software	1.6 years
Property management relationship *	9 years

* Acquired in the acquisitions of subsidiaries (Note 4).

(m) Land use rights

The land use rights represent the amounts paid and relevant costs incurred for the rights to use land in the PRC and are recorded at purchase cost less accumulated amortization. Amortization is provided on a straight-line basis over the terms of the respective land use rights certificates.

(n) Long-term investments

The Company's long-term investments consist of cost method investments and equity method investments.

In accordance with ASC 325-20, *Investments-Other: Cost Method Investments*, for investments in an investee over which the Company does not have significant influence, the Company carries the investment at cost and only adjusts for other-than-temporary declines in fair value and distributions of earnings. The Company's management regularly evaluates the impairment of its cost method investments based on the performance and financial position of the investee as well as other evidence of estimated market values. Such evaluation includes, but is not limited to, reviewing the investee's cash position, recent financing, projected and historical financial performance, cash flow forecasts and current and future financing needs. An impairment loss is recognized in the consolidated statements of operations equal to the excess of the investment's cost over its fair value at the balance sheet date of the reporting period for which the assessment is made. The fair value would then become the new cost basis of investment.

Investments in equity investees represent investments in entities in which the Company can exercise significant influence but does not own a majority equity interest or control are accounted for using the equity method of accounting in accordance with ASC 323-10, *Investments-Equity Method and Joint Ventures: Overall*. The Company applies the equity method of accounting that is consistent with

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Long-term investments (continued)

ASC 323-10 in limited partnerships in which the Company holds a three percent or greater interest. Under the equity method, the Company initially records its investment at cost and prospectively recognizes its proportionate share of each equity investee's net profit or loss into its consolidated statements of operations. The difference between the cost of the equity investee and the amount of the underlying equity in the net assets of the equity investee is recognized as equity method goodwill included in equity method investment on the consolidated balance sheets. The Company evaluates its equity method investments for impairment under ASC 323-10. An impairment loss on the equity method investments is recognized in the consolidated statements of operations when the decline in value is determined to be other-than-temporary.

No impairment loss had been recorded during each of the three years ended December 31, 2014.

(o) Goodwill

Goodwill represents the excess of the purchase price over the amounts assigned to the fair value of the assets acquired and the liabilities assumed of an acquired business. The Company's goodwill as of December 31, 2013 and 2014 were mainly related to its acquisitions of the Managed Network Entities, Fastweb, iJoy, Aipu Group (2014) and Dermot Entities (2014) (Note 4). In accordance with ASC 350, *Goodwill and Other Intangible Assets*, recorded goodwill amounts are not amortized, but rather are tested for impairment annually or more frequently if there are indicators of impairment present. The Company has adopted Accounting Standards Update No. 2011-08 ("ASU 2011-08"), *Intangibles — Goodwill and Others*, pursuant to which the Company can elect to perform a qualitative assessment to determine whether the two-step impairment testing on goodwill is necessary.

The performance of the impairment test in accordance to ASC 350 involves a two-step process. The first step of the impairment test involves comparing the fair value of the reporting unit with its carrying amount, including goodwill. Fair value is primarily determined by computing the future discounted cash flows expected to be generated by the reporting unit. If the reporting unit's carrying value exceeds its fair value, goodwill may be impaired. If this occurs, the Company performs the second step of the goodwill impairment test to determine the amount of impairment loss.

The fair value of the reporting unit is allocated to its assets and liabilities in a manner similar to a purchase price allocation in order to determine the implied fair value of the reporting unit's goodwill. If the implied goodwill fair value is less than its carrying value, the difference is recognized an impairment loss.

In accordance with ASC 350, the Company assigned and assessed goodwill for impairment at the reporting unit level. A reporting unit is an operating segment or one level below the operating segment. The Company has determined it has one reporting unit, which is also its only operating segment. Goodwill that has arisen as a result of the acquisitions of subsidiaries was assigned to this reporting unit.

In 2014, the Company elected to assess goodwill for impairment using the two-step process. As of October 1, 2014, the Company completed its annual impairment test for goodwill that has arisen out of its acquisitions. The Company determined the fair value of the reporting unit using the income approach based on the discounted expected cash flows associated with the reporting unit. The discounted cash flows for the reporting unit were based on six year projections. Cash flow projections were based on past experience, actual operating results and management best estimates about future developments as well as certain market assumptions. Cash flows after six years were estimated using a terminal value calculation, which considered terminal value growth at 3%, considering the long term revenue growth for entities in a similar industry in

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Goodwill (continued)

the PRC. The discount rate of approximately 13% was derived and used in the valuations which reflect the market assessment of the risks specific to the Company and its industry and is based on its weighted average cost of capital. The resulting fair value of the reporting unit was higher than its carrying value, and as such, the Company was not required to complete the second step; therefore, no impairment losses were recognized in 2014. Similarly, pursuant to the goodwill impairment tests in 2012 and 2013, no impairment losses were recognized.

(p) Impairment of long-lived assets

The Company evaluates its long-lived assets or asset group, including intangible assets with finite lives, for impairment whenever events or changes in circumstances (such as a significant adverse change to market conditions that will impact the future use of the assets) indicate that the carrying amount of an asset or a group of long-lived assets may not be recoverable. When these events occur, the Company evaluates for impairment by comparing the carrying amount of the assets to future undiscounted net cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected undiscounted cash flow is less than the carrying amount of the assets, the Company would recognize an impairment loss based on the excess of the carrying amount of the asset group over its fair value. Fair value is generally determined by discounting the cash flows expected to be generated by the assets, when the market prices are not readily available for the long-lived assets. No impairment charge was recognized for each of the three years ended December 31, 2014.

(q) Fair value of financial instruments

The Company's financial instruments include cash and cash equivalents, restricted cash, short-term investments, accounts receivable and payable, other receivables and payables, bonds payable, short-term and long-term bank and other borrowings, share-settled bonuses, mandatorily redeemable noncontrolling interests and balances with related parties. Other than the bonds payable, long-term bank and other borrowings, share-settled bonuses, mandatorily redeemable noncontrolling interests and the contingent consideration payable included in the balances with related parties, the carrying values of these financial instruments approximate their fair values due to their short-term maturities.

The carrying amounts of long-term bank and other borrowings approximate their fair values since they bear interest rates which approximate market interest rates. The contingent considerations in both cash and shares and share-settled bonuses are initially measured at fair value on the acquisition dates of the acquired businesses (Note 4) and the date of grant, respectively, and subsequently remeasured at the end of each reporting period with an adjustment for fair value recorded to the current period expense. The mandatorily redeemable noncontrolling interest is initially recognized at its issuance value. The Company recognizes changes in the redemption value based on the higher of its redemption value at the end of each reporting period and the original issuance value as interest expense.

The Company, with the assistance of an independent third party valuation firm, determined the estimated fair value of the contingent consideration in both cash and shares and mandatorily redeemable controlling interests that are recognized in the consolidated financial statements. Based on the quoted market price as of December 31, 2014, the fair value of the bonds payable was RMB2,211,274 (US$356,393) (Note 29).

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Revenue recognition

The Company provides hosting and related services including hosting of customers' servers and networking equipment, connecting customers' servers with internet backbones, content delivery network services optimizing speed and security of data transmission, virtual private network services providing encrypted secured connection to public internet and other value-added services.

The Company also provides managed network services to enable its customers to deliver data across the internet in a faster and more reliable manner through extensive data transmission network and BroadEx smart routing technology, and to get the last-mile broadband internet connection services in large metro areas in China.

Consistent with the criteria under ASC topic 605 ("ASC 605"), *Revenue Recognition*, the Company recognizes revenue from sales of these services when there is a signed sales agreement with fixed or determinable fees, services have been provided to the customer and collection of the resulting customer's receivable is reasonably assured.

The Company's services are provided under the terms of a master service agreement, which will typically accompany a one-year term renewal option with the same terms and conditions. Customers can choose at the outset of the arrangement to either use the Company's services through a monthly fixed fee arrangement or choose a plan based on actual bandwidth or traffic volume used during the month at fixed pre-set rates. The Company recognizes and bills for revenue for excess usage, if any, in the month of its occurrence to the extent a customer's usage of the services exceeds their pre-set monthly fixed bandwidth usage and fee arrangements. The rates as specified in the master service agreements are fixed for the duration of the contract term and are not subject to adjustment.

The Company may charge its customers an initial set-up fee prior to the commencement of their services. The Company's records these initial set-up fees as deferred revenue and recognizes revenue ratably over the period of the customer service agreement. Generally, all the Company's customers' service agreements will require some amount of initial set-up along with the selected service subscription.

The Company made sales of software for the Cloud Content Delivery Network ("CDN") system developed using the Company's CDN platform technology know-hows. Revenue is recognized when all of the four basic criteria under ASC605-10 are met. In cases where the Company sold software together with post contract services ("PCS"), the arrangement is accounted for as a multiple element arrangement and the arrangement revenue is allocated based on the vendor-specific objective evidence ("VSOE") of fair value of the products and services. All revenue from the arrangement is deferred and recognized over the PCS term when the VSOE of fair value does not exist.

The Company provides last-mile wired broadband Internet access services, sometimes bundled with broadband related products, to individual and corporate customers at agreed prices. The Company allocates the contract price based on the relative selling price method under with the selling price of each deliverable determined using VSOE of selling price, third-party evidence ("TPE") of selling price, or management's best estimate of the selling price ("BESP"). The Company considers all reasonably available information in determining the BESP, including both market and entity-specific factors. Revenues are recognized for each deliverable when all four criteria under ASC605-10 are met.

The Company evaluates whether it is appropriate to record the gross amount of service sales and related costs or the net amount earned as commissions. Generally, when the Company is primarily obligated in a transaction, have latitude in establishing prices and / or selecting suppliers, or have several but not all of

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Revenue recognition (continued)

these indicators, revenue is recorded at the gross sale price. The Company generally records the net amounts as commissions earned if we are not primarily obligated and do not have latitude in establishing prices. Such amounts earned are determined using a fixed percentage of the gross sales price.

Cash received in advance from customers that are expected to be recognized as revenue upon completion of performance obligations is recorded as deferred revenue when there is no general right of refund; otherwise, it is recorded as advances from customers.

Business tax on revenues earned from provision of services to customers is recorded as a deduction from gross revenue to derive net revenue in the same period in which the related revenue is recognized. Most of the Company's PRC subsidiaries and its Consolidated VIEs are subject to a business tax rate of 3% or 5%. The business tax expenses and other surcharges for the years ended December 31, 2012, 2013 and 2014 amounted to RMB56,106, RMB59,554 and RMB25,202 (US$4,062), respectively. Effective in September 2012, a value-added tax, or VAT, of 6%, replaced the original business tax in Beijing as a result of the PRC government's pilot VAT reform program, which applies to all services provided by 21 Vianet China and certain services provided by 21 Vianet Technology and 21 Vianet Beijing. Effective since June 2014, VAT of 6% replaced the original business tax for all telecommunication services provided in Mainland China.

(s) Cost of revenues

Cost of revenues consists primarily of telecommunication costs, depreciation of the Company's long-lived assets, amortization of acquired intangible assets, maintenance, data center rental expenses directly attributable to the provision of the IDC services, payroll and other related costs of operations.

Prior to September 2012, 21Vianet China was subject to business tax and other surcharges on the revenues earned for exclusive business support, technical and consulting services provided to 21Vianet Technology, pursuant to the VIE agreements (Note 1(b)). Since September 2012, all services provided by 21Vianet China are subject to VAT. Effective since June 2014, all the services provided by the group in Mainland China, including VIEs are subject to VAT. Such business tax, VAT (to the extent nondeductible) and other surcharges were charged to cost of revenues as the related technical, consulting and rental services are rendered.

(t) Advertising expenditures

Advertising expenditures are expensed as incurred and are included in sales and marketing expenses, which amounted to RMB4,426, RMB2,664 and RMB19,687 (US$3,173) for the years ended December 31, 2012, 2013 and 2014, respectively.

(u) Research and development expenses

Research and development expenses consist primarily of payroll and related personnel costs for routine upgrades and related enhancements of the Company's services and network. Research and development expenses are expensed as incurred.

(v) Government grants

Government grants are provided by the relevant PRC municipal government authorities to subsidize the cost of certain research and development projects. The amount of such government grants are determined solely

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Government grants (continued)

at the discretion of the relevant government authorities and there is no assurance that the Company will continue to receive these government grants in the future. Government grants are recognized when it is probable that the Company will comply with the conditions attached to them, and the grants are received. When the grant relates to an expense item, it is recognized in the statement of operations over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate, as a reduction of the related operating expense. When the grant relates to an asset, it is recognized as deferred government grants and released to the statement of operations in equal amounts over the expected useful life of the related asset, when operational, as a reduction of the related depreciation expense.

(w) Leases

Leases are classified at the inception date as either a capital lease or an operating lease. The Company did not enter into any leases whereby it is the lessor for any of the periods presented. As the lessee, a lease is a capital lease if any of the following conditions exists: a) ownership is transferred to the lessee by the end of the lease term, b) there is a bargain purchase option, c) the lease term is at least 75% of the property's estimated remaining economic life, or d) the present value of the minimum lease payments at the beginning of the lease term is 90% or more of the fair value of the leased property to the lessor at the inception date. A capital lease is accounted for as if there was an acquisition of an asset and an incurrence of an obligation at the inception of the lease. The Company entered into capital leases for certain fiber optic cables, network equipment and property in the years ended December 31, 2012, 2013 and 2014.

All other leases are accounted for as operating leases wherein rental payments are expensed on a straight-line basis over the periods of their respective lease terms. The Company leases office space and employee accommodation under operating lease agreements. Certain lease agreements contain rent holidays and escalating rent. Rent holidays and escalating rent are considered in determining the straight-line rent expense to be recorded over the lease term. The lease term begins on the date of initial possession of the lease property for purposes of recognizing lease expense on a straight-line basis over the term of the lease.

(x) Capitalized interest

Interest costs are capitalized if they are incurred during the acquisition, construction or production of a qualifying asset and such costs could have been avoided if expenditures for these assets have not been made.

As a result of total interest costs capitalized during the period, the interest expense for the year ended December 31, 2012, 2013 and 2014, was as follows:

	2012	2013	2014	
	RMB	RMB	RMB	US$
Interest expense and amortization cost of bonds	—	69,785	130,355	21,009
Interest expense on bank and other borrowings	17,807	43,839	66,699	10,750
Interest expense on capital lease	5,287	31,863	40,849	6,584
Total interest costs	23,094	145,487	237,903	38,343
Less: Total interest costs capitalized	(11,718)	(8,712)	(5,883)	(948)
Interest expense, net	11,376	136,775	232,020	37,395

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Income taxes

The Company accounts for income taxes using the liability method. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the period in which the differences are expected to reverse. The Company records a valuation allowance against deferred tax assets if, based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company applies ASC 740, *Accounting for Income Taxes*, to account for uncertainty in income taxes. ASC 740 prescribes a recognition threshold a tax position is required to meet before being recognized in the financial statements.

The Company has elected to classify interest and penalties related to unrecognized tax benefits, if and when required, as part of "income tax" in the consolidated statements of operations.

(z) Share-based compensation

Share options and Restricted Share Units ("RSUs") granted to employees are accounted for under ASC 718, *Compensation — Stock Compensation*, which requires that share-based awards granted to employees be measured based on the grant date fair value and recognized as compensation expense over the requisite service period and/or performance period (which is generally the vesting period) in the consolidated statements of operations.

The Company has elected to recognize compensation expense using the straight-line method for share-based awards granted with service conditions that have a graded vesting schedule. For share-based awards granted with performance conditions, the Company recognizes compensation expense using the accelerated method. The Company commences recognition of the related compensation expense if it is probable that the defined performance condition will be met. To the extent that the Company determines that it is probable that a different number of share-based awards will vest depending on the outcome of the performance condition, the cumulative effect of the change in estimate is recognized in the period of change.

For the performance bonuses that the employees can elect to settle in cash and/or restricted shares (at an agreed premium) of the Company, the Company estimates the portion of the arrangement to be settled in equity based on its past settlement practices and classifies such portion as a liability in accordance with ASC718. The Company remeasures the fair value of such liability at each reporting period end through earnings until the actual settlement date, which is the date when the underlying shares were granted to the employees. Subsequent to the settlement date, although the Company accounts for these restricted shares units as an equity award, the original cash bonus amount continues to be classified as a liability within "Accrued expenses and other payables-Others" in the consolidated balance sheets until the end of the six months' lock-up period as such amounts will be paid to the employees in cash upon the termination of their employment. The fair value of the premium that is vested and unvested will be reclassified to additional paid in capital and recognized over the remaining lock-up period using the accelerated method, respectively.

ASC 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from initial estimates. The forfeiture rate is estimated based on historical and future expectations of employee turnover rates and are adjusted to reflect future changes in facts and circumstances, if any.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Share-based compensation (continued)

Share-based compensation expense is recorded net of estimated forfeitures such that expense is recorded only for those share-based awards that are expected to vest. To the extent the Company revises this estimate in the future, the share-based payments could be materially impacted in the period of revision, as well as in following periods. During the years ended December 31, 2012 and 2013, the Company estimated that the forfeiture rate for both the management and non-management employees of the Company was zero. For the year ended 2014, the Company estimated that the forfeiture rate for both the management and non-management employees of the Company was 1.66%.

(aa) Earnings per share

In accordance with ASC 260, *Earnings per Share*, basic earnings per share is computed by dividing net earnings / loss attributable to ordinary shareholders by the weighted average number of unrestricted ordinary shares outstanding during the year. Diluted earnings per share is calculated by dividing net profit attributable to ordinary shareholders as adjusted for the effect of dilutive ordinary equivalent shares, if any, by the weighted average number of ordinary and dilutive ordinary equivalent shares outstanding during the period. Contingently issuable shares, including performance-based share awards and contingent considerations to be settled in shares, are included in the computation of basic earnings per share only when there is no circumstance under which those shares would not be issued. Contingently issuable shares are included in the denominator of the diluted EPS calculation as of the beginning of the period or as of the inception date of the contingent share arrangement, if later, only when dilutive and when all the necessary conditions have been satisfied as of the reporting period end. For contracts that may be settled in ordinary shares or in cash at the election of the Company, share settlement is presumed, pursuant to which incremental shares relating to the number of shares that would be required to settle the contract are included in the denominator of diluted EPS calculation if the effect is more dilutive. For the contracts that may be settled in ordinary shares or in cash at the election of the counterparty, the more dilutive option of cash or share settlement is used for the purposes of diluted EPS calculation, pursuant to which share settlement requires the number of shares that would be required to settle the contract be included in the denominator whereas cash settlement requires an adjustment will be made to the numerator for any changes in income or loss that would result as if the contract had been classified as an asset or liability for accounting purposes during the period for a contract that is classified as equity for accounting purposes, if the effect is more dilutive. Ordinary equivalent shares consist of the ordinary shares issuable upon the exercise of the share options, using the treasury stock method. Ordinary share equivalents are excluded from the computation of diluted per share if their effects would be anti-dilutive.

(bb) Share repurchase program

Pursuant to a Board of Directors' resolution on September 5, 2013, the Company's management is authorized to repurchase up to US$10,000 of the company's ADSs ("Share Repurchase Plan I"). During the period from September 5, 2013 to December 31, 2013, the Company repurchased 586,869 ADSs, under this plan for a consideration of RMB59,822.

Pursuant to the Board of Directors' resolutions on August 26, 2014 and September 4, 2014, the Company's management is authorized to repurchase up to US$5,000 and US$100,000 of the company's ADSs respectively ("Share Repurchase Plan II"). During the period from September 2, 2014 to December 31, 2014, the Company repurchased 1,553,085 ADSs, under this plan for a consideration of approximately RMB213,665 (US$34,437).

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(bb) Share repurchase program (continued)

The Company accounted for the repurchased shares as Treasury Stock at cost in accordance to ASC 505-30, *Treasury Stock*, and the repurchase shares are shown separately in the statement of shareholder's equity, as the Company has not yet decided on the ultimate disposition of those ADSs acquired. When the Company uses the treasury stock to settle the share consideration for the acquisitions (Note 19), the difference between the fair value at settlement date and the repurchase price is debited into additional paid-in capital. When the Company decides to retire the treasury stock, the difference between the original issuance price and the repurchase price is debited into additional paid-in capital.

(cc) Comprehensive income (loss)

Comprehensive income (loss) is defined as the increase (decrease) in equity of the Company during a period from transactions and other events and circumstances excluding transactions resulting from investments by owners and distributions to owners. Accumulated other comprehensive loss of the Company includes foreign currency translation adjustments related to the Company and its overseas subsidiaries, whose functional currency is US$.

(dd) Segment reporting

The Company's chief operating decision-maker, who has been identified as the Chief Executive Officer, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Company as a whole and hence, the Company has only one operating and reportable segment. The Company operates and manages its business as a single segment. As the Company's long-lived assets are substantially all located in the PRC and substantially all the Company's revenues are derived from within the PRC, no geographical segments are presented.

(ee) Employee benefits

The full-time employees of the Company's PRC subsidiaries are entitled to staff welfare benefits including medical care, housing fund, pension benefits and unemployment insurance, which are governmental mandated defined contribution plans. These entities are required to accrue for these benefits based on certain percentages of the employees' respective salaries, subject to certain ceilings, in accordance with the relevant PRC regulations, and make cash contributions to the state-sponsored plans out of the amounts accrued.

(ff) Comparative information

Certain items reported in the prior year's consolidated financial statements have been reclassified to conform to the current year's presentation.

(gg) Recent accounting pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 outlines a comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(gg) Recent accounting pronouncements (continued)

expects to be entitled in exchange for those goods or services. ASU 2014-09 also requires significantly expanded disclosures about revenue recognition. For public entities, ASU 2014-09 is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2016. Early adoption is not permitted. The Company is currently evaluating the impact of the adoption of ASU 2014-09 on the Group's consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements — Going Concern (Subtopic 205-40), *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. The guidance requires an entity to evaluate whether there are conditions or events, in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued and to provide related footnote disclosures in certain circumstances. The guidance is effective for the annual period ending after December 15, 2016, and for annual and interim periods thereafter. Early application is permitted. The Company has not yet adopted ASU 2014-15 and is currently in the process of evaluating the impact of the adoption of the update on the consolidated financial statements.

3. CONCENTRATION OF RISKS

(a) *Credit risk*

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents, short-term investments, accounts receivable, other receivables and amounts due from related parties. As of December 31, 2013 and 2014, the aggregate amount of cash and cash equivalents, restricted cash and short-term investments of RMB1,450,939 and RMB1,557,334 (US$250,997), respectively, were held at major financial institutions located in the PRC, and US$251,387 and US$45,352 (RMB281,387), respectively, were deposited with major financial institutions located outside the PRC. Management believes that these financial institutions are of high credit quality and continually monitors the credit worthiness of these financial institutions. Historically, deposits in Chinese banks are secure due to the state policy on protecting depositors' interests. However, China promulgated a new Bankruptcy Law in August 2006 that came into effect on June 1, 2007, which contains a separate article expressly stating that the State Council may promulgate implementation measures for the bankruptcy of Chinese banks based on the Bankruptcy Law. Under the new Bankruptcy Law, a Chinese bank may go into bankruptcy. In addition, since China's concession to the World Trade Organization, foreign banks have been gradually permitted to operate in China and have been significant competitors against Chinese banks in many aspects, especially since the opening of the Renminbi business to foreign banks in late 2006. Therefore, the risk of bankruptcy of those Chinese banks in which the Company has deposits has increased. In the event of bankruptcy of one of the banks which holds the Company's deposits, it is unlikely to claim its deposits back in full since it is unlikely to be classified as a secured creditor based on PRC laws.

(b) *Business, supplier, customer, and economic risk*

The Company participates in a relatively dynamic and competitive industry that is heavily reliant operation excellence of the services. The Company believes that changes in any of the following areas could have a material adverse effect on the Company's future financial position, result of operations or cash flows:

(i) Business Risk — Third parties may develop technological or business model innovations that address data centre and network requirements in a manner that is, or is perceived to be, equivalent or superior to the

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3. CONCENTRATION OF RISKS (CONTINUED)

(b) ***Business, supplier, customer, and economic risk (continued)***

Company's services. If competitors introduce services that compete with, or surpass the quality, price or performance of the Company's services, the Company may be unable to renew its agreements with existing customers or attract new customers at the prices and levels that allow the Company to generate reasonable rates of return on its investment.

(ii) Supplier Risk — The Company's operations are dependent upon bandwidth and cabinet capacity provided by the third-party telecom carriers. There can be no assurance that the Company will be able to secure the cabinet and bandwidth supply from the third-party telecom carriers, neither the Company is adequately prepared for unexpected increases in bandwidth demands by its customers. The communications capacity the Company has leased, include cabinet and bandwidth, may become unavailable for a variety of reasons, such as physical interruption, technical difficulties, contractual disputes, or the financial health of its third-party providers. Any failure of these network providers to provide the capacity the Company requires may result in a reduction in, or interruption of, service to its customers. A significant portion of the Company's total bandwidth and cabinet resources are purchased from its four largest suppliers, who collectively accounted for 23%, 23% and 21% of the Company's total bandwidth and cabinet resources for the years ended December 31, 2012, 2013 and 2014, respectively.

(iii) Customer Risk — The success of the Company's business going forward will rely in part on Company's ability to continue to obtain and expand business from existing customers while also attracting new customers. The Company has a diversified base of customers covering its services and the revenue from the largest single customer accounted for less than 4% of the Company's total net revenues in each of the three years ended December 31, 2014. Certain customers are local subsidiaries of a telecommunication carrier in China, which the Company views as separate customers as it negotiates with, maintain and support each of these entities given that each of them has the separate decision-making authority and services procurement budget. None of these customers on a stand-alone basis contributed more than 4% of the Company's revenues in any given year but in the aggregate, they contributed approximately 22%, 16% and 7% of the Company's total revenues for the years ended December 31, 2012, 2013 and 2014, respectively.

(iv) Political, economic and social uncertainties — The Company's operations could be adversely affected by significant political, economic and social uncertainties in the PRC. Although the PRC government has been pursuing economic reform policies for more than 20 years, no assurance can be given that the PRC government will continue to pursue such policies or that such policies may not be significantly altered, especially in the event of a change in leadership, social or political disruption or unforeseen circumstances affecting the PRC political, economic and social conditions. There is also no guarantee that the PRC government's pursuit of economic reforms will be consistent or effective.

(v) Regulatory restrictions — The applicable PRC laws, rules and regulations currently prohibit foreign ownership of companies that provide internet related services, including hosting, content delivery network services, managed network services and virtual private internet services. Accordingly, the Company's subsidiary, 21Vianet China, is currently ineligible to apply for the required licenses for providing IDC services in China. As a result, the Company operates its IDC services in the PRC through its Consolidated VIEs which holds the licenses and permits required to provide IDC services in the PRC. The PRC Government may also choose at anytime to block access to certain website operators which could also materially impact the Company's ability to generate revenue.

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3. CONCENTRATION OF RISKS (CONTINUED)

(c) Currency convertibility risk

The Company transacts substantially all its business in RMB, which is not freely convertible into foreign currencies. On January 1, 1994, the PRC government abolished the dual-rate system and introduced a single rate of exchange as quoted daily by the People's Bank of China (the "PBOC"). However, the unification of the exchange rates does not imply that the RMB may be readily convertible into US$ or other foreign currencies. All foreign exchange transactions continue to take place either through the PBOC or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the PBOC. Approval of foreign currency payments by the PBOC or other institutions requires submitting a payment application form together with suppliers' invoices, shipping documents and signed contracts.

(d) Foreign currency exchange rate risk

From July 21, 2005, the RMB is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. The appreciation (depreciation) of the RMB against US$ was approximately 0.2%, 3.0% and (0.4) % in the years ended December 31, 2012, 2013 and 2014, respectively. While the international reaction to the appreciation of the RMB has generally been positive, there remains significant international pressure on the PRC Government to adopt an even more flexible currency policy, which could result in a further and potentially more significant appreciation of the RMB against the US$.

4. ACQUISITIONS

Business combinations in 2014

The Group completed the following acquisitions in 2014, which have been accounted for as business combinations:

Aipu Group

To expand the reach of the Company's data transmission network into regional last-mile access networks, further strengthening its position as a leading integrated internet infrastructure services provider in China, on May 31, 2014, the Company acquired from third party selling shareholders (the "Selling Shareholder") the controlling interest represented by 50% equity interests plus one share of Aipu Group, one of the largest regional internet service providers in Southwest China, for a total purchase consideration of RMB748,971(US$120,712), as follow:

	RMB	US$
Cash consideration (i)	700,000	112,820
Contingent consideration in cash (ii) *	48,971	7,892
Total fair value of purchase price consideration	748,971	120,712

* The Company determined the fair value of the contingent consideration with the assistance of an independent third party valuation firm.

Details of the purchase consideration are as follows:

i. RMB700,000 of the above cash consideration was paid in 2014.

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4. ACQUISITIONS (CONTINUED)

Business combinations in 2014 (continued)

Aipu Group (continued)

ii. The contingent consideration in cash was determined based on the achievement by Aipu Group of certain revenue and net profit targets as well as certain operational performance targets in accordance with the sales and purchase agreement for the fiscal years 2014, 2015 and 2016. The Company determined the fair value of the contingent cash consideration as of the acquisition date and at the end of 2014 with the assistance of an independent third party valuation firm based on the Company's assessment of whether Aipu Group will meet the aforementioned contractually stipulated targets. The outstanding contingent consideration amount was recorded in the "Amount due to related parties" balance within the Company's consolidated balance sheets (Note 24).

The sale and purchase agreement also provided put options that allows the Selling Shareholders to sell the remaining 50% equity interests in the Aipu Group in three tranches, namely 28% equity interest in 2015, 11% equity interest in 2016 and the remaining equity interests (including those in 2015 and 2016 if these put options are not exercised) in 2017 for a consideration determined using certain financial or operational targets with a floor of RMB700,000 or a ceiling of RMB800,000, in aggregate. A portion of the consideration is to be settled in cash based on certain financial target stipulated in the sale and purchase agreement. The difference will be settled in cash or shares, with the option to settle in cash or shares residing with the Selling Shareholders for the first tranche and the Company in the subsequent tranches.

The noncontrolling interests are to be redeemed by the Company at the option of the Selling Shareholders in return for cash and shares where the maximum number of shares required to be delivered is outside of the control of the Company, and thus are accounted for as redeemable noncontrolling interests. The Company elects to recognize the changes in redemption value immediately as they occur and adjust the carrying amount of the noncontrolling interests to the redemption value at the end of each reporting period as if it is the redemption date in accordance with ASC topic 480 ("ASC 480"), *Distinguishing Liabilities from Equity.* As the remaining 50% equity interests are held by a few noncontrolling shareholders where the underlying shares of the Aipu Group are not publicly traded, the put options are embedded features in the Aipu Group's shares, which does not qualify for bifurcation accounting. The put options are recognized as part of redeemable noncontrolling interests (Note 28). The redeemable noncontrolling interests were initially recorded at acquisition date fair value and subsequently adjusted to the balance after attribution of Aipu Group's net income pursuant to ASC 810, *Consolidation*, and the redemption value pursuant to ASC 480, whichever is greater. Adjustments to the carrying amount of redeemable noncontrolling interests pursuant to ASC 480, if any, are charged to additional paid-in capital.

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4. ACQUISITIONS (CONTINUED)

Business combinations in 2014 (continued)

Aipu Group (continued)

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed as of the acquisition date of May 31, 2014:

	RMB	US$
Current assets	100,741	16,236
Other non-current assets	15,243	2,457
Property and equipment, net	681,979	109,915
Customer relationships (Note 10)	456,079	73,507
Trade names (Note 10)	110,748	17,849
Property management relationship (Note 10)	86,873	14,001
Non-compete agreements (Note 10)	26,670	4,298
Supplier relationships (Note 10)	23,453	3,780
Licenses (Note 10)	10,744	1,732
Purchased softwares	9,819	1,583
Land use right	12,143	1,957
Total assets acquired	1,534,492	247,315
Accounts and notes payable	(31,097)	(5,012)
Deferred revenue-current	(390,000)	(62,857)
Other current liabilities	(190,317)	(30,673)
Deferred tax liabilities-non-current	(124,356)	(20,043)
Other non-current liabilities	(1,367)	(220)
Total liabilities assumed	(737,137)	(118,805)
Net assets acquired	797,355	128,510
Purchase considerations	748,971	120,712
Fair value of redeemable non-controlling interests with the embedded put options (Note 28)	748,040	120,562
Goodwill	699,656	112,764

The revenue and net profit of Aipu Group since the acquisition date included in the consolidated statement of operations for the year ended December 31, 2014 were RMB385,032 (US$62,056) and RMB41,290 (US$6,655), respectively. The goodwill, which is not tax deductible, is primarily attributable to synergies expected to be achieved from the acquisition.

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4. ACQUISITIONS (CONTINUED)

Business combinations in 2014 (continued)

Dermot Entities

As part of the Company's business strategy to expand into the Virtual Private Network ("VPN") market, the Group acquired 100% equity interests in the Dermot Entities from a third party selling shareholder, on August 10, 2014 for a total purchase consideration of RMB953,567 (US$153,687).

	RMB	US$
Cash consideration (i)	598,500	96,461
Contingent ordinary shares issuance * (ii) (iii)	355,067	57,226
Total fair value of purchase price consideration	953,567	153,687

* The Company determined the fair value of the contingent share consideration with the assistance of an independent third party valuation firm.

Details of the purchase consideration are as follows:

i. RMB 598,500 of the above cash consideration was paid in 2014.
ii. The contingent consideration in shares are determined based on the achievement by Dermot Entities of certain financial targets in accordance with the sales and purchase agreement for the fiscal years 2014 and 2015 as well as compliance to the terms of the sales and purchase agreement. The above contingent consideration amounts were derived from the Company's assessment of whether Dermot Entities will meet the contractually stipulated targets. The outstanding contingent consideration related to fiscal 2014 and 2015 has been recorded in the "Amount due to related parties" balance within the Company's statement of financial position.
iii. As the contingent consideration in shares is predominately derived from a financial performance parameter other than the fair value of the issuer's shares, it is liability-classified and is remeasured at the end of each reporting period with an adjustment for fair value recorded to the current period expense.

The sale and purchase agreement also provided (i) 237,874 restricted share units to be settled in cash or shares at the Company's option and (ii) cash payments if the financial performance for fiscal years 2014 and 2015 exceed certain agreed-upon financial targets, to be granted and paid to certain Dermot Entities management over agreed requisite service periods subsequent to the acquisition. The related compensation for post-acquisition services provided by the employees is accounted as compensation and recorded in the Company's consolidated statements of operations (Note 22(c)).

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4. ACQUISITIONS (CONTINUED)

Business combinations in 2014 (continued)

Dermot Entities (continued)

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed as of the date of acquisition:

	RMB	US$
Current assets	77,886	12,552
Other non-current assets	655	106
Property and equipment, net	40,006	6,448
Customer relationships (Note 10)	207,767	33,486
Trade name (Note 10)	116,266	18,739
Contract backlog (Note 10)	34,259	5,522
Licenses (Note 10)	3,772	608
Supplier relationships (Note 10)	30,073	4,847
Purchased softwares	360	58
Total assets acquired	511,044	82,366
Accounts and notes payable	(39,293)	(6,333)
Other current liabilities	(42,555)	(6,859)
Deferred tax liabilities-non-current	(81,657)	(13,161)
Other non-current liabilities	(3,372)	(543)
Total liabilities assumed	(166,877)	(26,896)
Net assets acquired	344,167	55,470
Purchase consideration	953,567	153,687
Goodwill	609,400	98,217

The revenue and net profit of Dermot Entities since the acquisition date included in the consolidated statement of operations for the year ended December 31, 2014 were RMB193,235 (US$31,144) and RMB9,542 (US$1,538), respectively.

The goodwill, which is not tax deductible, is primarily attributable to synergies expected to be achieved from the acquisition.

Other acquisitions

As part of the Company's business strategy to expand the existing hosting service, the Company completed other several less significant acquisitions in 2014. The aggregate consideration for the three acquisitions is RMB 64,232 (US$ 10,352), as follow:

	RMB	US$
Cash consideration (i)	49,554	7,986
Contingent consideration in cash* (ii)	7,339	1,183
Contingent ordinary shares issuance* (ii) (iii)	7,339	1,183
Total fair value of purchase price consideration	64,232	10,352

* The Company determined the fair value of the contingent share consideration with the assistance of an independent third party valuation firm.

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4. ACQUISITIONS (CONTINUED)

Business combinations in 2014 (continued)

Other acquisitions (continued)

Details of the purchase consideration are as follows:

i. RMB49,554 of the above cash consideration was paid in 2014.

ii. The contingent consideration in both cash and shares are determined based on the achievement by Guangdong Tianying Information Technology., Co., Ltd. ("GD Tianying") of certain financial and operational targets in accordance with the sales and purchase agreement for the fiscal years 2014, 2015 and 2016 as well as compliance to the terms of the sales and purchase agreement. The above contingent consideration amounts were derived from the Company's assessment of whether GD Tianying will meet the contractually stipulated targets. The outstanding contingent consideration related to fiscal 2014, 2015 and 2016 has been recorded in the "Amount due to related parties" balance within the Company's Consolidated Balance Sheets.

iii. As the contingent consideration of GD Tianying in shares is predominately derived from a financial and operational performance parameter other than the fair value of the issuer's shares, it is liability-classified and is remeasured at the end of each reporting period with an adjustment for fair value recorded to the current period expense.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed as of the date of acquisition:

	RMB	US$
Current assets	13,472	2,171
Other non-current assets	262	42
Property and equipment, net	15,912	2,565
Licenses	896	144
Supplier Relationship	14,516	2,340
Customer Relationships	9,381	1,512
Non-compete agreements	300	48
Total assets acquired	54,739	8,822
Accounts and notes payable	(5,768)	(930)
Other current liabilities	(10,124)	(1,631)
Deferred revenue-non-current	(750)	(121)
Deferred tax liabilities-non-current	(4,683)	(755)
Total liabilities assumed	(21,325)	(3,437)
Net assets acquired	33,414	5,386
Purchase consideration	64,232	10,352
Fair value of noncontrolling interests	5,597	902
Goodwill	36,415	5,869

The revenue and net profit since the acquisition dates included in the consolidated statement of operations for the year ended December 31, 2014 were RMB20,515 (US$3,306) and RMB4,898 (US$789), respectively.

The goodwill, which is not tax deductible, is primarily attributable to synergies expected to be achieved from the acquisition.

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4. ACQUISITIONS (CONTINUED)

Assets acquisition in 2014

On September 30, 2014, the Company through its subsidiary, 21Vianet Beijing acquired 100% equity interests in Beijing Yichengtaihe Investment Co., Ltd ("BJ Yichengtaihe") with the total consideration of RMB198,846 (US$32,049). The purpose is to establish a new data center with the acquired property and electricity equipment. As BJ Yichengtaihe does not possess all the elements that are necessary to conduct normal operations as a business and had not yet commenced operations, such acquisition is accounted for as an acquisition of assets. As of September 30, 2014, the fair values of the net identifiable assets of BJ Yichengtaihe are as follows:

	RMB	US$
Net assets acquired:		
Property	160,974	25,944
Land use right	54,489	8,782
Equipment	25,661	4,136
Cash and cash equivalent	1,098	177
Other current liabilities	(1,008)	(162)
Deferred tax liabilities	(42,368)	(6,828)
Total consideration in cash	198,846	32,049

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4. ACQUISITIONS (CONTINUED)

Business combinations before 2014

The Group completed the following acquisitions in 2012 and 2013, which were accounted for as business combinations:

Tianwang and Yilong

As part of the Company's business strategy to expand into the VPN market and to expand the Company's existing managed network services ("MNS"), the Company acquired 100% of the equity interests in Tianwang and Yilong on February 28, 2013 for a total purchase consideration of RMB73,389, as follows:

	RMB
Cash consideration (i)	17,500
Share consideration * (ii)	10,455
Contingent consideration in cash * (iii)	19,977
Contingent ordinary shares issuance * (iii) (iv)	25,457
Total fair value of purchase price consideration	73,389

* The Company determined the fair value of the share consideration and contingent consideration in cash and ordinary shares with the assistance of an independent third party valuation firm.

Details of the purchase consideration are as follows:

(i) RMB15,500 and RMB2,000 of the above cash consideration were paid in April and December 2013, respectively.
(ii) Share consideration represents a payment of RMB10,455 equivalent ADS shares was subsequently settled in May 2013. This share consideration was classified as a liability initially measured at its estimated fair value on the acquisition date and was reclassified to additional paid in capital when the number of shares to be issued became fixed.
(iii) The contingent consideration in both cash and shares are determined based on the achievement by Tianwang and Yilong of certain financial targets in accordance with the sales and purchase agreement for the fiscal years 2013 and 2014 as well as compliance to the terms of the sales and purchase agreement. The above contingent consideration amounts were derived from the Company's assessment of whether Tianwang and Yilong would meet the contractually stipulated targets. The outstanding contingent consideration related to year 2014 has been recorded in the "Amount due to related parties" balance within the Company's statement of financial position (Note 24).
(iv) As the contingent consideration in shares is not considered to be indexed to its own shares since the settlement amount is determined based on the agreed targets, it is liability-classified and is remeasured at the end of each reporting period with an adjustment for fair value recorded to the current period expense. As the contingency with respect to the financial targets for fiscal year 2013 was resolved, the corresponding portion of the contingent consideration was remeasured on December 31, 2013 and December 31, 2014, with its fair value of RMB10,082 and RMB15,960 (US$2,572) reclassified to additional paid in capital. As the contingency with respect to the financial targets for fiscal year 2014 was resolved, the corresponding portion of the contingent consideration was remeasured on December 31, 2014, with its fair value of RMB7,762 (US$1,251) reclassified to additional paid in capital.

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4. ACQUISITIONS (CONTINUED)

Business combinations before 2014 (continued)

iJoy

As a part of the Company's business expansion strategy into the provision of content delivery network ("CDN") services, the Company acquired 100% equity interests in iJoy on April 30, 2013 for a total purchase consideration of RMB96,957 (net of the pre-existing receivables and payables which is settled between the Company and iJoy on the acquisition date) as follows:

	RMB
Cash consideration (i)	24,663
Contingent consideration in cash * (ii)	25,146
Contingent ordinary shares issuance * (ii) (iii)	47,148
Total fair value of purchase price consideration	96,957

* The Company determined the fair value of the contingent consideration in cash and ordinary shares with the assistance of an independent third party valuation firm.

Details of the purchase consideration are as follows:

(i) The Company has paid the first cash payment of approximately RMB24,883 to the seller of iJoy in 2013. The remaining balance of contingent consideration in cash of approximately RMB25,146 is to be paid when certain post-closing conditions are met.

(ii) The contingent considerations are determined based on the achievement by iJoy of certain financial targets in accordance with the sales and purchase agreement for the fiscal years 2013, 2014 and 2015 as well as meeting certain operational milestones provided in the terms of the sales and purchase agreement. The above contingent consideration amounts were derived from the Company's assessment of whether iJoy will meet the contractually stipulated targets. The outstanding contingent consideration related to fiscal 2015 has been recorded in the "Amount due to related parties" balance within the Company's Consolidated Balance Sheets (Note 24).

(iii) As the contingent consideration in shares is not considered to be indexed to its own shares since the settlement amount is determined based on the agreed targets, it is liability-classified and is remeasured at the end of each reporting period with an adjustment for fair value recorded to the current period expense. As the contingency with respect to the financial and/or operational targets for fiscal year 2013 and 2014 was resolved, the corresponding portion of the contingent consideration was remeasured with its fair value of RMB31,956 and RMB21,076 (US$3,397) reclassified to additional paid in capital, respectively.

21V Xi'an

On July 2, 2012, the Company through its wholly-owned subsidiary, 21Vianet HK, purchased 21ViaNet@Xian Holding Limited and its subsidiary (collectively, "21V Xi'an") from 21 Vianet Infrastructure Limited, a subsidiary of aBitCool Inc.("aBitCool"), a related party, for an aggregate cash consideration of RMB15,977, which is net of the pre-existing receivables and payables which were settled between the Company and 21V Xi'an upon acquisition. 21V Xi'an had previously sold cabinets and leased data center space to the Company. The acquisition of 21V Xi'an has been entered into with the intention to expand the Company's self-built data center and increase the number of cabinets, so that the Company can effectively manage market demand and improve profit margins. The bargain purchase gain of RMB10,539 represented the excess of the fair value of the identifiable net assets acquired above the consideration transferred. Specifically, the bargain purchase gain relates to the excess of the fair value of the property and

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4. ACQUISITIONS (CONTINUED)

Business combinations before 2014 (continued)

21V Xi'an (continued)

equipment over the carrying amount of these assets, which was used to determine the original purchase consideration. The resulting bargain purchase gain has been recorded in other income in the Company's consolidated statement of operations for the year ended December 31, 2012.

Fastweb

On September 9, 2012, as part of the Company's business expansion strategy into CDN services, the Company acquired 100% equity interests in Fastweb for a total purchase consideration of RMB116,040. The contingent share consideration is determined based on the achievement by Fastweb of certain financial targets in accordance with the sales and purchase agreement for the fiscal years 2012 and 2013 as well as compliance to the terms of the sales and purchase agreement. The Company determined the fair value of the contingent share consideration with the assistance of an independent third party valuation firm.

As the contingent consideration in shares is not considered to be indexed to its own shares since the settlement amount is determined based on the agreed targets, it is liability-classified and is remeasured at the end of each reporting period with an adjustment for fair value recorded to the current period expense. As the contingency with respect to the financial targets for fiscal years 2012 and 2013 were resolved, the corresponding portion of the contingent consideration was remeasured as of December 31, 2012 and 2013 with its fair value of RMB41,197 and RMB45,012 reclassified to additional paid in capital.

Gehua

On October 19, 2011, as a part of the Company's business expansion strategy into the provision of managed network services that are complementary to its core IDC business, the Company through 21Vianet Beijing, acquired 100% equity interest in Gehua from a related party for a total purchase consideration of RMB77,469.

The contingent consideration in shares is determined based on the achievement by Gehua of certain financial targets in accordance with the sales and purchase agreement for the periods from September 1, 2011 to December 31, 2011, from September 1, 2011 to August 31, 2013 and the operating effectiveness of the fiber optic lease arrangement acquired as part of this acquisition for the period up to August 15, 2014

As the contingency with respect to the financial targets for the period from September 1, 2011 to August 31, 2013 and the operating effectiveness of the fiber optic lease arrangement had been resolved, the corresponding portion of the contingent consideration in shares were remeasured on December 31, 2013 and August 15, 2014, respectively, with their then fair values of RMB38,665 and RMB21,482 (US$3,462) reclassified to additional paid in capital.

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5. ACCOUNTS AND NOTES RECEIVABLE, NET

Accounts and notes receivable and the allowance for doubtful accounts consist of the following:

	December 31,		
	2013	2014	
	RMB	RMB	US$
Accounts receivable	610,960	749,456	120,790
Notes receivable	—	905	146
Allowance for doubtful debts	(547)	(10,416)	(1,678)
	610,413	739,945	119,258

As of December 31, 2013 and 2014, all accounts and notes receivable were due from third party customers.

An analysis of the allowance for doubtful accounts is as follows:

	December 31,		
	2013	2014	
	RMB	RMB	US$
Balance at beginning of the year	341	547	88
Provision	502	9,924	1,599
Write-off of accounts receivable	(296)	(55)	(9)
Balance at the end of the year	547	10,416	1,678

Additions to the Company's allowance for doubtful accounts were recorded within general and administrative expenses for the years ended December 31, 2012, 2013 and 2014.

6. SHORT-TERM INVESTMENTS

Short-term investments consisted of the following as of December 31, 2013 and 2014:

	December 31,		
	2013	2014	
	RMB	RMB	US$
Held-to-maturity securities			
- Fixed rate time deposits	127,023	11,242	1,812
- Floating rate time deposits	74,803	—	—
- Floating rate principal guaranteed investments	900,000	—	—
- Fixed rate principal guaranteed investments	—	900,000	145,054
	1,101,826	911,242	146,866

The Company recorded interest income related to its short-term investments amounting to RMB12,708, RMB35,649 and RMB50,882 (US$8,405) for the years ended December 31, 2012, 2013 and 2014, respectively, in the consolidated statements of operations. There were no unrealized gains or losses as of December 31, 2012, 2013 and 2014.

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7. INVENTORIES

Inventories consisted of the following as of December 31, 2013 and 2014:

	December 31,		
	2013	2014	
	RMB	RMB	US$
Broadband related products	—	10,059	1,621

8. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

	December 31,		
	2013	2014	
	RMB	RMB	US$
Prepaid expenses for bandwidth, rented data centers or cabinets	26,332	66,896	10,782
Staff field advances	3,716	8,453	1,362
Interest receivables	28,404	13,275	2,140
Receivables for the disposal of certain construction-in-progress	20,290	20,290	3,270
Loans to shareholder of BJ Yichengtaihe	24,000	—	—
Tax recoverables	21,345	66,492	10,717
Deposits	10,079	9,793	1,578
Loan to third parties	6,987	48,422	7,804
Other receivables	13,722	75,820	12,216
	154,875	309,441	49,869

Prepaid expenses for bandwidth, rented data centers and cabinets represent the unamortized portion of prepayments made to the Company's telecommunication operators and certain technology companies, which provide the Company with access to bandwidth, data centers or cabinets.

Loans to the shareholder of BJ Yichengtaihe are offset against the purchase consideration when the assets acquisition closed on September 30, 2014 (Note 4).

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9. PROPERTY AND EQUIPMENT, NET

Property and equipment, including those held under capital leases, consist of the following:

	December 31,		
	2013	2014	
	RMB	RMB	US$
At cost:			
Property	397,389	439,480	70,831
Leasehold improvements	228,101	359,870	58,001
Computer and network equipment	960,029	2,225,419	358,672
Optical fibers	64,700	207,423	33,431
Office equipment	6,717	18,472	2,977
Motor vehicles	1,751	6,893	1,111
	1,658,687	3,257,557	525,023
Less: accumulated depreciation	(429,761)	(706,111)	(113,804)
	1,228,926	2,551,446	411,219
Construction-in-progress	173,251	485,261	78,210
	1,402,177	3,036,707	489,429

Depreciation expense was RMB92,786, RMB141,286 and RMB278,986 (US$44,964) for the years ended December 31, 2012, 2013 and 2014, respectively, and were included in the following captions:

	For the year ended December 31,			
	2012	2013	2014	
	RMB	RMB	RMB	US$
Cost of revenues	69,883	103,002	225,680	36,373
Sales and marketing expenses	814	2,097	3,397	575
General and administrative expenses	2,691	10,271	19,433	3,104
Research and development expenses	19,398	25,916	30,476	4,912
	92,786	141,286	278,986	44,964

The carrying amounts of the Company's property and equipment held under capital leases at respective balance sheet dates were as follows:

	December 31,		
	2013	2014	
	RMB	RMB	US$
Property	365,353	365,353	58,884
Computer and network equipment	87,896	164,483	26,510
Optical fibers	64,700	207,423	33,431
	517,949	737,259	118,825
Less: accumulated depreciation	(51,935)	(74,237)	(11,965)
	466,014	663,022	106,860

Depreciation of property, computer and network equipment and optical fibers under capital leases was RMB15,934, RMB18,820 and RMB22,302 (US$3,594), for the years ended December 31, 2012, 2013 and 2014, respectively.

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9. PROPERTY AND EQUIPMENT, NET (CONTINUED)

The carrying amounts of computer and network equipment pledged by the Company to secure banking borrowings (Note 14) granted to the Company at the respective balance sheet dates were as follows:

	December 31,		
	2013	2014	
	RMB	RMB	US$
Property	—	22,921	3,694
Computer and network equipment	94,129	42,115	6,788

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10. INTANGIBLE ASSETS, NET

The following table presents the Company's intangible assets as of the respective balance sheet dates:

	Purchased software	Radio spectrum license	Network use right	Contract backlog*	Customer relationships*	Licenses*	Supplier relationships*	Trade names*	Platform software*	Non-compete agreements*	Favorable contract*	Internal use software	Property management relationship*	Total
	RMB	RMB		RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Intangible assets, net January 1, 2013	13,527	115,306	19,833	1,529	37,635	1,213	93,554	13,005	8,307	—	—	—	—	303,909
Additions	13,934	—	—	4,320	27,770	2,160	14,950	—	10,250	1,500	6,500	13,889	—	95,273
Disposals	(42)	—	—	—	—	—	—	—	—	—	—	—	—	(42)
Foreign currency translation difference	—	(3,348)	—	—	—	—	—	—	—	—	—	—		(3,348)
Amortization expense	(4,646)	(7,945)	(999)	(4,893)	(12,535)	(214)	(15,217)	(1,020)	(3,146)	(250)	(6,468)	(1,570)	—	(58,903)
Intangible assets, net December 31, 2013	22,773	104,013	18,834	956	52,870	3,159	93,287	11,985	15,411	1,250	32	12,319	—	336,889
Additions	64,778	—	—	34,259	673,227	15,412	68,042	227,014	—	26,970	—	7,199	86,873	1,203,774
Disposals	(8,662)	—	—	—	—	—	—	—	—	—	—	(1,331)	—	(9,993)
Foreign currency translation difference	1,025	427	—	—	—	—	—	—	—	—	—	—	—	1,452
Amortization expense	(12,882)	(8,560)	(1,000)	(3,701)	(48,666)	(786)	(20,325)	(9,902)	(3,829)	(4,022)	(32)	(8,333)	(5,631)	(127,669)
Intangible assets, net December 31, 2014	67,032	95,880	17,834	31,514	677,431	17,785	141,004	229,097	11,582	24,198	—	9,854	81,242	1,404,453
Intangible assets, net December 31, 2014 (US$)	10,803	15,453	2,874	5,079	109,182	2,866	22,726	36,924	1,867	3,900	—	1,588	13,095	226,357

* Acquired in the acquisitions of subsidiaries

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10. INTANGIBLE ASSETS, NET (CONTINUED)

Contract backlog relate to the order placed by the customers that have yet to be delivered at the acquisition date. Customer relationships relate to the relationships that arose as a result of existing customer agreements acquired and is derived from the estimated net cash flows that are expected to be derived from the expected renewal of these existing customer agreements after subtracting the estimated net cash flows from other contributory assets. Licenses represented the telecommunication service license in relation to managed network services and virtual private network services. Supplier relationships relate to the relationships that arose as a result of existing bandwidth supply agreements with certain network operators. Except for the supplier relationship in the acquisition of Fastweb and virtual private network supplier relationship in the acquisition of Tianwang and Yilong and Dermot Entities which were valued using a replacement cost method given the relative ease of replacement, the values of supplier relationships were generally derived from the estimated net cash flows that are expected to be generated from the expected renewal of these existing supplier agreements after subtracting the estimated net cash flows from other contributory assets. Trade Names relate to the trade names of SH Guotong, the Managed Network Entities, Aipu Group and Dermot Entities. Non-compete agreements represented the agreements signed with key managements of acquirees at the acquisition date, which was mainly in relation to the acquisitions of Aipu Group, valued using the incremental cash flow method. Property management relationship relate to the community relationships that in the acquisition of Aipu Group which was valued using the replacement cost method.

The intangible assets, except for acquired customer relationships in the acquisition of the Managed Network Entities which are amortized using an accelerated method of amortization, are amortized using the straight-line method, which is the Company's best estimate of how these assets will be economically consumed over their respective estimated useful lives ranging from 1 to 20 years.

Amortization expenses were approximately RMB35,377, RMB58,903 and RMB127,669 (US$20,577) for the years ended December 31, 2012, 2013 and 2014, respectively.

The annual estimated amortization expenses for the intangible assets for each of the next five years are as follows:

	RMB	US$
2015	189,106	30,478
2016	171,481	27,638
2017	165,854	26,731
2018	149,625	24,115
2019	139,653	22,508
	815,719	131,470

11. LAND USE RIGHTS

Land use rights held by the Company are amortized over the remaining term of the respective land use rights certificates.

	December 31,		
	2013 RMB	2014 RMB	2014 US$
Cost	—	66,878	10,778
Accumulated amortization	—	(703)	(113)
Land use rights, net	—	66,175	10,665

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12. GOODWILL

The changes in the carrying amount of goodwill were as follows:

	December 31,			
	2012	2013	2014	
	RMB	RMB	RMB	US$
Balance as of January 1	217,436	296,688	410,500	66,161
Goodwill acquired	79,252	113,812	1,345,470	216,850
Balance as of December 31	296,688	410,500	1,755,970	283,011

No impairment charge was recorded in any of the three years ended December 31, 2014.

13. LONG-TERM INVESTMENTS

The Company's long-term investments comprise of the following:

Cost method investment

The carrying amount of Company's cost method investments was RMB8,200 and RMB28,451 (US$4,585) as of December 31, 2013 and 2014, respectively. In 2014, the Company made additional investments in certain network entities, without significant influence.

There were no indicators of impairment noted for these long-term investments as of December 31, 2014.

Investment in an equity investee

	As of December 31, 2012			Increase (decrease) during the year ended December 31, 2013		As of December 31, 2013		
	Cost of investment	Share equity loss	Investment in equity investee	Cost of investment	Share equity loss	Cost of investment	Share equity loss	Investment in equity investee
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Yizhuang Fund	50,500	(1,101)	49,399	50,500	(1,372)	101,000	(2,473)	98,527

	As of December 31, 2013			Increase (decrease) during the year ended December 31, 2014		As of December 31, 2014			
	Cost of investment	Share equity loss	Investment in equity investee	Cost of investment	Share equity loss	Cost of investment	Share equity loss	Investment in equity investee	Investment in equity investee
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	US$
Yizhuang Fund	101,000	(2,473)	98,527	—	(671)	101,000	(3,144)	97,856	15,772

In April 2012, the Company through its subsidiary, 21Vianet Beijing, entered into an agreement to invest in the Yizhuang Venture Investment Fund ("Yizhuang Fund") as a limited partner. In December 2013, the Company made the second tranche of investment of an amount of RMB50,500 in the Yizhuang Fund, and held 27.694% of the investee as of December 31, 2013 and December 31, 2014. Given the Company holds more than three percent interest in the Yizhuang Fund as a limited partner, the investment is accounted for under the equity method as prescribed in ASC323-10, *Investments — Equity Method*.

There were no indicators of impairment noted for this long-term investment as of December 31, 2014.

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14. BANK AND OTHER BORROWINGS

Bank and other borrowings are as follows as of the respective balance sheet dates:

	December 31,		
	2013 (RMB)	2014 (RMB)	2014 (US$)
Short-term bank borrowings	173,726	160,181	25,816
Long-term bank borrowings, current portion	197,000	55,647	8,968
Other long-term borrowings, current portion	—	900,000	145,054
	370,726	1,115,828	179,838
Long-term bank borrowings, non-current portion	65,740	61,673	9,940
Other long-term borrowings, non-current portion	900,000	—	—
	965,740	61,673	9,940
Total bank and other borrowings	1,336,466	1,177,501	189,779

The short-term bank borrowings outstanding as of December 31, 2013 and 2014 bore a weighted average interest rate of 7.00% and 6.36% per annum, respectively, and were denominated in RMB. These borrowings were obtained from financial institutions and have terms of two months to one year. The long-term bank borrowings (including current portion) outstanding as of December 31, 2013 and 2014 bore a weighted average interest rate of 7.12% and 6.00% per annum, and were denominated in RMB and HK$. These loans were obtained from financial institutions located in the PRC.

In 2013, the Company established Asia Cloud Investment with the funds provided through two entrusted loans. The two entrusted loans have an aggregate principal amount of RMB900,000 with an interest rate of 4% per annum, and maturity dates of August 28 and September 10, 2015, respectively (Note 1(c)).

As of December 31, 2013 and December 31, 2014, unused loan facilities for bank and other borrowings amounted to RMB77,243 and RMB169,954 (US$27,392), respectively.

Bank and other borrowings as of December 31, 2013 and 2014 were secured/guaranteed by the following:

December 31, 2013

Short-term bank borrowings (RMB)	Secured/guaranteed by
19,085	Guaranteed by restricted cash of RMB2,099.
30,000	Secured by a subsidiary's computer and network equipment with net book value of RMB46,631 (Note 9).
40,000	Jointly guaranteed by Mr. Chen Sheng, Director and CEO of the Company and Mr. Zhang Jun, the former Director and COO of the Company.
84,641	Unsecured borrowings.
173,726	

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14. BANK AND OTHER BORROWINGS (CONTINUED)

Long-term bank and other borrowings (including current portion) (RMB)	Secured/guaranteed by
19,740	Jointly guaranteed by the Company's computer and network equipment with net book value of RMB47,498 (Note 9).
63,000	Guaranteed by restricted cash of RMB100,000.
180,000	Guaranteed by restricted cash of RMB190,000.
900,000	Secured by the pledged dividend right and the right to sell or transfer the 90% equity interest of Asia Cloud Investment held by 21Vianet Technology (Note 1(c)).
1,162,740	

December 31, 2014

Short-term bank borrowings (RMB)	Secured/guaranteed by
9,181	Guaranteed by restricted cash of RMB1,885.
11,000	Secured by a subsidiary's building with net book value of RMB14,298 (Note 9).
140,000	Unsecured borrowings.
160,181	

Long-term bank and other borrowings (including current portion) (RMB)	Secured/guaranteed by
2,090	Jointly guaranteed by (i) the ultimate controlling shareholder of Dermot Entities and Upwise Investments Limited, the seller of Dermot Entities; (ii) restricted cash of HK$1,500.
8,000	Secured by a subsidiary's building with net book value of RMB8,623 (Note 9).
18,753	Secured by a subsidiary's computer and network equipment with net book value of RMB42,115 (Note 9).
50,000	Guaranteed by restricted cash of RMB100,000.
900,000	Secured by the pledged dividend right and the right to sell or transfer the 90% equity interest of Asia Cloud Investment held by 21Vianet Technology (Note 1(c)).
38,477	Unsecured borrowings.
1,017,320	

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15. ACCRUED EXPENSES AND OTHER PAYABLES

The components of accrued expenses and other payables are as follows:

	December 31,		
	2013	2014	
	RMB	RMB	US$
Payroll and welfare payables	28,693	178,295	28,736
Business and other taxes payable	67,408	16,633	2,681
Payables for office supplies and utilities	3,650	8,782	1,415
Payables for the purchase of property and equipment	85,993	233,353	37,610
Payable for purchase intangible assets	10,000	5,054	815
Accrued service fees	37,130	60,167	9,697
Interest payables	36,254	20,452	3,296
Share-settled bonuses	6,441	14,913	2,404
Payable for assets acquisition	—	35,846	5,777
Others	16,852	25,996	4,189
	292,421	599,491	96,620

16. CAPITAL LEASES

Certain property, computer and network equipment and optical fibers were acquired through capital leases entered into by the Company.

Future minimum lease payments under non-cancellable capital lease arrangements as lessee are as follows:

	RMB	US$
2015	120,919	19,489
2016	93,107	15,006
2017	117,797	18,985
2018	81,498	13,135
2019 and thereafter	782,823	126,168
Total minimum lease payments	1,196,144	192,783
Less: amount representing interest	(612,526)	(98,721)
Present value of remaining minimum lease payments	583,618	94,062

Capital leases had weighted average interest rates of 11.88% and 11.41% for the years ended December 31, 2013 and 2014, respectively.

17. BONDS PAYABLE

On March 22, 2013, the Company issued and sold bonds with an aggregate principal amount of RMB1,000,000 at a coupon rate of 7.875% per annum (the "2016 Bonds"). The 2016 Bonds will mature on March 22, 2016. The 2016 Bonds were listed and quoted on the Official List of the Singapore Exchange Securities Trading Limited. Interest on the 2016 Bonds is payable semi-annually in arrears on March 22 and September 22 in each year, beginning September 22, 2013. The net proceeds from the 2016 Bonds, after deducting issuance costs of RMB25,189 and a discount of RMB1,970, were RMB972,841, which will be used for construction of new data centers and other general corporate purposes. The effective interest rate of

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17. BONDS PAYABLE (CONTINUED)

the 2016 Bonds is 9.29%. On June 30, 2014, the Company repurchased 73.57% of the outstanding 2016 Bonds with the total consideration of RMB776,163 (US$125,095) including payment of accrued interests of RMB15,556 (US$2,507). The debt extinguishment loss amounting to RMB41,581 (US$6,702) was recognized in earnings upon the repurchase.

On June 26, 2014, the Company issued and sold bonds with an aggregate principal amount of RMB2,000,000 (equivalent to US$322,341) at a coupon rate of 6.875% per annum (the "2017 Bonds"). The 2017 Bonds will mature on June 26, 2017. The 2017 Bonds were listed and quoted on the Official List of the Singapore Exchange Securities Trading Limited. Interest on the 2017 Bonds is payable semi-annually in arrears on June 26 and December 26 in each year, beginning December 26, 2014. Net proceeds from the 2017 Bonds after deducting issuance costs of RMB19,360 (US$3,120), were RMB1,980,640 (US$319,221). The proceeds from issuance of 2017 Bonds was used to new data centers, fund acquisitions, repurchase the 2016 Bonds and for general corporate purposes. The effective interest rate of the 2017 Bonds is 7.39%.

Deferred issuance costs are included in "Other non-current assets" in the Company's consolidated balance sheets. The deferred issuance costs are amortized as interest expense using the effective interest method over the term of the 2016 Bonds and the 2017 Bonds, respectively.

Both the 2016 Bonds and the 2017 Bonds are unsecured and rank senior in right of payment to any of the Company's indebtedness that is expressly subordinated to the bonds; equal in right of payment to any of the Company's liabilities that are not so subordinated; but rank lower than any secured indebtedness of the Company and all liabilities (including accounts payable) of the Company's subsidiaries and Consolidated VIEs.

The following table summarizes the aggregate required repayments of the principal amounts of the Company's long-term borrowings, including the bonds payable, bank and other borrowings (Note 14), in the succeeding five years and thereafter:

	RMB	US$
For the years ending December 31,		
2015	1,055,648	170,139
2016	280,554	45,217
2017	2,016,628	325,021
2018	18,976	3,058
2019	9,814	1,582
Thereafter	—	—

18. DEFERRED GOVERNMENT GRANTS

During the years ended December 31, 2012, 2013 and 2014, the Company received RMB15,850, RMB2,950 and RMB20,920 (US$3,372), respectively, in government grants from the relevant PRC government authorities. The government grants received during the year ended December 31, 2012, 2013 and 2014 are required to be used in construction of property and equipment. These grants are initially deferred and subsequently recognized in the statement of operations when the Company has complied with the conditions or performance obligations attached to the related government grants, if any, and the grants are no longer refundable. Grants that subsidize the construction cost of property and equipment are amortized over the life of the related assets as a reduction of the associated depreciation expense.

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18. DEFERRED GOVERNMENT GRANTS (CONTINUED)

Movements of deferred government grants are as follows:

	For the year ended December 31,			
	2012	2013	2014	
	RMB	RMB	RMB	US$
Balance at beginning of the year	5,819	18,793	18,046	2,908
Additions	15,850	2,950	20,920	3,372
Recognized in income as a reduction of depreciation expense	(2,876)	(3,697)	(5,394)	(869)
Balance at end of the year	18,793	18,046	33,572	5,411

19. TREASURY STOCK

For the year ended December 31, 2012, 2013 and 2014, the Company repurchased the number of 447,828 ADSs, 586,869 ADSs and 1,553,085 ADSs pursuant to the share repurchase plans. The repurchased ordinary shares were mainly used for settlement of acquisition payment.

For the year ended December 31, 2012, 2013 and 2014, 2,343,239 ADSs, 840,114 ADSs and nil were issued to settle the contingent consideration payment in relation to acquisitions.

In 2014, 76,048 ADSs were issued to Galaxy ENet Inc. ("Galaxy ENet") (Note 22(b)).

20. ACCUMULATED OTHER COMPREHENSIVE LOSS

The changes in accumulated other comprehensive income (loss) by component, net of tax of nil, are as follows:

	Foreign currency translation	Total
	RMB	RMB
Balance as of January 1, 2012	(54,779)	(54,779)
Current year other comprehensive loss	(2,588)	(2,588)
Balance as of December 31, 2012	(57,367)	(57,367)
Current year other comprehensive loss	(25,222)	(25,222)
Balance as of December 31, 2013	(82,589)	(82,589)
Current year other comprehensive income	16,835	16,835
Balance as of December 31, 2014	(65,754)	(65,754)
Balance as of December 31, 2014, in US$	(10,598)	(10,598)

21. MAINLAND CHINA EMPLOYEE CONTRIBUTION PLAN

As stipulated by the regulations of the PRC, full-time employees of the Company in the PRC participate in a government-mandated multiemployer defined contribution plan organized by municipal and provincial governments. Under the plan, certain pension benefits, medical care, unemployment insurance, employee housing fund and other welfare benefits are provided to employees. The Company is required to make contributions to the plan based on certain percentages of employees' salaries. The total expenses for the plan were RMB29,015, RMB45,934 and RMB88,102 (US$14,553), respectively, for the years ended December 31, 2012, 2013 and 2014.

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22. SHARE BASED COMPENSATION

(a) Option granted to employees

In order to provide additional incentives to employees and to promote the success of the Company's business, the Company adopted a share incentive plan in 2010 (the "2010 Plan") and 2014 (the "2014 Plan"), respectively. Under the 2010 Plan, the Company may grant options and RSUs to its employees, directors and consultants to purchase an aggregate of no more than 39,272,595 ordinary shares of the Company. The 2010 Plan was approved by the Board of Directors and shareholders of the Company on July 16, 2010. The 2010 Plan is administered by the Board of Directors or the Compensation Committee of the Board as set forth in the 2010 Plan (the "Plan Administrator"). All share options to be granted under the 2010 Plan have a contractual term of ten years and generally vest over 3 to 4 years in the grantee's option agreement.

In order to further promote the success and enhance the value, the Company adopted the 2014 Plan. The 2014 Plan was approved by Annual General Meeting on May 29, 2014. Under the 2014 Plan, the Company may issue an aggregate of no more than 20,461,380 shares ("Maximum Number") and such Maximum Number should be automatically increased by a number that is equal to 15% of the number of new shares issued by the Company from time to time. All share options, restricted shares and restricted share units to be granted under the 2014 Plan have a contractual term of ten years and generally vest over 3 to 4 years in the grantee's option agreement.

The Company granted 2,524,932 share options and 432,910 RSUs in 2012, 676,592 RSUs and 3,122,417 RSUs in 2013 and 2014, respectively, with performance conditions whereby a predetermined number will vest upon the assignment of an annual performance review rating in accordance with predetermined performance targets for the grantees over a one or four-year period. As it is probable for the Company to estimate the annual performance review ratings for the individual grantees, the Company commenced recognition of the related compensation expense using the accelerated recognition method.

The compensation cost related to remaining unvested share options shall be recognized over the remaining requisite service period or the performance review period. As of December 31, 2014, options to purchase 9,054,118 of ordinary shares were outstanding.

The following table summarized the Company's employee share option activity under the 2010 Plan:

	Number of options	Weighted average exercise price (US$)	Weighted average remaining contractual term (Years)	Aggregate intrinsic value (US$)
Outstanding, January 1, 2014	10,958,796	0.31	6.7	39,546
Exercised	(1,828,910)	0.26		
Forfeited	(75,768)	0.54		
Outstanding, December 31, 2014	9,054,118	0.32	6.3	20,450
Vested and expected to vest at December 31, 2014	9,054,118	0.32	6.3	20,450
Exercisable as of December 31, 2014	7,837,941	0.25	6.2	18,225

The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the fair value of the underlying stock at each reporting date, for those awards that have an exercise price below the estimated fair value of the Company's shares. As of December 31, 2013 and 2014,

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22. SHARE BASED COMPENSATION (CONTINUED)

the Company had options outstanding to purchase an aggregate of 10,958,796 shares and 9,054,118 shares with an exercise price below the fair value of the Company's shares, resulting in an aggregate intrinsic value of RMB239,400 and RMB126,884 (US$20,450), respectively.

For share options granted before September 30, 2011, the fair value of each share option grant was estimated on the date of grant using the Black-Scholes option pricing model. For share options granted after September 30, 2011, the fair value of each award is estimated on the date of grant using a binomial-lattice option valuation model. The binomial-lattice model considers characteristics of fair value option pricing that are not available under the Black-Scholes. Similar to the Black-Scholes model, the binomial-lattice model takes into account variables such as volatility, dividend yield, and risk-free interest rate. However, in addition, the binomial-lattice model considers the contractual term of the option, the probability that the option will be exercised prior to the end of its contractual life, and the probability of termination or retirement of the option holder in computing the value of the option. For these reasons, the Company believes that the binomial-lattice model provides a fair value for its share based compensation plans that are more representative of actual experience and future expected experience that the value calculated in previous years using the Black-Scholes model.

The Company calculated the estimated fair value of the share options on the grant date using the Black-Scholes Option model or Binomial-Lattice model for 2011 and 2012, respectively, with the following assumptions:

	Granted in 2011	Granted in 2011	Granted in 2012
	Before September 30, 2011	After September 30, 2011	
Risk-free interest rates	1.03%-3.36%	1.03%-3.36%	2.06%-3.68%
Expected life (years)	0.08-7.75 years	Not applicable	Not applicable
Sub optimal early exercise factor	Not applicable	2.2	2.2
Expected volatility	24.25%-76%	69.17%	57.01%-68.03%
Expected dividend yield	0%	0%	0%
Fair value of share option	US$1.20-US$2.06	US$1.02-US$1.03	US$1.34-US$1.68

The aggregate fair value of the outstanding options at the grant date was determined to be RMB63,356 (US$ 10,211) as of December 31, 2014 and such amount is recognized as compensation expense using the straight-line method for all employee share options granted with graded vesting based on service conditions and the accelerated method for share options granted with graded vesting based on performance conditions. The weighted-average grant-date fair value of options granted during the years ended December 31, 2012, 2013 and 2014 was US$1.49, nil and nil respectively. The total fair value of share options vested during the years ended December 31, 2012, 2013 and 2014 was US$5,655, US$3,388 and US$5,488, respectively. The aggregate intrinsic value of options exercised during the years ended December 31, 2012, 2013 and 2014 was US$4,487, US$24,355, and US$15,517, respectively.

As of December 31, 2014, there was RMB3,104 (US$500) of unrecognized share-based compensation cost, net of estimated forfeitures, related to unvested options which is expected to be recognized over a weighted-average period of 0.3 year. Total unrecognized compensation cost may be adjusted for future changes in estimated forfeitures.

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22. SHARE BASED COMPENSATION (CONTINUED)

The following table summarizes the Company's RSUs activity under the 2010 Plan and 2014 Plan:

	Number of RSUs	Weighted-average grant date fair value (US$)	Weighted-average remaining contractual life (Years)	Aggregate intrinsic value (US$)
Unvested, January 1, 2014	1,176,611	12.52	9.0	27,674
Granted	3,196,373	23.27		
Vested	(677,570)	14.42		
Forfeited	(85,158)	12.56		
Unvested, December 31, 2014	3,610,256	19.22	8.6	55,851

Share-based compensation cost for RSUs is measured based on the closing fair market value of the Company's ADS on the date of grant and the reporting date for equity and liability classified RSUs, respectively. The aggregate fair value of the unvested RSUs as of December 31, 2014 was RMB346,533 (US$55,851), and such amount is recognized as compensation expense using the straight-line method for the RSUs with graded vesting based on service conditions and the accelerated method for the RSUs with graded vesting based on performance conditions and share-settled bonuses. The weighted-average grant-date fair value of RSUs granted during the years ended December 31, 2012, 2013 and 2014 was US$10.01, US$14.22 and US$20.39, respectively. The total fair value of RSUs vested during the years ended December 31, 2012, 2013 and 2014 was US$1,184, US$2,898 and US$9,774, respectively.

During 2014, the Company granted 73,956 RSUs to settle the performance bonuses as elected by employees. As of December 31, 2014, there was RMB366,245 (US$59,028) of unrecognized share-based compensation cost related to RSUs which is expected to be recognized over a weighted-average vesting period of 2.5 years. Total unrecognized compensation cost may be adjusted for future changes in estimated forfeitures.

(b) Fully vested ordinary shares to employees

On March 5, 2014, the Company agreed to issue 690,000 fully vested ADSs to Galaxy ENet, a company owned by a certain management employee of the Managed Network Entities. These ADSs are to compensate certain management employees of the Managed Network Entities in exchange for their past services and all of them have transferred their rights to Galaxy ENet. Such fully vested ADSs were issued to Galaxy ENet with treasury stock of 76,048 ADSs and newly issued share of 613,952 ADSs. Accordingly, the Company recorded share-based compensation cost of RMB117,207 (US$18,890) in "General and administrative expenses" within the Company's consolidated statements of operations.

(c) Shares issued to management of Dermot Entities (Note 4)

For the year ended December 31, 2014, the Company recorded compensation cost of RMB4,022 (US$649) within the Company's consolidated statements of operations.

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22. SHARE BASED COMPENSATION (CONTINUED)

Total compensation expense relating to share options and RSUs granted to employees recognized for the years ended December 31, 2012, 2013 and 2014 is as follows:

	For the year ended December 31,			
	2012	2013	2014	
	RMB	RMB	RMB	US$
Cost of revenues	4,517	8,054	7,163	1,154
Sales and marketing expenses	10,508	13,405	13,482	2,173
General and administrative expenses	47,749	40,711	208,914	33,671
Research and development expenses	4,858	5,599	4,176	673
	67,632	67,769	233,735	37,671

23. TAXATION

Enterprise income tax ("EIT")

The Company is incorporated in the Cayman Islands and conducts its primary business operations through the subsidiaries and VIEs in the PRC and Hong Kong. It also has intermediate holding companies in BVI. Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains.

Hong Kong

Subsidiaries in Hong Kong are subject to Hong Kong profits tax rate of 16.5% for the years ended December 31, 2012, 2013 and 2014. No provision for Hong Kong profits tax has been made in the consolidated financial statements as these entities had no assessable profits in the years ended December 31, 2012, 2013 and 2014, except for DYX which was newly acquired in 2014 and has profits since acquisition.

Taiwan

DYX Taiwan branch is incorporated in Taiwan and is subject to Taiwan profits tax rate of 17% for the year ended December 31, 2014.

The PRC

The Company's PRC subsidiaries are incorporated in the PRC and subject to PRC EIT on the taxable income in accordance with the relevant PRC income tax laws.

Effective January 1, 2008, the statutory corporate income tax rate is 25%, except for certain entities eligible for preferential tax rates.

21Vianet Beijing was qualified for a High and New Technology Enterprises ("HNTE") since 2008 and is eligible for a 15% preferential tax rate. In October 2014, the Company obtained a new certificate, which will expire on December 31, 2016. In accordance with the PRC Income Tax Laws, an enterprise awarded with the HNTE status may enjoy a reduced EIT rate of 15%. For the years ended December 31, 2012, 2013 and 2014, 21Vianet Beijing applied a preferential tax rate of 15%.

In April 2011, 21Vianet (Xi'an) Information Outsourcing Industry Park Services Co., Ltd ("Xi'an Sub"), a subsidiary located in Shaanxi Province, qualified for a preferential tax rate of 15%. The preferential tax rate

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23. TAXATION (CONTINUED)

is awarded for companies that have operations in certain industries and meet the criteria of the Preferential Tax Policies for Development of the West Regions. The entity's qualification will need to be assessed on an annual basis. For the years ended December 31, 2012, 2013 and 2014, Xi'an Sub applied a preferential tax rate of 15%.

In July 2012, Gehua, a subsidiary located in Guangdong Province, qualified as a HNTE and is eligible for a 15% preferential tax rate effective from 2012 to 2014, and thereafter for an additional 3 years if it is able to satisfy the HNTE technical and administrative requirements in those 3 years.

In June 2009, BJ Fastweb, a subsidiary located in Beijing, qualified as a HNTE and is eligible for a 15% preferential tax rate effective from 2009 to 2011, and thereafter for an additional 3 years if it is able to meet the HNTE technical and administrative requirements in those 3 years. The Company's HNTE certificate expired as of December 31, 2011 and the Company obtained a renewed certificate in May 2012, which expired on December 31, 2014. For the years ended December 31, 2012, 2013 and 2014, BJ Fastweb applied a preferential tax rate of 15%.

In 2013, BJ iJoy qualified as a software enterprise which allows the Company to utilize a two-year 100% exemption for 2013 and 2014 followed by a three-year half-reduced EIT rate effective for the years from 2015 to 2017. For the year ended December 31, 2013 and 2014, BJ iJoy enjoyed the 100% tax exemption for its taxable income.

In 2010, GD Tianying, a subsidiary located in Guangdong Province, qualified as a HNTE and is eligible for a 15% preferential tax rate effective from 2010 to 2012, and thereafter for an addition 3 years if it is able to meet the HNTE technical and administrative requirements in those 3 years. The company's HNTE certificate expired as of December 31, 2012 and the Company obtained a renewed certificate in October 2013, which will expire on December 31, 2015. For the year ended December 31, 2014, GD Tianying applied a preferential tax rate of 15%.

In 2000 and 2012, SC Aipu and Yunnan Aipu Network Technology Co., Ltd. ("YN Aipu"), respectively, qualified for a preferential tax rate of 15%. The preferential tax rate is awarded for companies that have operations in certain industries and meet the criteria of the Preferential Tax Policies for Development of the West Regions. The qualification will need to be reviewed on an annual basis. For the year ended December 31, 2014, SC Aipu and YN Aipu applied a preferential tax rate of 15%.

The Company's other PRC subsidiaries were subject to EIT at a rate of 25% for the years ended December 31, 2012, 2013 and 2014.

The New EIT Law also provides that enterprises established under the laws of foreign countries or regions and whose "place of effective management" is located within the PRC are considered PRC tax resident enterprises and subject to PRC income tax at the rate of 25% on worldwide income. The definition of "place of effective management" refers to an establishment that exercises, in substance, overall management and control over the production and business, personnel, accounting, properties, etc. of an enterprise. As of December 31, 2014, no detailed interpretation or guidance has been issued to define "place of effective management". Furthermore, as of December 31, 2014, the administrative practice associated with interpreting and applying the concept of "place of effective management" is unclear. If the Company is deemed as a PRC tax resident, it would be subject to PRC tax under the New CIT Law. The Company will continue to monitor changes in the interpretation or guidance of this law.

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23. TAXATION (CONTINUED)

Profit (loss) before income taxes consists of:

	For the year ended December 31,			
	2012	2013	2014	
	RMB	RMB	RMB	US$
Non-PRC	(74,140)	(165,039)	(485,539)	(78,255)
PRC	167,955	128,360	173,735	28,000
	93,815	(36,679)	(311,804)	(50,255)

Income tax expense comprises of:

	For the year ended December 31,			
	2012	2013	2014	
	RMB	RMB	RMB	US$
Current	(45,481)	(29,905)	(45,401)	(7,317)
Deferred	9,322	19,581	28,728	4,630
	(36,159)	(10,324)	(16,673)	(2,687)

The reconciliation of tax computed by applying the statutory income tax rate of 25% for the years ended December 31, 2012, 2013 and 2014 applicable to the PRC operations to income tax expense is as follows:

	For the year ended December 31,			
	2012	2013	2014	
	RMB	RMB	RMB	US$
Profit (loss) before income taxes	93,815	(36,679)	(311,804)	(50,255)
Income tax (expense) benefit computed at applicable tax rates (25%)	(23,454)	9,170	77,951	12,563
Non-deductible expenses	(1,969)	(3,385)	(6,095)	(980)
Research and development expenses	4,313	6,850	6,879	1,109
Effect of tax holidays	—	10,487	6,305	1,016
Preferential rate	7,245	2,655	20,049	3,231
Current and deferred tax rate differences	1,804	11,938	(8,553)	(1,379)
International rate differences	(15,716)	(36,080)	(108,066)	(17,417)
Tax exempted income	2,635	(905)	2,118	341
Unrecognized tax benefits	(641)	(6,719)	3,872	624
Deferred tax expense	(3,695)	(7,882)	(3,109)	(501)
Change in valuation allowance	(5,263)	1,172	(7,704)	(1,242)
Prior year provision to return true up	(1,418)	2,375	(320)	(52)
Income tax expense	(36,159)	(10,324)	(16,673)	(2,687)

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23. TAXATION (CONTINUED)

The benefit of the tax holiday per basic and diluted earnings per share is as follows:

	For the year ended December 31,			
	2012	2013	2014	
	RMB	RMB	RMB	US$
Basic	—	0.029	0.016	0.003
Diluted	—	0.029	0.016	0.003

Deferred Tax

The significant components of deferred taxes are as follows:

	December 31,		
	2013	2014	
	RMB	RMB	US$
Deferred tax assets			
Current			
Allowance for doubtful accounts	147	1,523	245
Accrued salary and welfare	6,784	30,226	4,872
Accrued expenses	4,415	2,302	371
Contingent consideration payables	2,984	—	—
Property and equipment	—	1,424	229
Deferred government grant-current	153	74	12
Valuation allowance	(387)	(547)	(88)
Net current deferred tax assets	14,096	35,002	5,641
Non-current			
Tax losses	7,606	18,787	3,027
Property and equipment	9,947	15,428	2,487
Intangible assets	—	936	151
Capital lease	3,720	8,717	1,405
Deferred government grant-non-current	4,202	6,234	1,005
Depreciation and amortization generated from acquisitions	740	8,361	1,348
Valuation allowance	(8,346)	(15,890)	(2,561)
Net non-current deferred tax assets	17,869	42,573	6,862
Total deferred tax assets	31,965	77,575	12,503
Deferred tax liabilities			
Current			
Accrued interest income	3,115	2,696	435
Non-current			
Intangible assets	45,770	235,346	37,933
Property and equipment	28,245	69,896	11,265
Capitalized interest expense	4,578	5,098	820
Net non-current deferred tax liabilities	78,593	310,340	50,018
Total deferred tax liabilities	81,708	313,036	50,453

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23. TAXATION (CONTINUED)

As of December 31, 2014, the Company has net tax operating losses from its PRC subsidiaries, as per filed tax returns, of RMB70,030 (US$11,287), which will expire between 2015 to 2019.

As of December 31, 2014, the Company intends to permanently reinvest the undistributed earnings from other foreign subsidiaries to fund future operations. As of December 31, 2014, the total amount of undistributed earnings from its PRC subsidiaries was RMB931,176 (US$150,078). The amount of unrecognized deferred tax liabilities for temporary differences related to investments in foreign subsidiaries is not determined because such a determination is not practicable.

Unrecognized Tax Benefits

As of December 31, 2013 and 2014, the Company recorded unrecognized tax benefits of RMB18,559 and RMB20,453 (US$3,296), respectively.

The unrecognized tax benefits and its related interest are primarily related to the application of a reduced income tax rate not yet approved and unqualified deemed profit tax filing method. RMB6,047 of the total unrecognized tax benefits, ultimately recognized, will impact the effective tax rate. It is possible that the amount of uncertain tax benefits will change in the next 12 months, however, an estimate of the range of the possible outcomes cannot be made at this time.

A roll-forward of unrecognized tax benefits is as follows:

	For the year ended December 31,		
	2013	2014	
	RMB	RMB	US$
Balance at beginning of year	10,302	14,232	2,294
Reversal based on tax positions related to prior years	(500)	(5,948)	(959)
Additions based on tax positions related to the current year	4,430	8,398	1,354
Balance at end of year	14,232	16,682	2,689

In the years ended December 31, 2012, 2013 and 2014, the Company recorded (reversed) interest expense of RMB641, RMB2,289 and RMB(556) (US$(90)), respectively. Accumulated interest expense recorded by the Company was RMB4,327 and RMB3,771 (US$607) as of December 31, 2013 and 2014, respectively. As of December 31, 2014, the tax years ended December 31, 2011 through 2014 for the PRC subsidiaries remain open for statutory examination by the PRC tax authorities.

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24. RELATED PARTY TRANSACTIONS

a) Related parties

Name of related parties	Relationship with the Company
aBitCool	A company owned by the same group of the Company's Class B ordinary shareholders (1)
aBitCool China Limited (" ABC")	A company controlled by aBitCool
BitCool Media Group Limited ("Bitcool Media")	A company controlled by aBitCool
CloudEx Beijing Science & Technology Co., Ltd. ("CE BJ")	A company controlled by aBitCool
Beijing CloudEX Software Service Co., Ltd. ("CE Soft BJ")	A company controlled by aBitCool
21 Vianet Infrastructure Limited (3)	A company controlled by aBitCool
21Vianet (Xi'an) Technology Co., Ltd. ("Xi'an Tech") (2)	A company controlled by 21 Vianet Infrastructure Limited
Shi Dai Tong Lian	Seller of the Managed Network Entities
Concept Network Limited	Seller of the Managed Network Entities
TJ Guanbang	Seller of Gehua
BJ Huibang	Seller of Gehua
Shanghai Shibei Hi-Tech Co., Ltd. ("SH Shibei")	Noncontrolling shareholder of SH Wantong
Beijing Kaihua Kewei Technology Company Limited ("Kaihua Kewei")	Seller of Tianwang and Yilong
A PRC citizen	Seller of iJoy
Suzhou Aizhuoyi Information Technology Co., Ltd. ("SZ Aizhuoyi")	A company controlled by the seller of iJoy
Mr. Chen Sheng	Director and CEO of the Company
Mr. Li	Ultimate seller and noncontrolling shareholder of Aipu Group
Shantou Lishida Information Technology Co., Ltd. ("Lishida")	Seller of Tianying
Upwise Investment Limited ("Upwise")	Seller of Dermot Entities
Dyxnet Internet Center Limited ("DIC")	A related party of the seller of Dermot Entities
Dyxnet Corporate Service Limited ("DCS")	A related party of the seller of Dermot Entities

(1) There are certain shareholders ("Common Shareholders") that are shareholders of both aBitCool and the Company. As of December 31, 2014, in terms of economic interests and voting power, the Common Shareholders' ownership interests in the Company were 11.36% and 54.77% while the their ownership interests in aBitCool was 90.14% in terms of both economic interests and voting power, based on the register of members of the Company. There is neither a single controlling shareholder nor a group of shareholders holding identical ownership interests individually and controlling ownership interests in aggregate in the Company and aBitCool.
(2) Acquired by the Company on July 5, 2012.
(3) Deregistered in 2013.

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24. RELATED PARTY TRANSACTIONS (CONTINUED)

b) The Company had the following related party transactions for the years ended December 31, 2012, 2013 and 2014:

	For the year ended December 31,			
	2012	2013	2014	
	RMB	RMB	RMB	US$
Services provided to:				
- Upwise	—	—	143	23
- DCS	—	—	18	3
- CE BJ	1	—	—	—
- CE Soft BJ	215	—	—	—
Services provided by:				
- DIC	—	—	4,106	662
- DCS	—	—	587	95
- Upwise	—	—	97	16
- Xi'an Tech	5,526	—	—	—
Purchases of equipment from:				
- SZ Aizhuoyi	—	61,202	80,059	12,903
- DCS	—	—	330	53
- ABC	—	266	—	—
- CE Soft BJ	515	—	—	—
Loans provided to:				
- Seller of Aipu Group	—	—	98,500	15,875
- BitCool Media	14,771	19,096	22,792	3,673
- SH Shibei	—	4,900	—	—
- Seller of iJoy	—	12,193	—	—
Repayment of loans:				
- BitCool Media	—	1,219	35,380	5,702
Receipt of interest income from loan to:				
- Bitcool Media	—	—	1,553	250
Interest income from loan to:				
- Bitcool Media	253	861	956	154
Management service provided by:				
- DCS	—	—	8,949	1,442
Acquisition of 21V Xi'an from 21 Vianet Infrastructure Limited	15,977	—	—	—

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24. RELATED PARTY TRANSACTIONS (CONTINUED)

c) The Company had the following related party balances as of December 31, 2013 and 2014:

	December 31,		
	2013	2014	
	RMB	RMB	US$
Amounts due from related parties:			
Current:			
- Bitcool Media	33,311	20,126	3,244
- Seller of iJoy	24,387	24,476	3,945
- SH Shibei	9,800	9,800	1,579
- Upwise	—	465	75
	67,498	54,867	8,843
Non-current:			
- Seller of Aipu Group	—	98,500	15,875
Amounts due to related parties:			
Current:			
- Seller of the Managed Network Entities	47,755	47,755	7,697
- Seller of iJoy	63,602	50,506	8,140
- Seller of Tianwang and Yilong	19,605	2,970	479
- Seller of GD Tianying	—	9,434	1,520
- Sellers of Dermot Entities	—	205,380	33,101
- SZ Aizhuoyi	—	7,131	1,149
- DCS	—	3,628	585
- Seller of Gehua	16,737	—	—
	147,699	326,804	52,671

	December 31,		
	2013	2014	
	RMB	RMB	US$
Non-current:			
- Seller of iJoy	58,487	18,392	2,964
- Seller of Tianying	—	17,585	2,834
- Sellers of Aipu Group	—	67,531	10,884
- Seller of Dermot Entities	—	177,220	28,563
- Seller of Tianwang and Yilong	19,834	—	—
	78,321	280,728	45,245

All balances with the related parties, other than the amount due from BitCool Media, as of December 31, 2013 and 2014 were unsecured, interest-free and have no fixed terms of repayment. The loan provided to BitCool Media bears annual interest rates of 3% - 6% and will mature in 2015. The Company has recorded the related interest income of RMB253, RMB861 and RMB956 (US$154) using the effective interest method for the year ended December 31, 2012, 2013 and 2014, respectively.

The amount due to related parties as of December 31, 2014 mainly relate to the remaining contingent purchase consideration payable for the acquisitions of subsidiaries.

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25. RESTRICTED NET ASSETS

The Company's ability to pay dividends is primarily dependent on the Company receiving distributions of funds from its subsidiaries. Relevant PRC statutory laws and regulations permit payments of dividends by the Company's PRC subsidiaries only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. The results of operations reflected in the consolidated financial statements prepared in accordance with U.S. GAAP differ from those reflected in the statutory financial statements of the Company's PRC subsidiaries.

In accordance with the PRC Regulations on Enterprises with Foreign Investment and the articles of association of the Company's PRC subsidiaries, a foreign-invested enterprise established in the PRC is required to provide certain statutory reserves, namely general reserve fund, the enterprise expansion fund and staff welfare and bonus fund which are appropriated from net profit as reported in the enterprise's PRC statutory accounts. A foreign-invested enterprise is required to allocate at least 10% of its annual after-tax profit to the general reserve until such reserve has reached 50% of its respective registered capital based on the enterprise's PRC statutory accounts. Appropriations to the enterprise expansion fund and staff welfare and bonus fund are at the discretion of the board of directors for all foreign-invested enterprises. The aforementioned reserves can only be used for specific purposes and are not distributable as cash dividends. 21Vianet China was established as foreign-invested enterprise and, therefore, is subject to the above mandated restrictions on distributable profits. As of December 31, 2013 and 2014, the Company's PRC subsidiaries had appropriated RMB35,178 and RMB52,263 (US$8,423), respectively, in its statutory reserves.

As a result of these PRC laws and regulations subject to the limit discussed above that require annual appropriations of 10% of after-tax income to be set aside, prior to payment of dividends as general reserve fund, the Company's PRC subsidiaries are restricted in their ability to transfer a portion of their net assets to the Company. Amounts restricted include paid-in capital and statutory reserve funds of the Company's directly owned PRC subsidiaries and the equity of the Consolidated VIEs, as determined pursuant to PRC generally accepted accounting principles, totaling an aggregate of RMB1,763,493 (US$284,223) as of December 31, 2014.

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26. EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share for each of the years presented are calculated as follows:

	For the year ended December 31,			
	2012	2013	2014	
	RMB	RMB	RMB	US$
Numerator:				
Net profit (loss)	57,656	(47,003)	(328,477)	(52,942)
Less: net profit attributable to noncontrolling interest and redeemable noncontrolling interest	(1,332)	(1,223)	(20,003)	(3,224)
Net profit (loss) attributable to ordinary shareholders	56,324	(48,226)	(348,480)	(56,166)
Plus: deemed dividend in relation to accretion of redeemable noncontrolling interests	—	—	(7,850)	(1,265)
Adjusted net profit (loss) attributable to ordinary shareholders	56,324	(48,226)	(356,330)	(57,431)
Denominator:				
Weighted-average number of shares outstanding—basic	342,533,167	364,353,974	401,335,788	401,335,788
Weighted-average number of stock options and RSUs granted in connection with the stock option plan	14,251,042	—	—	—
Weighted-average number of shares outstanding—diluted	356,784,209	364,353,974	401,335,788	401,335,788
Earnings (loss) per share—Basic:				
Net profit (loss)	0.16	(0.13)	(0.89)	(0.14)
	0.16	(0.13)	(0.89)	(0.14)
Earnings (loss) per share—Diluted:				
Net profit (loss)	0.16	(0.13)	(0.89)	(0.14)
	0.16	(0.13)	(0.89)	(0.14)

In 2013, the Company issued 6,000,000 ordinary shares to its share depositary bank which will be used to settle stock option awards upon their exercise. No consideration was received by the Company for this issuance of ordinary shares. These ordinary shares are legally issued and outstanding but are treated as escrowed shares for accounting purposes and therefore, have been excluded from the computation of earnings per share. Any ordinary shares not used in the settlement of stock option awards will be returned to the Company.

Contingently issuable shares related to the portion of contingent consideration for the acquisitions in the form of shares that are based on targets that have been fixed are included in the computation of basic earnings per share as the Company does not expect any circumstances under which these shares would not be issued.

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27. SHARE CAPITAL

In May 2014, the Company's annual general meeting of shareholders authorised share capital of the Company be increased from (A) US$7,700 divided into (i) 470,000,000 Class A Ordinary Shares of a nominal or par value of US$0.00001 each and (ii) 300,000,000 Class B Ordinary Shares of a nominal or par value of US$0.00001 each to (B) US$15,000 divided into (i) 1,200,000,000 Class A Ordinary Shares of a nominal or par value of US$0.00001 each and (ii) 300,000,000 Class B Ordinary Shares of a nominal or par value of US$0.00001 each, by the creation of an additional 730,000,000 Class A Ordinary Shares with a nominal or par value of US$0.00001 each to rank pari passu in all respects with the existing Class A Ordinary Shares.

Holders of Class A Ordinary Shares and Class B Ordinary Shares are entitled to the same rights except for voting and conversion rights. In respect of matters requiring a shareholder's vote, each Class A Ordinary Share is entitled to one vote and each Class B Ordinary Share is entitled to 10 votes. Each Class B Ordinary Share is convertible into one Class A Ordinary Share at any time by the holder. Class A Ordinary Shares are not convertible into Class B Ordinary Shares under any circumstances. Upon any transfer of Class B Ordinary Shares by a holder to any person or entity which is not an affiliate of such holder, such Class B Ordinary Shares will be automatically converted into an equal number of Class A Ordinary Shares.

In July 2012, the company repurchased 2,686,965 Class B ordinary shares from Sunrise at par value. Such shares were cancelled immediately.

In May 2013, the Company issued 5,282,100 Class A ordinary shares to the sellers of Fastweb and Tianwang and Yilong in settlement of the contingent purchase considerations. In October 2013, the Company issued 34,683,042 Class A ordinary shares to Esta for an aggregate cash consideration of RMB533,301. In addition, Esta purchased 5,316,960 Class A ordinary shares from the Company's existing shareholders for a total cash consideration of RMB78,685 which was paid to the selling shareholders through the Company.

In 2014, the Company issued 2,666,898 Class A ordinary shares to the sellers of Fastweb and Tianwang and Yilong in settlement of the contingent purchase considerations. In 2014, the Company issued 3,683,712 Class A ordinary shares to Galaxy ENet Inc. (Note 22(b)).

28. REDEEMABLE NONCONTROLLING INTERESTS

	For the year ended December 31,			
	2012	2013	2014	
	RMB	RMB	RMB	US$
Balance as of January 1	—	—	—	—
Acquisition of Aipu Group (Note 4)	—	—	748,040	120,562
Current profit	—	—	17,816	2,872
Accretion of redeemable noncontrolling interests	—	—	7,850	1,265
Balance as of December 31	—	—	773,706	124,699

29. FAIR VALUE MEASUREMENTS

The Company applies ASC 820, *Fair Value Measurements and Disclosures*. ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. ASC 820 requires disclosures to be provided on fair value measurement.

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29. FAIR VALUE MEASUREMENTS (CONTINUED)

ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 — Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 — Include other inputs that are directly or indirectly observable in the marketplace.

Level 3 — Unobservable inputs which are supported by little or no market activity.

ASC 820 describes three main approaches to measuring the fair value of assets and liabilities: (1) market approach; (2) income approach; and (3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace an asset.

Cash equivalents, fixed rate time deposits, floating rate time deposits and bonds payable are classified within Level 1 because they are valued by using quoted market prices. The fair values of the Company's floating rate principal guaranteed investments and fixed rate principal guaranteed investments are as measured and held-to-maturity investments as disclosed are determined based on the discounted cash flow model using the discount curve of market interest rates.

The mandatorily redeemable noncontrolling interests (Note 1(c)), the contingent considerations for the acquired businesses (Note 4) and the share-settled bonuses are classified within Level 3. The fair value of the noncontrolling interest was estimated using the income approach based on the discounted cash flows ("DCF") model, with adjustments for the lack of control and lack of marketability that market participants would consider when estimating the fair value of the noncontrolling interests in the Consolidated VIE. The contingent considerations are based on the achievement of certain financial targets in accordance with the sales and purchase agreements for the various periods, as well as other non-financial measures. The revenue and net profit targets were calculated based on the DCF model. The DCF model involves applying appropriate discount rates to estimated cash flow forecasts that are based on forecasts of revenue and costs. Estimation of future cash flows requires the Company to make complex and subjective judgments regarding the acquired businesses' projected financial and operating results, unique business risks, limited operating histories and future prospects. The acquired businesses' revenue forecasts were based on expected annual growth rates which were derived from a combination of our historical experience and industry trends. The fair value of the share-settled bonuses was estimated using the performance bonuses that the Company estimates to be settled in shares and the observable market prices of the underlying ADSs of the Company.

The redeemable noncontrolling interests of Aipu Group are classified within level 3. The fair value of the redeemable noncontrolling interests at the acquisition date was determined with the estimated operating and financial results for the year ending December 31, 2014, 2015 and 2016. The fair value of embedded put option in the redeemable noncontrolling interests was estimated by Monte Carlo Method, which was calculated by multiplying net income and simulated earnings multiple ratio for the year ending December 31, 2014, 2015 and 2016.

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29. FAIR VALUE MEASUREMENTS (CONTINUED)

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	Fair value measurement using:			
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Unobservable inputs (Level 3)	Fair value at December 31, 2013
	RMB	RMB	RMB	RMB
Cash equivalents:				
- Fixed rate time deposits	821,718	—	—	821,718
Held-to-maturity short-term investments:				
- Fixed rate time deposits	127,023	—	—	127,023
- Floating rate time deposits	74,803	—	—	74,803
- Floating rate principal guaranteed investments	—	900,000	—	900,000
Assets	1,023,544	900,000	—	1,923,544
Long-term borrowings:				
- Bonds payable	1,027,140	—	—	1,027,140
Other liabilities:				
- Share-settled bonuses	—	—	6,441	6,441
- Mandatorily redeemable noncontrolling interests in Asia Cloud Investment	—	—	100,000	100,000
Amounts due to related parties:				
- Contingent consideration payable in relation to the acquisition of subsidiaries	—	—	178,265	178,265
Liabilities	1,027,140	—	284,706	1,311,846

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29. FAIR VALUE MEASUREMENTS (CONTINUED)

	Fair value measurement using:				
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Unobservable inputs (Level 3)	Fair value at December 31, 2014	
	RMB	RMB	RMB	RMB	US$
Cash equivalents:					
- Fixed rate time deposits	116,677	—	—	116,677	18,805
Held-to-maturity short-term investments:					
- Fixed rate time deposits	11,242	—	—	11,242	1,812
- Fixed rate principal guaranteed investments	—	900,000	—	900,000	145,054
Assets	127,919	900,000	—	1,027,919	165,671
Long-term borrowings:					
- Bonds payable	2,211,274	—	—	2,211,274	356,393
Other liabilities:					
- Share-settled bonuses	—	—	14,913	14,913	2,404
- Mandatorily redeemable noncontrolling interests in Asia Cloud Investment	—	—	100,000	100,000	16,117
Amounts due to related parties:					
- Contingent consideration payable in relation to the acquisition of subsidiaries	—	—	548,017	548,017	88,324
Liabilities	2,211,274		662,930	2,874,204	463,238

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29. FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents a reconciliation of all liabilities measured at fair value on a recurring basis using significant unobservable inputs (level 3):

	Contingent consideration payable RMB
Fair value at January 1, 2013	142,783
Contingent purchase consideration payable — Tianwang and Yilong (Note 4)	55,889
Contingent purchase consideration payable — iJoy (Note 4)	72,294
Changes in the fair value	55,882
Payment of cash consideration	(22,868)
Reclassification to equity upon resolution of contingencies	(125,715)
Transfers in and/or out of Level 3	—
Fair value at December 31, 2013	178,265
Contingent purchase consideration payable — Aipu Group (Note 4)	48,971
Contingent purchase consideration payable — Dermot Entities (Note 4)	355,067
Contingent purchase consideration payable — Other acquisitions (Note 4)	14,678
Changes in the fair value	22,629
Payment of cash consideration	(4,870)
Reclassification to equity upon resolution of contingencies	(66,280)
Foreign exchange gain/(loss) generate from payment of cash consideration	(443)
Transfers in and/or out of Level 3	—
Fair value at December 31, 2014	548,017
Fair value at December 31, 2014 (US$)	88,324

	Share-settled bonuses RMB
Fair value at January 1, 2013	—
Increase in bonuses settled in shares during 2013	5,894
Changes in the fair value	4,566
Reclassification to equity	(1,564)
Reclassification to "Accrued expenses and other payables-Others"	(2,455)
Transfers in and/or out of Level 3	—
Fair value at December 31, 2013	6,441
Increase in bonuses settled in shares during 2014	14,862
Changes in the fair value	9,141
Reclassification to equity	(15,454)
Reclassification to "Accrued expenses and other payables-Others"	(77)
Transfers in and/or out of Level 3	—
Fair value at December 31, 2014	14,913
Fair value at December 31, 2014 (US$)	2,404

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29. FAIR VALUE MEASUREMENTS (CONTINUED)

	Mandatorily redeemable noncontrolling interests in Asia Cloud Investment RMB
Fair value at January 1, 2014	100,000
Changes in the fair value	—
Transfers in and/or out of Level 3	—
Fair value at December 31, 2014	100,000
Fair value at December 31, 2014 (US$)	16,117

Changes in the fair value of the contingent purchase consideration payable will be recorded in the consolidated financial statements of operations. The Company's valuation techniques used to measure the fair value of the contingent consideration payable were derived from management's assumptions of estimations as discussed above.

30. COMMITMENTS AND CONTINGENCIES

Capital commitments

As of December 31, 2014, the Company has the following commitments to purchase certain computer and network equipment and construction in progress:

	RMB	US$
2015	484,106	78,024
2016	334	54
	484,440	78,078

Operating lease commitments

The Company leases facilities in the PRC under non-cancelable operating leases expiring on different dates. For the years ended December 31, 2012, 2013 and 2014, total rental expenses for all operating leases amounted to RMB24,082, RMB30,853 and RMB56,247 (US$9,065), respectively.

As of December 31, 2014, the Company has future minimum lease payments under non-cancelable operating leases with initial terms in excess of one year in relation to office premises and data center space consisting of the following:

	RMB	US$
2015	87,699	14,135
2016	78,811	12,702
2017	74,166	11,953
2018	36,318	5,853
2019 and thereafter	149,585	24,109
	426,579	68,752

Payments under operating leases are expensed on a straight-line basis over the periods of their respective leases. The terms of the leases do not contain material rent escalation clauses or contingent rents.

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30. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Bandwidth and cabinet capacity purchase commitments

As of December 31, 2014, the Company had outstanding purchase commitments in relation to bandwidth and cabinet capacity consisting of the following:

	RMB	US$
2015	958,188	154,432
2016	75,800	12,217
2017	39,432	6,355
2018	29,556	4,764
2019 and thereafter	125,825	20,279
	1,228,801	198,047

Managed Network Services

As of December 31, 2014, the Company was in the process of negotiation with the seller of the Managed Network Entities on the quality assessment of the fiber optic network subsequent to the completion of construction. As this is a pending event subsequent to the acquisition which is unrelated to the original acquisition, the Company concluded that the accounting for any settlement should be separated from that of the business combination. Based on the Company's best estimate, the fair value of the related contingent consideration in shares of RMB47,755, as determined based on the remeasured amount of December 31, 2012, is accrued as a contingent payable pursuant to ASC 450, *Contingencies*. The Company is negotiating with the seller of the Managed Network Entities to come to an agreement on the quality assessment of the fiber optic network as of December 31, 2014 and the Company's estimate of the contingent payable remains unchanged.

Income Taxes

As of December 31, 2014, the Group has recognized an accrual of RMB20,453 (US$3,296) for unrecognized tax benefits and its interest (Note 23). The final outcome of the tax uncertainty is dependent upon various matters including tax examinations, interpretation of tax laws or expiration of statutes of limitation. However, due to the uncertainties associated with the status of examinations, including the protocols of finalizing audits by the relevant tax authorities, there is a high degree of uncertainty regarding the future cash outflows associated with these tax uncertainties. As of December 31, 2014, the Group classified the accrual for unrecognized tax benefits as a non-current liability.

Securities Litigation

The Company and certain of its officers and directors were named as defendants in two putative securities class actions filed in U.S. federal district courts in Texas. The complaints in both actions allege that certain of the Company's financial statements and other public disclosures contained misstatements or omissions and assert claims under the U.S. securities laws. Putative plaintiffs in these actions have filed motions to consolidate the cases and for appointment of a lead plaintiff, which remain pending before the Court. As the actions remain in their preliminary stages, the Company's management is unable to express any opinion on the likelihood of an unfavorable outcome or any estimate of the amount or range of any potential loss.

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31. SUBSEQUENT EVENTS

Investment from Kingsoft, Xiaomi and Esta

The Company entered into definitive share purchase agreements with affiliates of Kingsoft, Xiaomi and Esta in late November and early December 2014.

Pursuant to the agreement with Kingsoft entered into on November 29, 2014, Kingsoft agreed to make a total of US$172,000 investment in 21Vianet, with a purchase price of US$3.00 per ordinary share (the equivalent of US$18.00 per ADS). The investment will all be in newly issued 39,087,125 Class A and 18,250,268 Class B ordinary shares. Pursuant to the agreement with Xiaomi entered into on November 30, 2014, Xiaomi agreed to make a total of US$50,000 investment in 21Vianet, with a purchase price of US$3.00 per ordinary share (the equivalent of US$18.00 per ADS). The investment will all be in newly issued 6,142,410 Class A and 10,524,257 Class B ordinary shares. Pursuant to the agreement with Temasek entered into on December 1, 2014, Temasek agreed to make a total of US$74,000 investment in 21Vianet, with a purchase price of US$3.00 per ordinary share (the equivalent of US$18.00 per ADS). The investment will be in newly issued 24,668,020 Class A ordinary shares, or the equivalent of 4,111,337 ADSs.

The transactions were subsequently closed on January 15, 2015.

Upon the closing of the above investment transaction with Kingsoft, 21Vianet and Kingsoft has signed a business cooperation memorandum. Under the terms of the memorandum, 21Vianet will build, operate, maintain and provide technical support for new, state-of-art data centers in China to meet Kingsoft and its designated third party's next-generation cloud infrastructure requirements. Upon meeting certain conditions, 21Vianet will lease to Kingsoft and its designated third party (agreed to by 21Vianet) a combined minimum of 5,000 cabinets at the then most-favorable price over the next three years.

21VIANET GROUP, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"), unless otherwise stated)

32. PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION

Condensed balance sheets

	Note	As of December 31,		
		2013	2014	
		RMB	RMB	US$
ASSETS				
Current assets				
Cash		590,682	3,891	627
Restricted cash		190,000	100,000	16,117
Short-term investments		81,826	11,242	1,812
Prepaid expenses and other current assets		76,606	52,989	8,538
Amount due from a related party	(b)	24,387	24,476	3,945
Amount due from subsidiaries	(b)	1,672,335	2,078,468	334,988
Total current assets		2,635,836	2,271,066	366,027
Non-current assets				
Restricted cash		100,000	—	—
Investments in subsidiaries		895,390	2,659,202	428,586
Amount due from a related party	(b)	—	70,000	11,282
Other non-current assets		26,116	27,900	4,497
Total non-current assets		1,021,506	2,757,102	444,365
Total assets		3,657,342	5,028,168	810,392
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accrued expenses and other payables		255	4,772	769
Interest payable		21,265	7,390	1,191
Amount due to related parties	(b)	99,944	268,290	43,240
Total current liabilities		121,464	280,452	45,200
Non-current liabilities				
Amount due to related parties	(b)	78,321	280,728	45,245
Bonds payable	(d)	998,505	2,264,064	364,901
Total non-current liabilities		1,076,826	2,544,792	410,146
Total liabilities		1,198,290	2,825,244	455,346
Shareholders' equity:				
Class A Ordinary shares (par value of US$0.00001 per share; 470,000,000 and 1,200,000,000 shares authorized; 344,745,991 and 346,803,765 shares issued and outstanding as of December 31, 2013 and 2014, respectively)		22	23	3
Class B Ordinary shares (par value of US$0.00001 per share; 300,000,000 and 300,000,000 shares authorized; 53,480,544 and 49,430,544 shares issued and outstanding as of December 31, 2013 and 2014, respectively)		4	3	1
Additional paid-in capital		3,836,967	4,117,232	663,577
Accumulated other comprehensive loss		(82,589)	(65,754)	(10,598)
Accumulated deficit		(1,286,435)	(1,634,915)	(263,500)
Treasury stock		(8,917)	(213,665)	(34,437)
Total shareholders' equity		2,459,052	2,202,924	355,046
Total liabilities and shareholders' equity		3,657,342	5,028,168	810,392

21VIANET GROUP, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"), unless otherwise stated)

32. PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION (CONTINUED)

Condensed statements of operations

	For the year ended December 31,			
	2012	2013	2014	
	RMB	RMB	RMB	US$
Operating Expenses				
General and administrative expenses	(78,611)	(16,741)	(125,859)	(20,286)
Changes in the fair value of contingent purchase consideration payables	5,693	(99,874)	(22,629)	(3,647)
Operating loss	(72,918)	(116,615)	(148,488)	(23,933)
Other income (expense)	10,570	(41,475)	(199,418)	(32,140)
Share of profits (losses) from subsidiaries and Consolidated VIEs	118,672	109,864	(574)	(93)
Profit (loss) before income taxes	56,324	(48,226)	(348,480)	(56,166)
Income tax expense	—	—	—	—
Net profit (loss)	56,324	(48,226)	(348,480)	(56,166)

Condensed statements of comprehensive income (loss)

	For the year ended December 31,			
	2012	2013	2014	
	RMB	RMB	RMB	US$
Net profit (loss)	56,324	(48,226)	(348,480)	(56,166)
Other comprehensive (loss) income, net of tax of nil:				
Foreign currency translation adjustments, net of tax of nil	(3,942)	(21,357)	16,835	2,713
Other comprehensive income (loss), net of tax of nil:				
Comprehensive income (loss)	52,382	(69,583)	(331,645)	(53,453)
Comprehensive income (loss) attributable to the Company's ordinary shareholders	52,382	(69,583)	(331,645)	(53,453)

Condensed statements of cash flows

	For the year ended December 31,			
	2012	2013	2014	
	RMB	RMB	RMB	US$
Net cash used in operating activities	(6,300)	(26,630)	(23,952)	(3,860)
Net cash generated from (used in) investing activities	272,873	(67,455)	(1,186,053)	(191,158)
Net cash (used in) generated from financing activities	(286,700)	670,670	623,214	100,444
Net (decrease) increase in cash	(20,127)	576,585	(586,791)	(94,574)
Cash at beginning of the year	34,224	14,097	590,682	95,201
Cash at end of the year	14,097	590,682	3,891	627

21VIANET GROUP, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"), unless otherwise stated)

32. PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION (CONTINUED)

(a) Basis of presentation

In the Company-only financial statements, the Company's investment in subsidiaries is stated at cost plus equity in undistributed earnings of subsidiaries since inception.

The Company records its investment in its subsidiary under the equity method of accounting as prescribed in ASC 323-10, *Investment-Equity Method and Joint Ventures*, and such investment is presented on the balance sheet as "Investment in subsidiaries" and the share of the subsidiaries' profit or loss is presented as "Share of profits (losses) of subsidiaries and Consolidated VIEs" on the statements of operations.

The subsidiaries did not pay any dividends to the Company for the years presented.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted and as such, these Company-only financial statements should be read in conjunction with the Group's consolidated financial statements.

21VIANET GROUP, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"), unless otherwise stated)

32. PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION (CONTINUED)

(b) Related party transactions

The Company had the following related party balances as of December 31, 2013 and 2014:

	December 31,		
	2013	2014	
	RMB	RMB	US$
Amount due from subsidiaries			
- 21Vianet HK	1,581,289	2,056,545	331,455
- 21Vianet Beijing	91,042	1,726	278
- Xi'an Holding	4	6,123	987
- Venture	—	14,074	2,268
	1,672,335	2,078,468	334,988
Amount due from related parties			
Current:			
- Seller of iJoy	24,387	24,476	3,945
Non-current:			
- Seller of Aipu Group	—	70,000	11,282
Amount due to related parties			
Current:			
- Seller of Tianwang and Yilong	19,605	2,970	479
- Seller of iJoy	63,602	50,506	8,140
- Seller of GD Tianying	—	9,434	1,520
- Seller of Dermot Entities	—	205,380	33,101
- Seller of Gehua	16,737	—	—
	99,944	268,290	43,240
Non-current:			
- Sellers of Tianying	—	17,585	2,834
- Seller of Aipu Group	—	67,531	10,884
- Seller of Dermot Entities	—	177,220	28,563
- Seller of iJoy	58,487	18,392	2,964
- Seller of Tianwang and Yilong	19,834	—	—
	78,321	280,728	45,245

(c) Commitments

The Company does not have any significant commitments as of any of the years presented.

(d) Bonds payable

On March 22, 2013, the Company issued and sold 2016 Bonds with an aggregate principal amount of RMB1,000,000 at a coupon rate of 7.875% per annum. The 2016 Bonds will mature on March 22, 2016. The 2016 Bonds were listed and quoted on the Official List of the Singapore Exchange Securities Trading Limited. Interest on the Bonds is payable semi-annually in arrears on March 22 and

21VIANET GROUP, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"), unless otherwise stated)

32. PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION (CONTINUED)

(d) Bonds payable (continued)

September 22 in each year, beginning September 22, 2013. The net proceeds from the 2016 Bonds, after deducting issuance costs of RMB25,189 and a discount of RMB1,970, were RMB972,841, which will be used for construction of new data centers and other general corporate purposes. The effective interest rate of the 2016 Bonds is 9.29%. On June 30, 2014, the Company repurchased 73.57% of the outstanding 2016 Bonds with the total consideration of RMB776,163 (US$125,095) including payment of accrued interests of RMB15,556 (US$2,507). The debt extinguishment loss amounting to RMB41,581 (US$6,702) was recognized in earnings upon the repurchase.

On June 26, 2014, the Company issued and sold 2017 Bonds with an aggregate principal amount of RMB2,000,000 (equivalent to US$322,341) at a coupon rate of 6.875% per annum. The 2017 Bonds will mature on June 26, 2017. The 2017 Bonds were listed and quoted on the Official List of the Singapore Exchange Securities Trading Limited. Interest on the 2017 Bonds is payable semi-annually in arrears on June 26 and December 26 in each year, beginning December 26, 2014. Net proceeds from the 2017 Bonds after deducting issuance costs of RMB19,360 (US$3,120), were RMB1,980,640 (US$319,221). The proceeds from issuance of 2017 Bonds was used to new data centers, fund acquisitions, repurchase the 2016 Bonds and for general corporate purposes. The effective interest rate of the 2017 Bonds is 7.39%.

Deferred issuance costs are included in "Other non-current assets" in the Company's consolidated balance sheets. The deferred issuance costs are amortized as interest expense using the effective interest method over the term of the 2016 Bonds and the 2017 Bonds respectively.

Both the 2016 Bonds and the 2017 Bonds are unsecured and rank senior in right of payment to any of the Company's indebtedness that is expressly subordinated to the bonds; equal in right of payment to any of the Company's liabilities that are not so subordinated; but rank lower than any secured indebtedness of the Company and all liabilities (including trade payables) of the Company's subsidiaries and Consolidated VIEs.

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SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

21Vianet Group, Inc.

By: /s/ Sheng Chen
Name: Sheng Chen
Title: Chairman of Board of Directors and
Chief Executive Officer

Date: April 10, 2015

Exhibit 4.24

EXECUTION VERSION

PURCHASE AGREEMENT

dated as of November 30, 2014

among

21VIANET GROUP, INC.,

XIAOMI VENTURES LIMITED

and

CERTAIN OTHER PARTIES NAMED HEREIN

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Schedules and Exhibits

PURCHASE AGREEMENT

PURCHASE AGREEMENT, dated as of November 30, 2014 (this "**Agreement**"), by and among (i) 21Vianet Group, Inc., a company incorporated under the laws of the Cayman Islands (the "**Company**"), (ii) Xiaomi Ventures Limited, a company incorporated under the laws of the British Virgin Islands (the "**Purchaser**"), (iii) Mr. Sheng Chen, the Chairman and Chief Executive Officer of the Company ("**SC**"), and (iv) Personal Group Limited, a British Virgin Islands company, Fast Horse Technology Limited, a British Virgin Islands company, and Sunrise Corporate Holding Ltd., a British Virgin Islands company (collectively, the "**Founder Affiliates**" and together with SC, the "**Founder Parties**").

WHEREAS, the Company desires to issue and allot to the Purchaser in accordance with the terms of this Agreement 6,142,410 Class A Shares and 10,524,257 Class B Shares (collectively, the "**Sale Securities**"); and

WHEREAS, the Purchaser wishes to purchase and subscribe for the Sale Securities on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained and intending to be legally bound hereby, the parties hereto hereby agree as follows:

ARTICLE 1
DEFINITIONS

Section 1.01. *Definitions*. As used in this Agreement, the following terms shall have the following meanings:

"**Accounts Receivable**" has the meaning assigned to such term in Section 3.27

"**Affiliate**" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such Person. For purposes of this definition, "**control**" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have correlative meanings.

"**Aggregate Purchase Price**" means an amount equal to $50,000,001.00.

"**Agreement**" has the meaning assigned to such term in the preamble.

"**Anti-Corruption Law**" means all laws relating to anti-bribery or anti-corruption, including but not limited to the U.S. Foreign Corrupt Practices Act of 1977, the UN Convention Against Corruption, the OECD Convention on Combating Bribery of Foreign Public Official in International Business Transactions and the UK Bribery Act, 2010, each as amended, and related implementing legislation, rules and regulations.

"**Applicable Laws**" means, with respect to any Person, any transnational, domestic or foreign federal, national, state, provincial, local or municipal law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, executive order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or any of such Person's assets, rights or properties.

"**Arbitration Board**" has the meaning assigned to such term in Section 10.09(a).

"**BCA**" means a business cooperation agreement, to be dated as of the Closing Date, among the Company and Xiaomi Corporation, in the form agreed among such parties prior to the execution of this Agreement.

"**Beacon**" has the meaning assigned to such term in Section 4.07.

"**Business Day**" means each calendar day except Saturdays, Sundays, and any other day on which banks are generally closed for business in New York, New York, the Cayman Islands or the People's Republic of China.

"**Class A Shares**" means the Class A ordinary shares, par value US$0.00001 per share, of the Company.

"**Class B Shares**" means the Class B ordinary shares, par value US$0.00001 per share, of the Company.

"**Closing**" has the meaning assigned to such term in Section 2.02.

"**Closing Date**" has the meaning assigned to such term in Section 2.02.

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Company**" has the meaning assigned to such term in the preamble.

"**Company Actions**" has the meaning assigned to such term in Section 8.02(b).

"**Company Agreements**" has the meaning assigned to such term in Section 3.08.

"**Company Bonds**" means (i) the 7.875% bonds due 2016 issued by the Company in the aggregate principal amount of RMB264,300,000 and (ii) the 6.875% bonds due 2017 issued by the Company in the aggregate principal amount of RMB2,000,000,000.

"**Company Securities**" has the meaning assigned to such term in Section 3.03(a).

"**Damages**" has the meaning assigned to such term in Section 8.02(a).

"**Encumbrance**" means any mortgage, lien, pledge, charge, security interest, title defect, preemptive or similar right or other encumbrance.

"**Enforceability Limitations**" has the meaning assigned to such term in Section 3.07.

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended, and any rules and regulations promulgated thereunder.

"**Exchange Act Documents**" has the meaning assigned to such term in Section 3.01.

"**Existing RRA**" has the meaning assigned to such term in Section 3.03(d).

"**First Installment Payment**" means an amount equal to $15,000,000.30, representing thirty percent (30%) of the Aggregate Purchase Price.

"**Founder Affiliates**" has the meaning assigned to such term in the preamble.

"**Founder Parties**" has the meaning assigned to such term in the preamble.

"**Fundamental Company Warranties**" means the representations and warranties by the Company contained in Sections 3.01 through 3.09, inclusive, 3.11 through 3.15, inclusive, 3.18, 3.19 and 3.22.

"**Governmental Entity**" means any transnational or supranational, domestic or foreign federal, national, state, provincial, local or municipal governmental, regulatory, judicial or administrative authority, department, court, arbitral body, agency or official, including any department, commission, board, agency, bureau, subdivision or instrumentality thereof.

"**Governmental Licenses**" has the meaning assigned to such term in Section 3.15.

"**HKIAC**" has the meaning assigned to such term in Section 10.09.

"**Indemnified Parties**" has the meaning assigned to such term in Section 8.02(a).

"**Indemnifying Party**" has the meaning assigned to such term in Section 8.03(a).

"**Intellectual Property**" means any and all intellectual property rights, including patents, patent applications, trademarks, trademark registrations, applications for trademark registrations, service marks, service mark registrations, applications for service mark registrations, trade names, Internet domain names (and all goodwill associated with any of the foregoing), trade secrets, copyright registrations, applications for copyright registrations, copyrights, designs and proprietary know-how.

"**IRA**" means an investor rights agreement, to be dated as of the Closing Date, among the Company, the Purchaser and certain other parties thereto, in the form agreed among such parties prior to the execution of this Agreement.

"**June 30 Balance Sheet**" has the meaning assigned to such term in Section 3.13.

"**Material Adverse Effect**" has the meaning assigned to such term in Section 3.02.

"**Money Laundering Laws**" has the meaning assigned to such term in Section 3.18(c).

"**Moomins**" has the meaning assigned to such term in Section 4.07.

"**NASDAQ**" means the NASDAQ Global Market.

"**Ordinary Shares**" means the ordinary shares, par value $0.00001 per share, of the Company, and any other security into which such Ordinary Shares may hereafter be converted or changed.

"**Person**" means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a governmental authority.

"**PRC**" means the People's Republic of China.

"**Proceeding**" has the meaning assigned to such term in Section 3.14.

"**Purchaser**" has the meaning assigned to such term in the preamble.

"**RRA**" means a registration rights agreement, to be dated as of the Closing Date, among the Company, the Purchaser and certain other parties thereto, in the form agreed among such parties prior to the execution of this Agreement.

"**Rules**" has the meaning assigned to such term in Section 10.09.

"**Sale Securities**" has the meaning assigned to such term in the recitals.

"**Sarbanes-Oxley Act**" means the U.S. Sarbanes-Oxley Act of 2002, as amended, and any rules and regulations promulgated thereunder.

"**SC**" has the meaning assigned to such term in the preamble.

"**Second Installment Date**" has the meaning assigned to such term in Section 2.04.

"**Second Installment Payment**" means an amount equal to $35,000,000.70, representing seventy percent (70%) of the Aggregate Purchase Price.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended, and any rules and regulations promulgated thereunder.

"**Subsidiary**" means, as of the relevant date of determination, with respect to any Person (the "subject entity"), (i) any Person (x) more than fifty percent (50%) of whose shares or other interests entitled to vote in the election of directors or (y) more than fifty percent (50%) interest in the profits or capital of such Person are owned or controlled directly or indirectly by the subject entity or through one (1) or more Subsidiaries of the subject entity, (ii) any Person, including for the avoidance of doubt any "variable interest entity," whose financial statements, or portions thereof, are or are intended to be consolidated with the financial statements of the subject entity for financial reporting purposes in accordance with the generally accepted accounting principles of the United States, or (iii) any Person with respect to which the subject entity has the sole power to control or otherwise direct the business and policies of that entity directly or indirectly through another subsidiary or otherwise.

"**Subsidiary Securities**" has the meaning assigned to such term in Section 3.05(b).

"**Tax**" means any tax, governmental fee or other like assessment or charge of any kind whatsoever (including, but not limited to any income, capital gains, value-added, sales, service, excise, withholding, transfer, stamp or other taxes or similar charges), together with any interest, penalty, addition to tax or additional amount imposed by any Taxing Authority.

"**Tax Returns**" has the meaning assigned to such term in Section 3.17.

"**Tax Warranties**" means the representations and warranties by the Company contained in Section 3.17.

"**Taxing Authority**" means any Governmental Entity responsible for the imposition of any Tax.

"**Third Party Claim**" has the meaning assigned to such term in Section 8.03(a).

"**U.S.**" means the United States of America.

Section 1.02. *Other Definitional And Interpretive Provisions.* The words "**hereof**", "**herein**" and "**hereunder**" and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof. References to Articles, Sections, Clauses, Exhibits and Schedules are to Articles, Sections, Clauses, Exhibits and Schedules of this Agreement unless otherwise specified. All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein, shall have the meaning as defined in this Agreement. Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular. Whenever the words "**include**", "**includes**" or "**including**" are used in this Agreement, they shall be deemed to be followed by the words "**without limitation**", whether or not they are in fact followed by those words or words of like import. "**Writing**", "**written**" and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form. References to any Person include the successors and permitted assigns of that Person. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively. References to "**law**", "**laws**" or to a particular statute or law shall be deemed also to include any and all Applicable Law. References to any statute shall be deemed to refer to such statute as amended from time to time and to any rules or regulations promulgated thereunder. References to "**dollars**" or "**$**" shall refer to U.S. dollars.

ARTICLE 2
SALE AND PURCHASE OF THE SALE SECURITIES

Section 2.01. *Agreement to Sell and Purchase*. On the basis of the representations and warranties contained in this Agreement, and subject to the terms and conditions contained in this Agreement, at the Closing (as defined below), the Company agrees to issue and allot to the Purchaser, and the Purchaser agrees to purchase and subscribe from the Company, 6,142,410 Class A Shares, free and clear of any Encumbrances, and 10,524,257 Class B Shares, free and clear of any Encumbrances, for the Aggregate Purchase Price.

Section 2.02. *Closing*. The closing of the purchase and sale of the Sale Securities hereunder (the "**Closing**") shall take place at the offices of Skadden, Arps, Slate, Meagher & Flom, 30/F, China World Office 2, No. 1, Jian Guo Men Wai Avenue, Beijing 100004 China, on January 15, 2015, provided that each of the conditions set forth in Article 7 have been satisfied or, to the extent permissible, waived (other than conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or, to the extent permissible, waiver of those conditions) (such date, the "**Closing Date**"), or at such other location and date as may be agreed in writing by the Company and the Purchaser. If the conditions set forth in Article 7 have not been satisfied (or waived by the relevant party) by the Closing Date, either the Company (in respect of the conditions described in Sections 7.01 or 7.02) or the Purchaser (in respect of any of the conditions described in Sections 7.01 or 7.02) may by written notice to the other parties (a) postpone the Closing to such date being not more than ten (10) Business Days, in which event the provisions of this Agreement apply as if that other date is the Closing Date; or (b) terminate this Agreement.

Section 2.03. *Transactions At The Closing*. At the Closing, the following actions will take place, all of which shall be deemed to have occurred simultaneously and no transaction shall be deemed to have been completed or any document delivered until all such transactions have been completed and all required documents have been delivered:

(a) The Company, the Purchaser and the other parties thereto shall execute and deliver each of the IRA, the RRA and the BCA and shall become bound by the terms and conditions thereof.

(b) The Purchaser shall pay to the Company by wire transfer of immediately available funds to the bank account of the Company (specified to the Purchaser in writing at least three (3) Business Days prior to the Closing Date) an amount equal to the First Installment Payment, and the Company shall issue and sell to the Purchaser the Sale Securities, duly register the Purchaser as the legal holder of the Sale Securities in the Company's register of members.

(c) The Company shall cause its register of members to be duly updated to reflect the Purchaser as the legal and beneficial holder of the Sale Securities, and shall provide the Purchaser with a certified true copy of such register.

(d) The board of directors of the Company shall duly appoint the Investor Nominee (as such term is defined in the IRA) designed by the Purchaser to the Board of Directors of the Company pursuant to the terms of the IRA and the Company shall duly register such Investor Nominee as a director in its register of directors and provide the Purchaser with a duly certified true and complete copy of such register of directors, evidencing such appointment.

Section 2.04. *Second Installment*. No later than April 30, 2015 (the "**Second Installment Date**"), the Purchaser shall pay (or shall cause the payment) to the Company by wire transfer of immediately available funds to the bank account of the Company (specified to the Purchaser in writing at least three (3) Business Days prior to the Second Installment Date) an amount equal to the Second Installment Payment. The Second Installment Payment shall be applied towards partial satisfaction of the Aggregate Purchase Price and shall satisfy in all respects the Purchaser's obligation pursuant to this Agreement to pay the Aggregate Purchase Price.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to the Purchaser, as of the date hereof and as of the Closing Date, that:

Section 3.01. *Accuracy Of Disclosure*.

(a) The Company has filed with, or furnished to, the Commission, on a timely basis, all documents, forms, statements, certifications and reports required to be filed or furnished pursuant to the Exchange Act during the twelve months preceding the date of this Agreement (the "**Exchange Act Documents**"). The Exchange Act Documents complied, when filed, in all material respects with the Exchange Act, the Securities Act and the Sarbanes-Oxley Act and the applicable rules and regulations thereunder, and did not, when so filed, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(b) The information contained in the Exchange Act Documents, considered as a whole and as amended as of the date hereof, do not as of the date hereof, and will not as of the Closing Date, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(c) There are no contracts, agreements, arrangements, transactions or documents which are required to be described or disclosed in the Exchange Act Documents or to be filed as exhibits to the Exchange Act Documents which have not been so described, disclosed or filed.

(d) The Company has established and maintained disclosure controls and procedures required by the Exchange Act. Such disclosure controls and procedures are adequate and effective to ensure that information required to be disclosed by the Company, including information relating to its consolidated Affiliates, is recorded and reported on a timely basis to its chief executive officer and chief financial officer by others within those entities.

(e) The Company is in compliance with the Sarbanes-Oxley Act in all material respects.

Section 3.02. *Existence and Qualification.* The Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the Cayman Islands and has the power and authority to own, lease and operate its property and to conduct its business as currently conducted and as described in the Exchange Act Documents. The Company is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership, leasing or operation of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the business, condition (financial or otherwise), results of operations, properties, assets or prospects of the Company and its Subsidiaries, taken as a whole (a "**Material Adverse Effect**").

Section 3.03. *Capitalization*.

(a) The authorized, issued and outstanding shares of the Company are as set forth on Schedule 3.03(a) hereto. The outstanding shares of the Company have been duly authorized and validly issued and are fully paid and non-assessable. None of the outstanding shares of the Company was issued in violation of any preemptive or other similar rights. Except as disclosed in Schedule 3.03(a) hereto, there are no outstanding (i) shares or voting securities of the Company, (ii) securities of the Company convertible into or exchangeable for shares or voting securities of the Company or (iii) options or other rights to acquire from the Company, or other obligation of the Company to issue, any shares, voting securities or securities convertible into or exchangeable for shares or voting securities of the Company (the items in clauses (i), (ii) and (iii) above being referred to collectively as the

"**Company Securities**"). There are no outstanding obligations of the Company or any Subsidiary of the Company to repurchase, redeem or otherwise acquire any Company Securities.

(b) The Sale Securities have been duly authorized and, when issued and delivered in accordance with the terms of this Agreement, will be validly issued, fully paid and non-assessable, will be issued, sold and delivered to the Purchaser free and clear of any Encumbrance and restrictions on transfer (other than any restrictions under applicable securities laws), and the issuance of the Sale Securities will not be subject to any preemptive or similar rights.

(c) The authorized capital stock of the Company conforms as to legal matters in all material respects to the description thereof contained in the Exchange Act Documents.

(d) Except for the registration rights under the Amended and Restated Registration Rights Agreement, dated as of January 14, 2011, among the Company and certain other parties thereto, and the Registration Rights Agreement, dated October 11, 2013, between the Company and Esta Investments Pte. Ltd. (the "**Existing RRA**"), there are no preemptive rights, registration rights, rights of first offer, rights of first refusal, tag-along rights, director appointment rights, governance rights or other similar rights with respect to the Company's shares or that have been granted to any holder of the Company's shares.

Section 3.04. *Company Bonds*. All information provided to any Person in connection with the issuance of the Company Bonds, and all information contained in any document, form, statement, certification or report relating to the Company Bonds, was when given and remains true, complete and accurate in all material respects and not misleading in any material respect and there are no facts or matters or circumstances not disclosed which may render any such information untrue, inaccurate or misleading in any material respect because of any omission, ambiguity or for any other reason. None of the Company or its Subsidiaries will be required to make an offer to repurchase all or any part of any of the Company Bonds as a result of or in connection with the execution, delivery and performance of this Agreement, the IRA, the RRA and the BCA, or the transactions contemplated hereby or thereby, including, without limitation, the issuance of the Sale Securities. Neither the Company nor its Subsidiaries are in violation or default (with or without due notice or lapse of time or both) in the performance or observance of any obligation, agreement, covenant, term or condition of the Company Bonds or any outstanding indebtedness of the Company or its Subsidiaries.

Section 3.05. *Subsidiaries.*

(a) Except as disclosed on Exhibit 8.1 to the Company's Annual Report on Form 20-F for the year ended December 31, 2013 and Schedule 3.05(a) hereto, the Company does not have any material Subsidiaries. Each Subsidiary of the Company has been duly organized, is validly existing and in good standing under the laws of its jurisdiction of organization, and has the corporate power and authority to own, lease and operate its property and to conduct its business as currently conducted and as described in the Exchange Act Documents. Each Subsidiary of the Company is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership, leasing or operation of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) All of the issued and outstanding capital stock of each Subsidiary of the Company has been duly authorized and validly issued, is fully paid and non-assessable and is owned by the Company, directly or indirectly, free and clear of any Encumbrance. None of the outstanding shares of capital stock of any Subsidiary of the Company was issued in violation of any preemptive or similar rights. Except as disclosed in the Exchange Act Documents (other than any information disclosed therein under the heading "Risk Factors" and any disclosure of risks included in any "forward-looking statements" disclaimer) and Schedule 3.05(b) hereto, there are no outstanding (i) securities of any Subsidiary of the Company convertible into or exchangeable for shares of capital stock or voting securities of any Subsidiary of the Company or (ii) options or other rights to acquire from

the Company or any Subsidiary of the Company, or other obligation of the Company or any Subsidiary of the Company to issue, any capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of any Subsidiary of the Company (the items in clauses (i) and (ii) above being referred to collectively as the "**Subsidiary Securities**"). There are no outstanding obligations of the Company or any Subsidiary of the Company to repurchase, redeem or otherwise acquire any outstanding Subsidiary Securities.

Section 3.06. *Requisite Power*. The Company has the requisite power and authority to enter into and perform its obligations under this Agreement, the IRA, the RRA and the BCA and consummate the transactions contemplated hereby and thereby.

Section 3.07. *Authorization And Enforceability*. This Agreement has been, and, at the Closing, each of the IRA, the RRA and the BCA will be, duly authorized, executed and delivered by the Company, and this Agreement is, and, at the Closing and each of the IRA, the RRA and the BCA shall each constitute, a valid and binding agreement of the Company, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and general principles of equity (the "**Enforceability Limitations**").

Section 3.08. *Absence Of Existing Violations.* Neither the Company nor any of its Subsidiaries is (a) in violation of its memorandum and articles of incorporation or other organizational documents, (b) in default (with or without due notice or lapse of time or both) in any material respect in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which the Company or any of its Subsidiaries is a party or by which it or any of them may be bound or to which any of the properties or assets of the Company or any Subsidiary of the Company is subject (collectively, the "**Company Agreements**"), including, without limitation, the Company Bonds or (c) in violation of any Applicable Law, except any matters described in clause (c) above which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 3.09. *Non-contravention*. The execution, delivery and performance of this Agreement, the IRA, the RRA and the BCA by the Company and the consummation of the transactions contemplated hereby and thereby do not and will not (a) violate the memorandum and articles of incorporation or any other organizational document of the Company or any Subsidiary of the Company, (b) result in a default under (with or without due notice or lapse of time or both) or breach of, or give rise to a right of termination, cancellation, material modification or acceleration with respect to, or require any consent or approval under, any Company Agreement (including, without limitation, the Company Bonds) or (c) violate any Applicable Law, except any matters described in clause (c) above which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 3.10. *Governmental Authorization*. The execution, delivery and performance of this Agreement, the IRA, the RRA and the BCA by the Company and the consummation of the transactions contemplated hereby and thereby require no order, license, consent, authorization or approval of, or exemption by, or action by or in respect of, or notice to, or filing or registration with, any Governmental Entity. The Company, including all controlled entities within the meaning of the rules under the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, does not hold any assets located in the U.S. and did not make aggregate sales in or into the U.S. of over $75.9 million in its most recent fiscal year.

Section 3.11. *Financial Statements.* The audited and unaudited financial statements, together with the notes thereto, included in the Exchange Act Documents fairly present, in all material respects, the consolidated financial condition, results of operations, cash flows and shareholders' (deficit) equity of the Company and its Subsidiaries for the periods and as of the dates presented therein in conformity with U.S. generally accepted accounting principles applied on a consistent basis throughout the periods presented. Except as included in the Exchange Act Documents, no historical or pro forma financial statements or supporting schedules are required to be included in the Exchange Act Documents under the Exchange Act.

Section 3.12. *Absence Of Certain Changes.* Except as disclosed in the Exchange Act Documents (other than any information disclosed therein under the heading "Risk Factors" and any disclosure of risks included in any "forward-looking statements" disclaimer), since December 31, 2013, (a) there has been no event, occurrence, development or state of circumstances that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, and (b) the business of the Company and its Subsidiaries has been conducted in the ordinary course consistent with past practices in all material respects.

Section 3.13. *No Undisclosed Liabilities.* There are no liabilities of the Company or any Subsidiary of the Company of any kind, whether accrued, contingent, absolute, determined, determinable or otherwise, and there is no existing condition, situation or set of circumstances which could reasonably be expected to result in such a liability, other than: (a) liabilities provided for in the Company's unaudited consolidated balance sheet as of June 30, 2014 included in the Exchange Act Documents (the "**June 30 Balance Sheet**") or disclosed in the notes thereto, (b) liabilities incurred in the ordinary course of business consistent with past practice since June 30, 2014 and (c) other undisclosed liabilities which are not, individually or in the aggregate, material to the Company and its Subsidiaries, taken as a whole.

Section 3.14. *Litigation.* Except as adequately disclosed in the Exchange Act Documents (other than any information disclosed therein under the heading "Risk Factors" and any disclosure of risks included in any "forward-looking statements" disclaimer) and as set forth on Schedule 3.14 hereto, there are no material actions, suits, proceedings, inquiries or investigations (each, a "**Proceeding**") before any Governmental Entity that are pending or, to the knowledge of the Company, threatened, against or affecting the Company or any of its Subsidiaries or any of their respective properties or assets. There is no Proceeding pending or, to the knowledge of the Company, threatened, against or affecting the Company or any of its Subsidiaries or any of their respective properties or assets before any Governmental Entity which would, individually or in the aggregate, be reasonably be expected to materially adversely affect the Company's ability to enter into or perform its obligations under this Agreement, the IRA, the RRA and the BCA or consummate the transactions contemplated hereby and thereby.

Section 3.15. *Permits And Licenses.* Except as adequately disclosed in the Exchange Act Documents (other than any information disclosed therein under the heading "Risk Factors" and any disclosure of risks included in any "forward-looking statements" disclaimer), the Company and its Subsidiaries possess such material permits, licenses, approvals, consents and other authorizations (collectively, "**Governmental Licenses**") issued by the appropriate Governmental Entity necessary to own, lease and operate their properties and to conduct their business as currently conducted and described in the Exchange Act Documents. Except as adequately disclosed in the Exchange Act Documents (other than any information disclosed therein under the heading "Risk Factors" and any disclosure of risks included in any "forward-looking statements" disclaimer), the Company and its Subsidiaries are in compliance, in all material respects, with the terms and conditions of all Governmental Licenses and all of the Governmental Licenses are valid and in full force and effect. Neither the Company nor any of its Subsidiaries has received any notice relating to the revocation or material modification of any Governmental Licenses.

Section 3.16. *Ownership Of Assets*.

(a) The Company and its Subsidiaries have good and marketable title to all of the property and assets purported to be owned by them in the Exchange Act Documents (including but not limited to all property and assets reflected on the June 30 Balance Sheet) free and clear of any Encumbrance, except for Encumbrances adequately disclosed in the Exchange Act Documents (other than any information disclosed therein under the heading "Risk Factors" and any disclosure of risks included in any "forward-looking statements" disclaimer) and Encumbrances as would not, individually or in the aggregate, materially affect the continued use of the property for the purposes for which the property is currently being used.

(b) All of the leases and subleases material to the business of the Company and its Subsidiaries, taken as a whole, are in full force and effect, and neither the Company nor any such Subsidiary has any notice of any

material claim of any sort that has been asserted by anyone materially adverse to the rights of the Company or any Subsidiary of the Company under any of such lease or sublease, or materially affecting or questioning the rights of the Company or such Subsidiary to the continued possession of the leased or subleased property under any such lease or sublease.

Section 3.17. *Taxes*.

(a) Except as adequately disclosed in the Exchange Act Documents (other than any information disclosed therein under the heading "Risk Factors" and any disclosure of risks included in any "forward-looking statements" disclaimer), all material federal, national, state, local and foreign Tax returns of the Company and its Subsidiaries required by any Taxing Authority or law to be filed through the date hereof have been filed (collectively, the "**Tax Returns**") and all Taxes shown by such Tax Returns or otherwise assessed, which are due and payable, have been timely paid, except assessments against which appeals have been or will be promptly taken in good faith and as to which adequate reserves have been provided for in the June 30 Balance Sheet. All Tax Returns filed by the Company and its Subsidiaries are true and complete in all material respects. In connection with any acquisition by Company or any of its Subsidiaries prior to the date hereof, (i) the Company and its Subsidiaries have performed, in all material respects, its obligations thereof pursuant to Applicable Laws, rules and regulations, including any rules or regulations promulgated by any Taxing Authority, relating to Tax; and (ii) all relevant Tax Returns and other material filings required by any Taxing Authority or law to be filed in respect of any such acquisitions have been filed.

(b) No dispute, audit, investigation, proceeding or claim concerning any Tax liability of the Company or any Subsidiary of the Company is pending, being conducted or has been raised by any Taxing Authority in writing, and to the knowledge of the Company, no such dispute, audit, investigation, proceeding, or claim has been threatened.

(c) Except as adequately disclosed in the Exchange Act Documents (other than any information disclosed therein under the heading "Risk Factors" and any disclosure of risks included in any "forward-looking statements" disclaimer), there is no Tax deficiency that has been asserted, or, to the knowledge of the Company, could reasonably be expected to be asserted, against the Company or any of its Subsidiaries or any of their respective properties or assets. The charges, accruals and reserves recorded in the June 30 Balance Sheet in respect of any Tax liability for any years not finally determined are adequate as of June 30, 2014 in all material respects to meet any assessments or re-assessments for additional Tax for any years not finally determined.

(d) The issuance sale of the Sale Securities to the Purchaser under this Agreement will not give rise to any transfer, recording, documentary, stamp, registration or similar Taxes.

Section 3.18. *Compliance With Laws*.

(a) Except as adequately disclosed in the Exchange Act Documents (other than any information disclosed therein under the heading "Risk Factors" and any disclosure of risks included in any "forward-looking statements" disclaimer), the Company and its Subsidiaries have complied with all Applicable Laws in all material respects.

(b) Without limitation of Section 3.18(a), neither the Company nor any of its Subsidiaries or any of their respective directors, officers, agents, employees or Affiliates has conducted any act, including but not limited to, directly or indirectly, paying (or offering or authorizing to pay) any money, or giving (or offering or authorizing to give) anything of value in violation of any Anti-Corruption Law. The Company and each of its Subsidiaries have conducted their businesses in compliance with Anti-Corruption Laws and have instituted and maintained appropriate policies, procedures, mechanisms and controls to ensure, and which are reasonably expected to continue to ensure, compliance with Anti-Corruption Laws.

(c) Without limitation of Section 3.18(a), the operations of the Company and its Subsidiaries are and have been conducted at all times in compliance with applicable money laundering statutes, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity (collectively, the "**Money Laundering Laws**") in all material respects and no Proceedings by or before any Governmental Entity involving the Company or any of its Subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

Section 3.19. *Brokers' Fees*. There is no investment banker, broker, finder or other intermediary which has been retained by or is authorized to act on behalf of the Company or any of its Subsidiaries who might be entitled to any fee or commission in connection with the transactions contemplated by this Agreement.

Section 3.20. *No Securities Act Registration*.

(a) None of the Company, its Subsidiaries or their respective Affiliates or any person acting on its or their behalf have engaged in any "directed selling efforts" within the meaning of Rule 903 of Regulation S under the Securities Act or any form of general solicitation or general advertising within the meaning of Rule 502(c) under the Securities Act with respect to the Sale Securities.

(b) Assuming the accuracy of the representations of the Purchaser contained in Section 5.06(b), it is not necessary in connection with the issuance and sale to the Purchaser of the Sale Securities to register the Sale Securities under the Securities Act or to qualify or register the Sale Securities under applicable U.S. state securities laws.

Section 3.21. *Investment Company*. The Company is not, and after giving effect to the issuance and sale of the Sale Securities and the application of the proceeds therefrom will not be, required to register as, an "investment company" as such term are defined in the U.S. Investment Company Act of 1940, as amended.

Section 3.22. *Material Contracts*. The Company has filed as exhibits to the Exchange Act Documents all contracts, agreements and instruments (including all amendments thereto) that are required to be filed in the Exchange Act Documents (the "**Material Contracts**"). Each Material Contract is in full force and effect, enforceable against the Company or its Subsidiaries party thereto. To the knowledge of the Company, each Material Contract is enforceable against each other party thereto, except where such failures to be in effect or enforceable would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company and its Subsidiaries and, to the knowledge of the Company, each other party thereto, are not in default under, or in breach or violation of, any Material Contract in any material respect. None of the Company or its Subsidiaries have given any guarantee, indemnity, suretyship, comfort letter, keep-well, security or any other obligation (whatever called and whether or not legally binding) to pay, provide funds or take action in the event of default (a) in the payment of any indebtedness of any other Person or (b) in the performance of any its contractual obligations or the contractual obligation of any other Person.

Section 3.23. *Insurance*. The Company and its Subsidiaries have insurance covering their respective properties, operations, personnel and businesses, which insurance is in such amounts and insures against such losses and risks as are reasonably customary given the nature of the business of the Company and its Subsidiaries and the geographical markets in which they operate.

Section 3.24. *Intellectual Property*. The Company and its Subsidiaries own or possess adequate licenses or other rights to use all material Intellectual Property used in connection with their conduct of business as currently conducted and as described in the Exchange Act Documents, and such use does not violate, infringe or misappropriate the Intellectual Property rights of any third party in any material respect. No third party has asserted in writing to the Company or its Subsidiaries that its operations materially violate, infringe or misappropriate any Intellectual Property owned, possessed or used by such third party. To the knowledge of the Company, no Person is challenging, misappropriating, infringing or otherwise violating the rights of the

Company or its Subsidiaries with respect to the Intellectual Property used in connection with their conduct of business as currently conducted and as described in the Exchange Act Documents in any material respect.

Section 3.25. *Solvency*. At and immediately after the Closing, the Company and its Subsidiaries (a) will be solvent (in that both the fair value of its assets will not be less than the sum of its debts and that the present fair saleable value of its assets will not be less than the amount required to pay its probable liability on its recourse debts as they mature or become due), and (b) will have adequate capital and liquidity with which to engage in its businesses as currently conducted and as described in the Exchange Act Documents.

Section 3.26. *Listing Matters*. The Company is in compliance with the applicable listing and corporate governance rules and regulations of the NASDAQ. The Company and its Subsidiaries have taken no action designed to, or reasonably likely to have the effect of, delisting the American Depositary Shares of the Company, each representing six (6) Class A Shares, from the NASDAQ. The Company has not received any notification that the Commission or the NASDAQ is contemplating suspending or terminating such listing (or the applicable registration under the Exchange Act related thereto).

Section 3.27. *Accounts Receivable*. All the accounts and notes receivable of the Company and its Subsidiaries reflected in the audited and unaudited financial statements, together with the notes thereto, included in the Exchange Act Documents (the "**Accounts Receivable**") represent or will represent valid obligations arising from sales actually made or services actually performed in the ordinary course of business consistent with past practice. No portion of the Accounts Receivable is to be paid to any Person other than the Company or a Subsidiary of the Company. To the knowledge of the Company and as of June 30, 2014, (a) the Accounts Receivable were, in reasonable judgment of the management, good, current and collectable, and (b) there was no contest, claim, or right of set-off, other than rebates and returns in the ordinary course of business consistent with past practice, under any contract, arrangement or agreement with any maker of an Accounts Receivable relating to the amount or validity of such Accounts Receivable.

Section 3.28. *Disclosure to Purchaser*. All information contained or referred to in this Agreement and in Schedule or Exhibit annexed hereto and which has otherwise been disclosed by or on behalf of the Company or the Founder Parties or its/their advisors to the Purchaser or its advisers on or prior to the date of this Agreement was when given and remains true, complete and accurate in all material respects and not misleading in any material respect and there are no facts or matters or circumstances not disclosed to the Purchaser which may render any such information untrue, inaccurate or misleading in any material respect because of any omission, ambiguity or for any other reason or the disclosure of which might reasonably be expected to affect the willingness of the Purchaser to purchase the Sale Securities or the price at or terms upon which the Purchaser would be willing to purchase such Sale Securities. The Company has disclosed (or procured the disclosure by its Subsidiaries) to the Purchaser all information and facts relating to the Company and its Subsidiaries which are or may be material for disclosure to a purchaser of the Sale Securities on the terms of this Agreement and all information and facts so disclosed are true and accurate and not misleading in any material aspect. None of the information or facts requested by the Purchaser, but not disclosed by the Company or its Subsidiaries to the Purchaser prior to the date hereof, is material in any respect.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE FOUNDER PARTIES

The Founder Parties, jointly and severally, represent and warrant to the Purchaser, as of the date hereof and as of the Closing Date, that:

Section 4.01. *Existence*. Each Founder Party (to the extent such Founder Party is an entity) has been duly organized, is validly existing and is in good standing under the laws of its jurisdiction of organization.

Section 4.02. *Requisite Power*. Each Founder Party has the requisite power and authority to enter into and perform its or his obligations under this Agreement and consummate the transactions contemplated hereby.

Section 4.03. *Authorization And Enforceability*. This Agreement has been duly authorized, executed and delivered by, and constitutes a valid and binding agreement of, each Founder Party, enforceable in accordance with its terms, subject to the Enforceability Limitations.

Section 4.04. *Non-contravention.* The execution, delivery and performance of this Agreement by each Founder Party and the consummation of the transactions contemplated hereby do not and will not (a) violate such Founder Party's organizational documents (to the extent such Founder Party is entity), (b) result in a default under (with or without due notice or lapse of time or both) or breach of, or require any consent or approval under, any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which any Founder Party is a party or by which it or he is bound or (c) violate any Applicable Law, except any matters described in clauses (b) and (c) above which would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the ability of any Founder Party to execute and deliver this Agreement, perform its or his obligations hereunder or otherwise consummate the transactions contemplated hereby.

Section 4.05. *Governmental Authorization*. The execution, delivery and performance of this Agreement by each Founder Party and the consummation of the transactions contemplated hereby require no order, license, consent, authorization or approval of, or exemption by, or action by or in respect of, or notice to, or filing or registration with, any Governmental Entity.

Section 4.06. *No Voting Agreements*. There are no commitments, deeds, agreements or arrangements of any kind to which any Founder Party is a party, by which such Founder Party is bound or to which such Founder Party is subject, relating to the voting of, or any restrictions on the voting rights with respect to, any Company Securities.

Section 4.07. *Beacon*. Beacon Capital Group Inc., a British Virgin Islands company ("**Beacon**"), is directly and wholly owned by the Founder. Moomins Inc., a British Virgin Islands company wholly owned by Jun Zhang ("**Moomins**"), is not an "Affiliate," as such term is defined in the Company's memorandum and articles of incorporation, of any of the Founder Parties, and all Class B Shares owned by Beacon that are transferred to Moomis will automatically and immediately be converted into an equal number of Class A Shares in accordance with the Company's memorandum and articles of incorporation. As of the date hereof, other than 1,295,916 Class A Shares and 2,598,821 Class B Shares, Beacon does not, directly or indirectly, beneficially or otherwise, own or hold any Company Securities.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants to the Company, as of the date hereof and as of the Closing Date, that:

Section 5.01. *Existence*. The Purchaser has been duly organized, is validly existing and is in good standing under the laws of its jurisdiction of organization.

Section 5.02. *Requisite Power*. The Purchaser has the requisite power and authority to enter into and perform its obligations under this Agreement, the IRA, the RRA and the BCA and consummate the transactions contemplated hereby and thereby.

Section 5.03. *Authorization And Enforceability*. This Agreement has been, and, at the Closing, each of the IRA, the RRA and the BCA will be, duly authorized, executed and delivered by the Purchaser, and this Agreement is, and, at the Closing, each of the IRA, the RRA and the BCA shall each constitute, a valid and binding agreement of the Purchaser, enforceable in accordance with its terms, subject to the Enforceability Limitations.

Section 5.04. *Non-contravention.* The execution, delivery and performance of this Agreement, the IRA, the RRA and the BCA by the Purchaser and the consummation of the transactions contemplated hereby and thereby do not and will not (a) violate its organizational documents or (b) violate any Applicable Law, except any matters described in clause (b) above which would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the ability of the Purchaser to execute and deliver this Agreement, perform its obligations hereunder, purchase the Sale Securities or otherwise consummate the transactions contemplated hereby.

Section 5.05. *Governmental Authorizations*. The execution, delivery and performance of this Agreement, the IRA, the RRA and the BCA by the Purchaser and the consummation of the transactions contemplated hereby and thereby require no order, license, consent, authorization or approval of, or exemption by, or action by or in respect of, or notice to, or filing or registration with, any Governmental Entity.

Section 5.06. *Securities Law Matters*.

(a) The Sale Securities are being acquired for the Purchaser's own account and not with a view to, or intention of, or for sale in connection with, any distribution thereof in violation of applicable securities laws.

(b) The Purchaser is not a "U.S. person" as defined in Rule 902 of Regulation S under the Securities Act and is acquiring the Sale Securities in an offshore transaction under Rule 903 of Regulation S under the Securities Act.

Section 5.07. *Inspections.* The Purchaser is a sophisticated purchaser with knowledge and experience in financial and business matters such that the Purchaser is capable of evaluating the merits and risks of the investment in the Sale Securities. The Purchaser is able to bear the economic risks of an investment in the Sale Securities and can afford a complete loss of such investment. The Purchaser acknowledges and affirms that, with the assistance of its advisors, it has conducted and completed its own investigation, analysis and evaluation related to the investment the Sale Securities.

ARTICLE 6
COVENANTS

Section 6.01. *Public Announcements*. Each party hereto agrees to consult with the other parties hereto before issuing any press release or making any public statement or disclosure with respect to this Agreement or the transactions contemplated hereby and agrees not to issue any such press release or make any such public statement or disclosure without the prior written consent of the other parties; *provided* that a party may without the prior written consent of the other parties issue any such press release or public statement of disclosure if such party has used reasonable efforts to consult with the other parties and to obtain the consent of such other parties but has been unable to do so prior to the time such press release or public statement or disclosure is required to be released pursuant to Applicable Law or any listing agreement with any national securities exchange, *provided* that such party has also notified the other parties in writing of the details and content of the press release or public statement or disclosure to be released reasonably in advance of such release. For purposes of any consultation and consent requirements with respect to the Founder Parties under this Section 6.01, the Company shall act on behalf of the Founder Parties (including, for the avoidance of doubt, in providing any consents of Founder Parties hereunder).

Section 6.02. *Interim Conduct*.

(a) From the date hereof until the Closing Date, the Company shall, and shall cause each of its Subsidiaries to (i) carry on its business in the ordinary course consistent with past practice, (ii) not make any distribution (whether in cash, stock, property or assets) or declare, pay or set aside any dividend with respect to, or split,

combine, redeem, reclassify, purchase or otherwise acquire, directly or indirectly, any of its capital stock and (iii) not take any action that would make any representation or warranty of the Company in this Agreement, or omit to take any action necessary to prevent any representation or warranty of the Company under this Agreement from being, inaccurate at, or as of any time before, the Closing Date.

(b) From the date hereof until the Closing Date, the Founder Parties shall not take any action that would make any representation or warranty of any Founder Party in this Agreement, or omit to take any action necessary to prevent any representation or warranty of any Founder Party under this Agreement from being, inaccurate at, or as of any time before, the Closing Date.

Section 6.03. *Use Of Proceeds*. The Company will use the proceeds received by it from the issuance and sale of the Sale Securities for working capital and/or other general corporate purposes (including bona fide acquisitions by the Company or its Subsidiaries). For the avoidance of doubt, without the prior written consent of the Purchaser, the proceeds received by the Company from the issuance and sale of the Sale Securities shall not be used to repurchase, redeem or otherwise acquire any Company Securities or Company Bonds.

Section 6.04. *Restrictions On Transfer*. During the period from the Closing until the date which is ninety (90) days following the Closing Date, the Purchaser shall not transfer or otherwise dispose of any of the Sale Securities (including whether such right or power is granted by proxy or otherwise) unless such transfer is to an Affiliate of the Purchaser.

Section 6.05. *Settlement*. The Company shall take all actions necessary to make the Sale Securities eligible for delivery and settlement at the Closing in electronic book-entry form.

Section 6.06. *Conversion*. The Founder Parties shall, and shall procure Sunrise Corporate Holding Ltd. to, provide written notice to the Company to, and take all other actions reasonably required to, convert 6,700,000 Class B Shares held by Sunrise Corporate Holding Ltd. into Class A Shares in accordance with the Company's memorandum and articles of incorporation prior to the Closing. The Company shall promptly take all actions necessary to convert such Class B Shares into Class A Shares, and shall deliver to the Purchaser evidence of such conversion by the Founder Parties, including, without limitation, a duly certified copy of the updated register of members of the Company reflecting such conversion, as may be reasonably requested by the Purchaser. The Company and the Founder Parties represent and warrant to the Purchaser that, (a) as of the date of this Agreement, the Founder beneficially owns, directly or indirectly, 1,295,920 Class A Shares and 41,926,299 Class B Shares, and (b) at the Closing, the Founder will beneficially own, directly or indirectly, 6,700,004 Class A Shares and 32,627,478 Class B Shares. Other than as set forth in this Section 6.06, the Founder does not (and will not, at the Closing) directly or indirectly own or hold, beneficially or otherwise, any Company Securities.

ARTICLE 7
CLOSING CONDITIONS

Section 7.01. *Conditions to Obligations of the Company, the Purchaser and the Founder Parties*. The obligations of the Company, the Purchaser and the Founder Parties to consummate the Closing are subject to the satisfaction of the following conditions:

(a) no provision of any Applicable Law shall prohibit the consummation of the Closing; and

(b) no proceeding challenging this Agreement or the transactions contemplated hereby, or seeking to prohibit, alter, prevent or materially delay the Closing, shall have been instituted before any Governmental Entity and shall be pending.

Section 7.02. *Conditions to Obligations of the Company and the Founder Parties*. The obligations of the Company and the Founder Parties to consummate the Closing are subject to the satisfaction of the following

conditions: (a) the representations and warranties of the Purchaser in this Agreement shall be true and correct on and as of the date of this Agreement and on and as of the Closing Date as though made on and as of the Closing Date; and (b) the Purchaser shall have performed all obligations and conditions herein required to be performed or observed by it on or prior to the Closing Date.

Section 7.03. *Conditions to Obligations of the Purchaser*. The obligation of the Purchaser to consummate the Closing is subject to the satisfaction of the following conditions:

(a) (i) the Fundamental Company Warranties shall be true and correct in all respects on and as of the date of this Agreement and on and as of the Closing Date as though made on and as of the Closing Date; (ii) the representations and warranties of the Company (other than the Fundamental Company Warranties) that are qualified by materiality or Material Adverse Effect shall be true and correct in all respects on and as of the date of this Agreement and on and as of the Closing Date as though made on and as of the Closing Date; (iii) the representations and warranties of the Company (other than the Fundamental Company Warranties) that are not qualified by materiality or Material Adverse Effect shall be true and correct in all material respects on and as of the date of this Agreement and on and as of the Closing Date as though made on and as of the Closing Date; (iv) the Company shall have performed or complied with all obligations and conditions in this Agreement required to be performed or complied with by the Company on or prior to the Closing Date; (v) there shall have been no event, occurrence, development or state of circumstances or facts that, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect; and (vi) the Purchaser shall have received a certificate signed by the Chief Executive Officer and the Chief Financial Officer of the Company to the foregoing effect;

(b) (i) the representations and warranties of the Founder Parties shall be true and correct in all respects on and as of the date of this Agreement and on and as of the Closing Date as though made on and as of the Closing Date; (ii) the Founder Parties shall have performed or complied with all obligations and conditions in this Agreement required to be performed or complied with by them on or prior to the Closing Date; and (iii) the Purchaser shall have received a certificate signed by SC and an authorized officer of each Founder Affiliate to the foregoing effect;

(c) the Purchaser shall have received an opinion, dated the Closing Date, of Maples & Calder, Cayman Islands counsel for the Company, in form and substance reasonably satisfactory to the Purchaser;

(d) the Purchaser shall have received an opinion, dated the Closing Date, of King & Wood Mallesons, PRC counsel for the Company, in form and substance reasonably satisfactory to the Purchaser;

(e) the Company, the Purchaser and the other parties thereto shall have duly executed and delivered the IRA, the RRA and the BCA and the Purchaser shall have received such executed counterparts thereof;

(f) the Purchaser shall have received a duly certified true and complete copy of the register of members of the Company, evidencing the issuance of the Sale Securities;

(g) the Purchaser shall have received a duly certified true and complete copy of the register of directors of the Company, evidencing the appointment of the Investor Nominee (as such term is defined under the IRA) designated by the Purchaser pursuant to the terms of the IRA;

(h) the Sale Securities shall have been made eligible for delivery and settlement in electronic book-entry form;

(i) the Company shall deliver to the Purchaser copies of documents evidencing the conversion of 6,700,000 Class B Shares held by Sunrise Corporate Holding Ltd. into Class A Shares as may be requested by the Purchaser;

(j) the Company shall deliver to the Purchaser copies of documents as may be reasonably requested by the Purchaser, including, without limitation, a duly certified copy of the updated register of members of the Company, evidencing (i) the transfer all Class B Shares held by Beacon to Moomins, and, following the automatic conversion of such Class B Shares into Class A Shares in accordance with the Company's memorandum and articles of incorporation, the registration of Moomins as the legal holder of such shares, and (ii) the transfer all Class A Shares held by Beacon to Moomins, including without limitation the transfer of 504,084 Class A Shares by Beacon to Moomins pursuant to the Instrument of Transfer, dated April 29, 2014, between Beacon and Moomins, and the registration of Moomins as the legal holder of such Class A Shares;

(k) the Company shall deliver to the Purchaser a consent with respect to the execution, delivery and performance of the RRA, duly executed by the Company and Esta Investments Pte. Ltd., pursuant to the Existing RRA, in form and substance reasonably satisfactory to the Purchaser; and

(l) the Company and the Investor Nominee shall have duly executed and delivered a director indemnification agreement, substantially in the form filed as an exhibit to the Exchange Act Documents, and the Purchaser shall have received such executed counterparts thereof.

ARTICLE 8
INDEMNIFICATION

Section 8.01. *Survival*.

(a) The Fundamental Company Warranties shall survive indefinitely or until the latest date permitted by law.

(b) The Tax Warranties shall survive until the expiration of any applicable statute of limitations with respect thereto.

(c) All representations and warranties of the Company contained in this Agreement, other than the Fundamental Company Warranties and the Tax Warranties, shall survive the Closing until the second (2nd) anniversary of the Closing Date.

(d) The representations and warranties of the Founder Parties contained in this Agreement shall survive indefinitely or until the latest date permitted by law.

(e) The covenants in this Agreement shall survive indefinitely or until the latest date permitted by law.

(f) Notwithstanding clauses (a) through (d) of this Section 8.01, (i) any breach of representation or warranty in respect of which indemnity may be sought under this Agreement shall survive the time at which it would otherwise terminate pursuant to the preceding sentences, if notice of the inaccuracy or breach thereof giving rise to such right of indemnity shall have been given to the party against whom such indemnity may be sought prior to such time and (ii) any breach of representation or warranty in respect of which indemnity may be sought that was caused as a result of fraud or intentional misrepresentation shall survive indefinitely or until the latest date permitted by Applicable Law.

Section 8.02. *Indemnification*.

(a) Effective at and after the Closing, the Company hereby indemnifies and holds harmless the Purchaser, its Affiliates and its and their respective directors, officers, employees, agents, successors and assigns (the "**Indemnified Parties**") against and from any and all damage, loss, liability and expense (including reasonable expenses of investigation and reasonable attorneys' fees and expenses) ("**Damages**"), incurred or suffered by the

Indemnified Parties arising out of any misrepresentation or breach of representation or warranty or breach of covenants by the Company under this Agreement, *provided* that the Company's maximum liability under this Section 8.02(a) shall not exceed an amount equal to the gross proceeds received by it from the issuance and sale of the Sale Securities to the Purchaser under this Agreement.

(b) If, as a result of any Proceeding listed on Schedule 8.02(b) or any other action, claim, suit, proceeding or investigation related to or resulting from any such Proceeding (collectively, the "**Company Actions**"), the Company or any of its Subsidiaries incurs or suffers any Damages (other than any amount paid or reimbursed pursuant to any insurance policy), then the Company shall pay the Purchaser promptly after the conclusion of such Company Action an amount in immediately available funds equal to the product obtained by multiplying (i) the aggregate amount of such Damages incurred by the Company and its Subsidiaries by (ii) the quotient (expressed as a percentage) obtained by dividing (x) the total number of Ordinary Shares held by the Purchaser (together with its Investor Affiliated Transferees (as such term is defined in the IRA)), by (y) the total number of issued and outstanding Ordinary Shares owned by all holders of Company Securities, in each case, immediately after the conclusion of such Company Action.

(c) If, as a result of, in connection with or arising under any underlying cause of any misrepresentation or breach of the Tax Warranties the Company or any of its Subsidiaries incurs or suffers any direct or indirect Damages, Tax or any liability for interest, fines, surcharges and/or penalties arising in respect thereof (collectively, "**Tax Damages**"), then the Company shall pay the Purchaser promptly after the payment of any such Tax Damages an amount in immediately available funds equal to the product obtained by multiplying (i) the aggregate amount of such Tax Damages incurred by the Company and its Subsidiaries by (ii) the quotient (expressed as a percentage) obtained by dividing (x) the total number of Ordinary Shares held by the Purchaser (together with its Investor Affiliated Transferees (as such term is defined in the IRA)), by (y) the total number of issued and outstanding Ordinary Shares owned by all holders of Company Securities, in each case, immediately after the payment of such Tax Damages.

Section 8.03. *Third Party Claim Procedures*.

(a) The Indemnified Party seeking indemnification under Section 8.02 agrees to give reasonably prompt notice in writing to the party against whom indemnity is sought (the "**Indemnifying Party**") of the assertion of any claim or the commencement of any suit, action or proceeding by any third party ("**Third Party Claim**") in respect of which indemnity may be sought under Section 8.02. Such notice shall set forth in reasonable detail such Third Party Claim and the basis for indemnification (taking into account the information then available to the Indemnified Party). The failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party of its obligations hereunder, except to the extent such failure shall have actually materially and adversely prejudiced the Indemnifying Party.

(b) The Indemnifying Party shall be entitled to participate in the defense of any Third Party Claim and, subject to the limitations set forth in this Section 8.03, shall be entitled to control and appoint lead counsel (that is reasonably satisfactory to the Indemnified Party) for such defense, in each case at its own expense; *provided* that prior to assuming control of such defense, the Indemnifying Party must (i) acknowledge in writing that it would have an indemnity obligation to the Indemnified Party for the Damages resulting from such Third Party Claim and (ii) furnish the Indemnified Party with reasonable evidence that the Indemnifying Party has adequate resources to defend the Third Party Claim and fulfill its indemnity obligations hereunder.

(c) The Indemnifying Party shall not be entitled to assume or maintain control of the defense of any Third Party Claim and shall pay the reasonable fees, costs and expenses of counsel retained by the Indemnified Party if (i) the Indemnifying Party does not deliver the acknowledgment referred to in Section 8.03(b) within thirty (30) days of receipt of notice of the Third Party Claim pursuant to Section 8.03(a), (ii) the Third Party Claim relates to or arises in connection with any criminal proceeding, action, indictment, allegation or investigation, (iii) the Indemnified Party reasonably believes an adverse determination with respect to the Third Party Claim

would be materially detrimental to the reputation or future business prospects of the Indemnified Party or any of its Affiliates, (iv) the Third Party Claim seeks an injunction or equitable relief against the Indemnified Party or any of its Affiliates or (v) the Indemnifying Party has failed or is failing to prosecute or defend the Third Party Claim vigorously and prudently.

(d) If the Indemnifying Party shall assume the control of the defense of any Third Party Claim in accordance with the provisions of Section 8.03(c), the Indemnifying Party shall obtain the prior written consent of the Indemnified Party (which shall not be unreasonably withheld) before entering into any settlement of such Third Party Claim if the settlement does not expressly unconditionally release the Indemnified Party and its Affiliates from all liabilities and obligations with respect to such Third Party Claim or the settlement imposes injunctive or other equitable relief against the Indemnified Party or any of its Affiliates.

(e) In circumstances where the Indemnifying Party is controlling the defense of a Third Party Claim in accordance with Section 8.03(c), the Indemnified Party shall be entitled to participate in the defense of any Third Party Claim and to employ separate counsel of its choice for such purpose, in which case the fees, costs and expenses of such separate counsel shall be borne by the Indemnified Party; *provided* that Indemnifying Party shall pay the fees, costs and expenses of such separate counsel of the Indemnified Party if (i) incurred by the Indemnified Party prior to the date the Indemnifying Party assumes control of the defense of the Third Party Claim, (ii) if representation of both the Indemnifying Party and the Indemnified Party by the same counsel would create a conflict of interest or (iii) the Indemnified Party shall have reasonably concluded that there may be legal defenses available to it which are different from or additional to those available to the Indemnifying Party.

(f) Each party shall reasonably cooperate, and cause their respective Affiliates to reasonably cooperate, in the defense or prosecution of any Third Party Claim.

Section 8.04. *Direct Claim Procedures*. In the event an Indemnified Party has a claim for indemnity under Section 8.02 against the Indemnifying Party that does not involve a Third Party Claim, the Indemnified Party agrees to give notice in writing of such claim to the Indemnifying Party. Such notice shall set forth in reasonable detail such claim and the basis for indemnification (taking into account the information then available to the Indemnified Party). The failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party of its obligations hereunder, except to the extent such failure shall have actually materially and adversely prejudiced the Indemnifying Party. If the Indemnifying Party does not notify the Indemnified Party within thirty (30) days following the receipt of a notice with respect to any such claim that the Indemnifying Party disputes its indemnity obligation to the Indemnified Party for any Damages with respect to such claim, such Damages shall be conclusively deemed a liability of the Indemnifying Party and the Indemnifying Party shall promptly pay to the Indemnified Party any and all Damages arising out of such claim. If the Indemnifying Party has timely disputed its indemnity obligation for any Damages with respect to such claim, the parties shall proceed in good faith to negotiate a resolution of such dispute and, if not resolved through such negotiations, such dispute shall be resolved by arbitration determined pursuant to Section 10.09.

ARTICLE 9 TERMINATION

Section 9.01. *Termination.* This Agreement may be terminated at any time prior to the Closing:

(a) by the Purchaser or the Company if the Closing shall not have occurred on or before the Closing Date*; provided*, *however*, that the right to terminate this Agreement under this Section 9.01(a) shall not be available to any party whose failure to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur on or prior to such date;

(b) by either the Purchaser or the Company in the event that any Governmental Entity shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and non-appealable; or

(c) by the mutual written consent of the Purchaser and the Company.

The party desiring to terminate this Agreement pursuant to Sections 9.01(a) or (b) shall give written notice of such termination to the other parties hereto specifying the provision hereof pursuant to which such termination is made.

Section 9.02. *Effect Of Termination.* In the event of termination of this Agreement as provided in Section 9.01, this Agreement shall forthwith become void and of no further force or effect (except for Section 6.01 and Article 10, which shall survive such termination) and there shall be no liability on the part of any party hereto except that nothing herein shall relieve any party from liability for any breach of this Agreement.

ARTICLE 10 MISCELLANEOUS

Section 10.01. *Notices*. All notices, requests and other communications to any party under this Agreement shall be in writing (including facsimile transmission and email transmission, so long as a receipt of such facsimile or email transmission is requested and received) and shall be given:

To the Company or the Founder Parties at:

21Vianet Group, Inc.
M5, 1 Jiuxianqiao East Road
Chaoyang District
Beijing 100016
The People’s Republic of China
Attention: Office of the Chief Financial Officer
Facsimile: +86-10-84564234
Email: shang.hsiao@21vianet.com

with a copy (which shall not constitute notice) to:

DaHui Lawyers
Suite 3720, China World Tower,
No. 1 Jianguomenwai Avenue,
Chaoyang District,
Beijing 100004
The People’s Republic of China
Attention: Zheng Zha
Facsimile: (86 10) 6322 0299
Email: zheng.zha@DaHuiLawyers.com

To the Purchaser at:

Xiaomi Ventures Limited
c/o 68 Qinghe Middle Street
Wu Cai Cheng Office Building
12F-056, Haidian District, Beijing 100085
The People's Republic of China
Attention: Jinling Zhang/Xin Liu
Facsimile: +86 010 6060 6666 ext. 1101
Email: zhangjinling@xiaomi.com / liuxin@xiaomi.com

or such other address, facsimile number or email address as the Company, the Purchaser or a Founder Party, as the case may be, may hereafter specify by notice to the other parties hereto. All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. in the place of receipt and such day is a Business Day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding Business Day in the place of receipt.

Section 10.02. *Severability*. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under Applicable Law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any Applicable Law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, and this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

Section 10.03. *Complete Agreement*. This Agreement, the IRA, the RRA and the BCA embody the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersede any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

Section 10.04. *Counterparts*. This Agreement may be executed in separate counterparts, each of which shall be an original and all of which taken together shall constitute one and the same agreement. Signatures in the form of facsimile or electronically imaged "PDF" shall be deemed to be original signatures for all purposes hereunder.

Section 10.05. *Assignments*. This Agreement is personal to each of the parties hereto. No party may assign or delegate any rights or obligations hereunder without first obtaining the written consent of each other party hereto; provided that the Purchaser may assign any rights or obligations hereunder to any of its Affiliates without obtaining the prior written consent of the other parties hereto.

Section 10.06. *Descriptive Headings*. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

Section 10.07. *Amendment*. The provisions of this Agreement may be amended, or modified only upon the prior written consent of all parties hereto. The failure of any party to enforce any of the provisions of this Agreement shall in no way be construed as a waiver of such provisions and shall not affect the right of such party thereafter to enforce each and every provision of this Agreement in accordance with its terms.

Section 10.08. *Governing Law*. This Agreement, the rights and obligations of the parties hereto, and all claims or disputes relating hereto, shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflict of law rules of such state.

Section 10.09. *Arbitration.* Any dispute arising out of or in connection with this Agreement shall be referred to and finally resolved by arbitration under the administered rules (the "**Rules**") of the Hong Kong International

Arbitration Centre (the "**HKIAC**"), which Rules are deemed to be incorporated by reference into this Section 10.09. For the purposes of such arbitration:

(a) the number of arbitrators shall be three (the "**Arbitration Board**"). The Company and the Purchaser shall each select one arbitrator. All selections shall be made within thirty (30) days after the selecting party gives or receives, as the case may be, the demand for arbitration. The two arbitrators so appointed shall jointly agree on a third arbitrator, who shall be the chairman of the Arbitration Board. If the said two arbitrators are unable to agree upon the appointment of a third arbitrator within thirty (30) days after the parties have appointed their respective arbitrators, then such third arbitrator shall be appointed by the HKIAC;

(b) the seat of the arbitration shall be in Hong Kong and the language to be used shall be English; and

(c) the Arbitration Board shall decide any such dispute in accordance with the governing law specified in Section 10.08.

The parties hereto shall be entitled to specific performance from any court of law or equity of competent jurisdiction (without posting any bond or other security) in order to enforce any tribunal award pursuant to any arbitration proceeding hereunder.

Section 10.10. *Expenses*. Except as otherwise provided herein, all costs and expenses incurred by any party hereto in connection with this Agreement, or any amendment or waiver hereof, and the transactions contemplated hereby (including reasonable attorneys' fees and expenses) shall be paid by the party incurring such costs or expenses.

Section 10.11. *Further Assurances*. From time to time following the date hereof, the parties hereto shall execute and deliver such other instruments of assignment, transfer and delivery and shall take such other actions as any other party hereto reasonably may request in order to consummate, complete and carry out the transactions contemplated by this Agreement.

Section 10.12. *Third Party Beneficiaries*. Except for those Persons expressly entitled to indemnification pursuant to Article 8, there are no third party beneficiaries of this Agreement and nothing in this Agreement, express or implied, is intended to confer on any Person other than the parties hereto and the Persons expressly entitled to indemnification pursuant to Article 8 and their respective successors, heirs and assigns, any rights, remedies, obligations.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

XIAOMI VENTURES LIMITED

By: /s/ Kong Kat Wong
Name: Kong Kat Wong
Title: Director

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

21VIANET GROUP, INC.

By: /s/ Sheng Chen
Name: Sheng Chen
Title: Chairman and Chief Executive Officer

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

SHENG CHEN

By: /s/ Sheng Chen

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

PERSONAL GROUP LIMITED

By: /s/ Sheng Chen
Name: Sheng Chen
Title: Director

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

FAST HORSE TECHNOLOGY LIMITED

By: /s/ Sheng Chen
Name: Sheng Chen
Title: Director

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

SUNRISE CORPORATE HOLDING LTD.

By: /s/ Sheng Chen
Name: Sheng Chen
Title: Director

SCHEDULE 3.03(A)

Company Capitalization

	Prior to the Closing	Prior to Closing and Immediately following the Conversion pursuant to Section 6.06 and the Transfer contemplated by Section 7.03(j)
Total Class A Shares	345,257,775	354,556,596
Total Class B Shares	49,430,544	40,131,723
Total Ordinary Shares	394,688,319	394,688,319
Total Voting Shares	839,563,215	755,873,826

SCHEDULE 3.05(A)

List of Material Subsidiaries

I. Major PRC Subsidiaries:

English Name	Chinese Name
21Vianet Data Center Co., Ltd.	世纪互联数据中心有限公司(VNC)
21Vianet Anhui Suzhou Technology Co., Ltd.	世纪互联（安徽宿州）科技有限公司
Suzhou Zhuoaiyi Information Technology Co., Ltd.	苏州卓爱易信息技术有限公司
21Vianet (Foshan) Technology Co., Ltd.	世纪互联（佛山）信息技术有限公司

II. Major PRC Affiliates:

English Name	Chinese Name
Beijing Yiyun Network Technology Co., Ltd.	北京毅云网络科技有限公司
Beijing iJoy Information Technology Co., Ltd.	北京阅联信息技术有限公司
Beijing 21Vianet Broad Band Data Center Co., Ltd.	北京世纪互联宽带数据中心有限公司
Dongguan Asia Cloud Investment Co., Ltd.	东莞亚洲云投资有限公司
Dongguan Asia Cloud Network Technology Co., Ltd.	东莞亚洲云网络技术有限公司
Zhiboxintong (Beijing) Network Technology Co., Ltd.	智博信通（北京）网络技术有限公司
Beijing Chengyishidai Network Technology Co., Ltd.	北京诚亿时代网络工程技术有限公司
Guangzhou Gehua Network Technology and Development Co., Ltd.	广州歌华网络科技发展有限公司
Langfang Xunchi Computer Data Processing Co., Ltd.	廊坊迅驰计算机数据处理有限公司
Beijing Tianwang Online Communication Technology Co., Ltd.	北京天网在线通信技术有限公司
Beijing Yilong Xinda Technology Co., Ltd.	北京亿龙信达科技有限公司
Sichuang Aipu Network Technology Inc.	四川爱普网络科技股份有限公司
Shenzhen Diyixian Communication Co., Ltd.	深圳第一线通信有限公司

SCHEDULE 3.05(B)

Capital Stock of Subsidiaries

I. Registered Capital

To the date of this Agreement, the registered capital of the following Subsidiaries are not fully paid up:

a) Beijing iJoy Information Technology Co., Ltd. (“北京阅联信息技术有限公司”) has increased its registered capital on April 5, 2014, and its registered capital has been increased from RMB 10.08 million to RMB 100 million. To the date of this Agreement, RMB 10.08 million of its registered capital has been paid up, while the recently increased registered capital amount, i.e., RMB 89.92 million, will be obliged to be paid up by April 14, 2017 in accordance with its Articles of Association.

b) Langfang Xunchi Computer Data Processing Co., Ltd. (“廊坊迅驰计算机数据处理有限公司”) has increased its registered capital on November 3, 2014, and its registered capital has been increased from RMB 1 million to RMB 121 million. To the date of this Agreement, RMB 1 million of its registered capital has been paid up, while the recently increased registered capital amount, i.e., RMB 120 million, will be obliged to be paid up by October 29, 2034 in accordance with its Articles of Association.

II. Share Pledge

a) Share Pledge in Connection with the Contractual Arrangements

1. 100% (representing a registered capital amount of RMB 10 million) of the equity interests in Beijing Yiyun Network Technology Co., Ltd. (“北京毅云网络科技有限公司”) held by its PRC shareholders have been pledged to 21Vianet Data Center Co., Ltd. Such share pledge has been registered with local branch of the State Administration for Industry and Commerce.

2. 5% (representing a registered capital amount of RMB 5 million) of the equity interests in Beijing iJoy Information Technology Co., Ltd. (“北京阅联信息技术有限公司”) held by its sole PRC shareholder have been pledged to Suzhou Zhuoaiyi Information Technology Co., Ltd. Such share pledge has been registered with local branch of the State Administration for Industry and Commerce.

b) Other Share Pledge

1. 89.8% (representing a registered capital amount of RMB 900 million) of the equity interests in Dongguan Asia Cloud Investment Co., Ltd. (“东莞亚洲云投资有限公司”) held by its PRC shareholder have been pledged to Beijing Yiyun Network Technology Co., Ltd. Such share pledge has been registered with local branch of the State Administration for Industry and Commerce.

SCHEDULE 3.14

Litigation

Case No.	Forum and/or Procedure	Subsidiary involved	Cause of Action	Claims raised/ upheld by Court or Arbitration tribunal
(2014) 京仲裁字第0665号	Beijing Arbitration Committee, pending	北京世纪互联宽带数据中心有限公司, as claimant	Overdue payment for service fee, payable to 北京世纪互联宽带数据中心有限公司, by 北京巨鲸音乐网络技术有限责任公司	The Claimant claimed for overdue payment at the amount of RMB 344,581 (as of January, 23, 2014) and demurrage charges at the amount of RMB 491,027 (as of January 20, 2014). The total claimed amount was RMB 835,608.
(2013) 锡法商初字第0374号	The People's Court of Weiyang, Xi'an Municipality, in judicial enforcement procedure	北京世纪互联宽带数据中心有限公司上海分公司, as claimant	Overdue payment for service fee, payable to 北京世纪互联宽带数据中心有限公司上海分公司, by 江苏商助网络科技有限公司	The Court upheld that the Claimant was entitled to the unpaid mount of RMB 206869.14.
(2013) 锡法商初字第0375号				
(2013) 锡法商初字第0376号				
(2014) 深南法粤民初字第929号	The People's Court of Nanshan, Shenzhen Municipality, first trial procedure, pending	北京世纪互联宽带数据中心有限公司深圳分公司, as claimant	Overdue payment for service fee, payable to 北京世纪互联宽带数据中心有限公司深圳分公司, by 深圳市快播科技有限公司	The Claimant claimed for overdue payment at the amount of RMB 308,221.01.
(2013) 未民二初字第00664号	The People's Court of Xishan, Xi'an Municipality, in judicial enforcement procedure	世纪互联（西安）信息服务外包产业园有限公司, as claimant	Overdue payment for service fee, payable to 世纪互联（西安）信息服务外包产业园有限公司, by 江苏商助网络科技有限公司	The Court upheld that the Claimant was entitled to the unpaid mount of RMB 55,772.26.
(2014) 京仲裁字第0594号	Beijing Arbitration Committee, judicial enforcement procedure to be initiated	北京快网科技有限公司, as claimant	Overdue payment for service fee, payable to 北京快网科技有限公司, by 上海笑游	The tribunal upheld that the Claimant was entitled to the unpaid mount of RMB 316,150.64

Case No.	Forum and/or Procedure	Subsidiary involved	Cause of Action	Claims raised/ upheld by Court or Arbitration tribunal
京朝劳仲字（2014）第04812号	Labor Dispute Arbitration Committee of Chaoyang District, Beijing Municipality, in progress	上海蓝云网络科技有限公司北京分公司, as respondent	Labor contract dispute (王辅国 as claimant)	On March 12, 2014, the Claimant claimed that: 1) the Respondent shall continue to perform the labor contract entered by and between the Claimant and Respondent; 2) the Respondent shall reimburse the Claimant’s loss of unpaid salary, social insurance and public accumulation fund accrued during the termination date of such labor contract to the date of issuance of the arbitration award; and 3) the Respondent shall compensate the Claimant for an amount equal to 25% of the aforesaid unpaid salary.

SCHEDULE 8.02(B)

Company Actions

1. Ranjit Singh v. 21Vianet Group, Inc., Sheng Chen, and Shang-Wen Hsiao, Case No. 2:14-cv-00894-JRG-RSP, United States District Court, Eastern District of Texas.

2. Wayne Sun v. 21Vianet Group, Inc., Sheng Chen, and Shang-Wen Hsiao, Case No. 2:14-cv-00926-JRG-RSP, United States District Court, Eastern District of Texas.

Exhibit 4.25

Loan Agreement

The Loan Agreement (hereinafter referred to as this "Agreement") is concluded on July 1, 2014 by and between:

Abitcool (China) Broadband Inc. (hereinafter referred to as the "Lender")

Registered address: 3/F, Economic Trade Building, No. 2 Zhongxing Road South, Hongmei Town, Dongguan

Sheng Chen (hereinafter referred to as "Borrower 1")
Identity card No.: 110108196807271450

Jun Zhang (hereinafter referred to as "Borrower 2")
Identity card No.: 110108196803261474

For the purpose of this Agreement, Borrower 1 and Borrower 2 are collectively referred to as the Borrowers; the Lender and the Borrowers are referred to separately as a "Party" and collectively as both "Parties."

Whereas:

The Borrowers hold 100% equity interests (95% by Chen Sheng and 5% by Zhang Jun) of aBitcool Small Micro Network Technology (BJ) Co., Ltd., a limited liability company incorporated and registered in China (hereinafter referred to as the "Borrowers' Company").

The Lender is a wholly foreign-owned enterprise established in the People's Republic of China (hereinafter referred to as the "PRC" or "China") which has technical consulting and service resources, and intends to provide a loan for the Borrowers.

Upon negotiation, the Parties agree as follows:

1. Loan

1.1 Subject to the terms and conditions hereof, the Lender agrees to provide the Borrowers a loan of RMBone million (of which RMB950,000 is borrowed by Sheng Chen and RMB50,000 is borrowed by Jun Zhang). The term of the loan is ten years, and is renewable upon approval by both Parties.

1.2 Subject to the full satisfaction of all the precedent conditions provided in Article 2 hereof, the Lender agrees to remit the said loan to the account designated by the Borrowers in one lump sum within seven days after receiving a written notice requesting the loan from the Borrowers. The Borrowers shall issue a receipt confirmation to the Lender on the same day as they receive the aforesaid monies. The loan undertakings made by the Lender under this paragraph shall only apply to the Borrowers themseleves, but will not apply to any successor or assigns thereof.

1.3 The Borrowers agree to receive the aforesaid loan provided by the Lender, and hereby agree and guarantee to use the loan only for financing of the Borrowers' Company so as to develop the business of the Borrowers' Company. Unless the prior written consent of the Lender is obtained, the Borrowers shall not use the loan for any other purpose or transfer or mortgage their equities or other interests in the Borrowers' Company to any third party.

1.4 The Lender and the Borrowers hereby unanimously agree and confirm that to the extent permissible by the applicable laws, the Lender shall be entitled but not be obliged to purchase or designate another person (whether a legal person or natural person) to purchase at any time, all or part of the equities held by the Borrowers in the Borrowers' Company at a price agreed by both Parties.

1.5 The Lender and the Borrowers hereby unanimously agree and confirm that the loan hereunder is an interest-free loan.

2. Preconditions of the Loan

The Lender shall be obliged to provide the Borrowers with the loan according to Clause 1.1 hereof only after all of the following conditions have been satisfied or waived by the Lender in writing.

2.1 The Lender having received a drawdown notice duly signed by the Borrowers on time according to Clause 1.2 hereof.

2.2 The Borrowers and the Lender having signed an equity pledge agreement (hereinafter referred to as the "Equity Pledge Agreement"), according to which the Borrowers agree to pledge all the equity interests held by the Borrowers to the Lender.

2.3 The Borrowers, the Lender and the Borrowers' Company having duly executed an exclusive call option agreement, according to which the Borrowers will, to the extent permissible by the PRC laws, irrevocably grant an exclusive call option to purchase all the equity interests of the Borrowers to the Lender (hereinafter referred to as "the Exclusive Call Option Agreement).

2.4 The Equity Pledge Agreement and the Exclusive Call Option Agreement having full legal effect, there being no breach of such agreements, and all filing formalities, approvals, authorizations, registrations and government procedures having been obtained or completed (if necessary).

2.5 The representations and undertakings made by the Borrowers under Clause 3.2 hereof being true, complete, accurate and not misleading, and shall remain so on the date of drawdown notice and the drawdown, as if such representations and undertakings were made on such dates.

2.6 The Borrowers having not breached any undertakings made by them under Article 4 hereof, and no event that may affect the fulfilment by the Borrowers of obligations under this Agreement has occurred or is expected to occur.

3. Representations and Warranties

3.1 From the date hereof until the date of termination of this Agreement, the Lender represents and warrants to the Borrowers that:

(a) the Lender is a company duly registered and existing under the PRC laws;

(b) the Lender has the power to execute and perform this Agreement. The execution and performance of this Agreement by the Lender conform to the business scope and articles of association or other constitutional documents of the Lender, and the Lender has obtained all necessary and proper approvals and authorities for the execution and performance of the Agreement;

(c) the execution and performance of this Agreement by the Lender neither breach any laws, regulations, government approvals, authorisations, notices or other government documents by which the Lender is bound or affected, nor breach any agreement entered into by the Lender with any third party or any undertakings issued to any third party; and

(d) Once executed, this Agreement constitutes a legal, valid and enforceable obligation of the Lender.

3.2 From the date hereof until the date of termination of this Agreement, the Borrowers represent and warrant that:

(a) the Borrowers' Company is a limited liability company duly incorporated and existing under the PRC laws, and the Borrowers are lawful holders of equity interests of the Borrowers' Company;

(b) The Borrowers have the power to execute and perform this Agreement. The execution and performance of this Agreement by the Borrowers conform to the articles of association or other constitutional documents of the Borrowers' Company, and the Borrowers have obtained all necessary and proper approvals and authorities for the execution and performance of this Agreement;

(c) the execution and performance of this Agreement by the Borrowers neither breach any laws, regulations, government approvals, authorisations, notices or other government documents by which the Lender is bound or affected, nor breach any agreement entered into by the Lender with any third party or any undertakings issued to any third party;

(d) Once executed, this Agreement constitutes a legal, valid and enforceable obligation of the Lender;

(e) The Borrowers have duly paid all payable contributions for the equity interests held by them, and have obtained the capital verification report for the paid contributions issued by a qualified accounting firm;

(f) Except those specified in the Equity Pledge Agreement, the Borrowers do not create any mortgage, pledge or any other security interest on the equity interest of the Borrowers, issue an offer to transfer their equities to any third party, make undertakings with respect to any offer for the equity interests of the Borrowers issued by any third party, or conclude any agreement with any third party on the transfer of their equity interests.

(g) There are no actual or potential disputes, litigations, arbitrations, administrative proceedings or any other legal proceedings relating to the Borrowers and/or the equity interests owned by the Borrowers; and

(h) The Borrowers' Company has obtained or completed all government approvals, authorizations, licenses, registrations and filings necessary for its conduct of business within the scope of its business license and its ownership of its assets.

4. <u>Undertakings of the Borrowers</u>

4.1 The Borrowers, in the capacity of major shareholders of the Borrowers' Company, undertake that throughout the term of this Agreement, they will cause the Borrowers' Company:

(a) without the prior written consent of the Lender, not to supplement, alter or revise its constitutional documents in any form whatsoever, increase or decrease its registered capital, or change its capital structure in any form whatsoever;

(b) to maintain its due existence, prudently and effectively operate its business and handle its affairs in accordance with fair financial and business standards and practices;

(c) without prior written consent of the Lender and at any time as of the date of this Agreement, not to sell, transfer, mortgage or otherwise dispose of any legal or beneficial interest of its assets, businesses or income, or permit creation of such other security interest thereon;

(d) without prior written consent of the Lender, not to incur, inherit, guarantee or allow the existence of any debt, except for (i) any debt incurred during its ordinary course of business rather than from borrowing; and (ii) any debt which has been disclosed to and obtained the written consent from Party A;

(e) to conduct all its business operations at all times in the ordinary course to maintain its asset value;

(f) without prior written consent of the Lender, not to enter into any material agreement other than those executed in its ordinary course of business (for purpose of this paragraph, a material agreement means any agreement with a contact value exceeding RMB 5 million)

(g) without prior written consent of the Lender, not to provide any loan or credit to any person;

(h) upon the Lender's request, to provide the Lender with all information regarding its operations and financial conditions;

(i) to buy and maintain requisite insurance policies from an insurer acceptable to the Lender, the amount and type of which will be the same with or equalivalent to those maintained by the companies having similar operations, properties or assets in the same region;

(j) without prior written consent of the Lender, not to merge or combine with any person, or acquire or invest in any person;

(k) to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding its assets, business and income;

(l) in order to maintain its ownership of all its assets, to execute all requisite or appropriate documents, conduct all requisite or appropriate actions, and make all requisite or appropriate claims, or make requisite or appropriate defense against all claims;

(m) without prior written consent of the Lender, not to distribute dividends to any shareholders in any form whatsoever; provided, however, that once required by the Lender, to immediately distribute all distributable profits to its shareholders; and

(n) to strictly comply with the provisions of the Exclusive Call Option Agreement, and refrain from any action/omission that suffices to affect the validity and enforceability of the Exclusive Call Option Agreement.

4.2 The Borrowers undertake that throughout the term of this Agreement,

(a) save as otherwise stipulated by the Equity Pledge Agreement, without prior written consent of the Lender, they will not sell, transfer, mortgage or otherwise dispose of any legal or beneficial interest of the equity interests owned by them, or permit creation of such other security interest thereon;

(b) they will procure that without prior written consent of the Lender, the shareholders appointed by them will not approve to sell, transfer, pledge or otherwise dispose any legal or beneficial interest of the equity interests held by them in the Borrowers' Company, or allow other security interests to be created on it, except to the Lender or the Lender's designated person;

(c) they will procure that without prior written consent of the Lender, the shareholders appointed by them will not approve the merger, consolidation with, purchase of or investment in any person by the Borrowers' Company;

(d) they will immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding the equity interests owned by them;

(e) in order to maintain their ownership of the equity interests owned by them, they will execute all requisite or appropriate documents, conduct all requisite or appropriate actions, and make all requisite or appropriate claims, or make requisite or appropriate defense against all claims;

(f) without prior written consent of the Lender, they will refrain from any action/omission that may adversely affect the business operations and asset value of the Borrowers' Company;

(g) to the extent permissible by the PRC laws, they will transfer unconditionally and immediately all their equity interests in the Borrowers' Company to the Lender or its designated representative upon the request of the then current parent of the Lender at any time;

(h) if the Lender purchases the equity interests owned by the Borrowers in accordance with the Exclusive Call Option Agreement, they will firstly use the proceeds from such purchase to repay the loan to the Lender; and

(i) they will strictly comply with the provisions of this Agreement, the Equity Pledge Agreement and the Exclusive Call Option Agreement, duly perform all obligations under such agreements, and will refrain from any action/omission that suffices to affect the validity and enforceability of such agreements.

5. Liability for Breach of the Agreement

If the Borrowers fail to fulfil repayment obligations within a period specified hereunder, they shall pay a late penalty interest at a daily rate of 0.01% of outstanding payable amount for each overdue day until the Borrowers have repaid the full amount of the principal of the loan, and the late penalty interest and other amounts thereon.

6. Notices

Unless a written notice has been sent to change any of the following addresses, notices hereunder shall be sent to the following addresses by personal delivery, fax or registered letter. A notice shall be deemed servered on the date of receipt specified on the acknowledgement of receipt thereof, if sent by registered letter, or upon the date when it is sent, if sent by personal delivery or fax. If a notice is sent by fax, the original shall be immediately sent to the following addresses by registered letter or personal delivery after transmission.

If to the Lender: Abitcool (China) Broadband Inc. Address: 3/F, Economic Trade Building, No. 2 Zhongxing Road South, Hongmei Town, Dongguan

If to the Borrower: Sheng Chen

Address: 3F, M5, 1 Jiuxianqiao East Road, Chaoyang District, Beijing, 100016

7. Confidentiality Responsibility

Both Parties acknowledge and confirm that any oral or written materials exchanged by and between the Parties in connection with this Agreement are confidential. Both Parties shall keep in confidence all such information and not disclose it to any third party without prior written consent from the other Parties unless: (a) such information is known or will be known by the public (except by disclosure of the receiving party without authorization); (b) such information is required to be disclosed in accordance with applicable laws or regulations or rules of stock exchange; or (c) if any information is required to be disclosed by any party to its legal or financial advisor for the purpose of the transaction of this Agreement, provided that such legal or financial advisor shall also comply with the confidentiality obligation similar to that stated hereof. Any disclosure by any employee or agency engaged by any Party shall be deemed the disclosure of such Party and such Party shall assume the liabilities for its breach of contract pursuant to this Agreement. This Article shall survive the termination of this Agreement for any reason whatsoever.

8. Governing Laws and Resolution of Disputes

8.1 The formation, validity, performance, interpretation amendment, and termination of this Agreement and the resolution of the disputes arising hereunder shall be governed by the PRC laws.

8.2 The Parties shall first strive to resolve any dispute arising from the interpretation and performance of this Agreement through friendly consultation. In case no settlement can be reached through consultation within thirty (30) days after the request for consultation is made by any Party to the other, either Party may submit such dispute to China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon both Parties.

8.3 Where any dispute occurs arising from the interpretation and performance of this Agreement or when any dispute is under arbitration, both Parties hereto shall continue to exercise all their rights and fulfil all their obligations hereunder except for the matters in dispute.

9. Miscellaneous

9.1 This Agreement shall take effect as of the date of execution by both Parties, and become invalid on the day when both Parties have fulfilled their respective obligations hereunder.

9.2 This Agreement shall be executed in two originals with equal legal force, with each party holding one copy.

9.3 The invalidity of any clause hereof shall not affect the legal force of any other clauses hereof.

9.4 The appendices hereto shall be an integral part of this Agreement and shall have the same legal force as this Agreement.

Lender: /s/ Abitcool (China) Broadband Inc.

Borrowers: Chen Sheng, Jun Zhang

Signature: /s/ Sheng Chen, /s/ Jun Zhang

Exhibit 4.26

Equity Pledge Agreement

The Equity Pledge Agreement (hereinafter referred to as this "Agreement") is executed in Beijing on July 1, 2014 by and between:

Pledgee: Abitcool (China) Broadband inc.

Registered address: 3/F, Economic Trade Building, No. 2 Zhongxing Road South, Hongmei Town, Dongguan

Pledgor 1: Sheng Chen

Gender: Male

PRC ID card No.: 110108196807271450

Address: Room 1502, Unit 2, Building 4, Shangdijiayuan, Haidian District, Beijing

Pledgor 2: Jun Zhang

Gender: Male

PRC ID card No.: 110108196803261474

Address: No. 35, Apartment 2, Tsinghua University, Haidian District, Beijing

In this Agreement, Pledgor 1 and Pledgor 2 are collectively referred to as the "Pledgors."

Whereas:

1. The Pledgors are citizens of the People's Republic of China (hereinafter referred to as the "PRC" or "China"), who hold 100% equity interests of aBitcool Small Micro Network Technology (BJ) Co., Ltd. (95% by Sheng Chen and 5% by Jun Zhang). aBitcool Small Micro Network Technology (BJ) Co., Ltd. (hereinafter referred to as the "aBitCool BJ") is a company registered in Beijing, China which is engaged in technical promotion services, computer system services, and sale of electronic products, computers, software and auxiliary equipment;

2. The Pledgee is a wholly foreign-owned company registered in Dongguan, China, which is lawfully engaged in technical service business as permitted by relevant PRC government authorities. The Pledgee and aBitCool BJ, which is owned by the Pledgors, entered into an exclusive technical consulting and service agreement (hereinafter referred to as the "Service Agreement") on July 1, 2014; and

3. In order to secure the Pledgee's normal collection of technical consulting and service fees from aBitCool BJ, which is owned by the Pledgors, the Pledgors pledge all their equity interests in the aBitCool BJ as the guarantee for the consulting and service fees under the Service Agreement.

In order to perform the terms of the Service Agreement, the Pledgors and the Pledgee agree as follows upon consultation:

1. Definitions

Save as otherwise stipulated hereunder, the following terms shall have the following meanings:

1.1 Pledge Right: refers to all contents set out in Article 2 hereof.

1.2 Equity Interests: refer to all 100% equity interests legally held by the Pledgors in aBitCool BJ.

1.3 Pledge Rate: refers to the percentage of the value of the Equity Interests pledged hereunder to the exclusive technical consulting and service fees under the Service Agreement.

1.4 Term of Pledge: refers to the term specified in Article 3.2 hereof.

1.5 Service Agreement: refers to the Exclusive Technical Consulting and Service Agreement concluded by and between the aBitCool BJ and the Pledgee on July 1, 2014.

1.6 Event of Default: refers to any circumstances set out in Article 7 hereof.

1.7 Notice of Default: refers to any notice issued by the Pledgee in accordance with this Agreement specifying an Event of Default.

2. Transfer of the Pledge Right and the Pledge Right

2.1 The Pledgors pledge all the Equity Interests owned by them in aBitCool BJ to the Pledgee. The Pledge Right refers to the priority right the Pledgee owns, with respect to the proceedings arising from selling at a discount, auction of, or selling off the Equity Interests pledged by the Pledgor to the Pledgee.

3. Pledge Rate and Term of Pledge

3.1 Pledge Rate

3.1.1 The Pledge Rate of the Pledge Right is approximately 100%.

3.2 Term of Pledge

3.2.1 This Agreement shall take effect as of the date when the pledge of the Equity Interests hereunder is recorded in the register of shareholders of aBitCool BJ and registered at the administration for industry and commerce, and the Term of Pledge shall be the same as that of the Service Agreement.

3.2.2 During the Term of Pledge, if aBitCool BJ fails to pay the technical consulting and service fees pursuant to the Service Agreement, the Pledgee has the right to dispose of the Pledge Right in accordance with this Agreement.

4. Possession and Management of Pledge Certificates

4.1 During the Term of Pledge, the Pledgors shall deliver the register of shareholders and capital contribution certificate of aBitCool BJ within one (1) week upon the date hereof, to the Pledgee for its possession.

4.2 The Pledgee shall be entitled to the dividends generated by the Equity Interests.

5. Representations and Warranties of the Pledgors

5.1 The Pledgors are lawful owners of the Equity Interests.

5.2 Once the Pledgee intends to exercise the rights as the Pledgee under this Agreement at any time, it shall be protected from any interference from any other party.

5.3 The Pledgee has the right to dispose of or transfer the Pledge Right in the way as described hereunder.

5.4 Neither of the Pledgors has ever created any other pledge right over the Equity Interests except towards the Pledgee.

6. Covenants from the Pledgors

6.1 During the term of this Agreement, the Pledgors covenant to the Pledgee that,

6.1.1 without prior written consent of the Pledgee, they will not transfer the Equity Interests, or create or allow the existence of any new pledge upon the Equity Interests which may affect the rights and interests of the Pledgee;

6.1.2 they will abide by and exercise all the provisions of laws and regulations in relation to the pledge of rights, and present to the Pledgee any and all notices, directions or suggestions issued or promulgated by competent authorities within five (5) days upon the receipt of such notices, directions or suggestions, and shall comply with such notices, directions or suggestions, or present their opposite opinions and representations regarding the above mentioned issues according to the reasonable request of the Pledgee or with the consent from the Pledgee; and

6.1.3 they shall give prompt notice to the Pledgee regarding any events or received notices that may affect the Equity Interests or any part of the rights affiliated thereto held by the Pledgors, or may

change any warranties or obligations of the Pledgors under this Agreement or may affect the performance of the obligations hereunder by the Pledgors.

6.2 The Pledgors agree that, the right to exercise its rights over the Pledge Right acquired by the Pledgee pursuant to the terms of this Agreement shall not be interfered or impaired by any legal proceedings initiated by the Pledgors, or the successors or agents of the Pledgors or such other person.

6.3 The Pledgors warrant to the Pledgee that, in order to protect or consummate the guaranty provided by this Agreement regarding the payment of the technical consulting and service fees under the Service Agreement, the Pledgors will faithfully sign, or cause any other party which is materially related to the Pledge Right to sign, any and all right certificates and deeds, and/or take, or cause any other party which is materially related to the Pledge Right to take, any and all actions, as required by the Pledgee, and will facilitate the exercise of the rights and authorizations granted to the Pledgee under this Agreement, enter into any amendment to related equity certificate with the Pledgee or the Pledgee's designated person (individual/legal person), and provide to the Pledgee any and all notices, orders and decisions as deemed necessary by the Pledgee within a reasonable period of time.

6.4 The Pledgors undertake to the Pledgee it will abide by and perform all warranties, undertakings, agreements, representations and conditions, for the benefit of the Pledgee. The Pledgors shall indemnify the Pledgee any and all losses suffered by it due to the Pledgors' failure or partial failure in performance of its warranties, undertakings, agreements, representations and conditions.

7. Event of Default

7.1 Any of the following is deemed as an Event of Default:

7.1.1 Any representation or warranty of the Pledgors under Article 5 of this Agreement is substantially misleading or incorrect, and/or the Pledgors breach any of their representations and warranties under Article 5 of this Agreement;

7.1.2 The Pledgors breach their covenants under Article 6 hereof;

7.1.3 The Pledgors breach any provision hereof;

7.1.4 Except as agreed in Article 6.1.1 hereof, the Pledgors waive the pledged Equity Interests or transfer the pledged Equity Interests without the written consent from the Pledgee;

7.1.5 Any external borrowings, guaranty, indemnification, undertakings or any other repayment liabilities of the Pledgors (1) is required to be repaid or performed early due to their default; or (2) has been due but not yet been repaid or performed, which makes the Pledgee believe that the ability of the Pledgors to perform their obligations under this Agreement has been impaired;

7.1.6 The Pledgors fail to repay general debts or other liabilities;

7.1.7 This Agreement is deemed to be illegal or the Pledgors are unable to continue to perform its obligations hereunder due to promulgation of relevant laws;

7.1.8 Any consent, permit, approval or authorization from the competent authorities necessary for making this Agreement enforceable, legal or valid is revoked, suspended, invalidated or materially amended;

7.1.9 Adverse changes occur with respect to the assets owned by the Pledgors, which makes the Pledgee believe that the ability of the Pledgors to perform their obligations under this Agreement has been impaired; and

7.1.10 Other circumstances occur which make the Pledgee unable to exercise or dispose of the Pledge Right as provided under the relevant laws.

7.2 In the event that the Pledgors are aware of or discover that any issue described in the above Article 7.1 or any other issue which may cause the occurrence of such mentioned issues has occurred, the Pledgors shall give a prompt written notice to the Pledgee.

7.3 Unless the Event of Default specified in above Article 7.1 has been resolved to the satisfaction of the Pledgee, the Pledgee may serve a written Notice of Default to the Pledgors immediately following or at any time after the occurrence of the Event of Default, to require the Pledgors to immediately pay all the due and outstanding amounts and other amounts payable under the Services Agreement or dispose of the Pledge Right in accordance with Article 8 hereof.

8. Exercise of Pledge Right

8.1 Prior to the full payment of the Consulting Service Fees under the Service Agreement, the Pledgors shall not transfer the Pledge Right without the written consent of the Pledgee.

8.2 In exercising the Pledge Right, the Pledgee shall issue a Notice of Default to the Pledgors.

8.3 Subject to Article 7.3 hereof, the Pledgee may exercise the right to dispose of the Pledge Right at the same time of or at any time after the service of the Notice of Default pursuant to Article 7.3.

8.4 The Pledgee has the right to sell at a discount all or part of the Equity Interests hereunder in accordance with legal procedures or has the priority to receive the proceeds arising from auction of or selling off the Equity Interests, until all the outstanding Consulting Service Fees and such other payable amounts under the Service Agreement have been paid in full.

8.5 When the Pledgee is disposing of the Pledge Right in accordance with this Agreement, the Pledgors should not create any obstacle, and shall provide any necessary assistance, to help the Pledgee realize the Pledge Right.

9. Transfer

9.1 Unless with the prior consent from the Pledgee, the Pledgor has no right to grant or transfer any of its rights and obligations hereunder.

9.2 This Agreement shall be binding upon the Pledgors and their respective successors, as well as on the Pledgee and each of its successors and assigns.

9.3 The Pledgee may transfer all or any of its rights or obligations under the Service Agreement to any designated person (natural/legal person) at any time. Under this circumstance, the assignee shall have the same rights and obligations as the Pledgee under this Agreement, as if such rights and obligations were granted to it as a party to this Agreement. When transferring the rights and obligations under the Services Agreement, the Pledgors shall sign any and all related agreements and/or documents with respect to such transfer as required by the Pledgee.

9.4 With the change of pledgee due to the transfer, all the parties to the new pledge shall enter into a new pledge agreement.

10. Termination

This Agreement shall terminate after the Consulting Service Fees under the Service Agreement are repaid in full and the aBitCool BJ no longer assumes any liability under the Service Agreement. The Pledgee shall cancel this Agreement as soon as possible within a reasonable period.

11. Processing Fee and Other Costs

11.1 All fees and actual costs related to this Agreement, including not limited to legal fees, processing fee, stamp duty and all the other related taxes and expenses shall be borne by the Pledgors. If related taxes should be borne by the Pledgee as provided under relevant laws, then the Pledgors shall fully indemnify the Pledgee for all the taxes paid by the Pledgee.

11.2 If the Pledgors fail to pay any taxes and expenses payable by them in accordance with this Agreement, or the Pledgee claims for compensation through any channel or in any way for any other reason, the Pledgors shall undertake all expenses arising therefrom (including but not limited to various taxes, processing charges, administrative fees, legal costs, lawyer’s fees and insurance premiums for disposal of the Pledge Right).

12. Force Majeure

12.1 In the event that the performance of this Agreement is delayed or interrupted due to any Force Majeure Event, the affected Party shall be excused from any liability to the extent of the delayed or interrupted performance. “Force Majeure Event” shall mean any event beyond the reasonable controls of the Party so affected, which are unavoidable even if the affected Party takes a reasonable care, including but not limited to governmental acts, Act of God, fires, explosion, storms, floods, earthquakes, morning and evening tides, lightning or wars. However, any shortage of credits, funding or financing shall not be deemed as the events beyond reasonable controls of the affected Party. The affected Party who wants to be exempted from liability under the Agreement or any clause hereof shall forthwith inform the other Party of the details concerning the exemption of liabilities and the steps that need to be taken to complete discharging such liabilities.

12.2 The affected Party will not need to be held responsible, but may be excused from any liability to the extent of the delayed or interrupted performance only after the affected Party have made reasonable efforts to try to perform this Agreement. The Parties shall use their best efforts to recover the performance of this Agreement once the reason for such exemption from liability is eliminated.

13. Dispute Resolution

13.1 This Agreement shall be governed by and construed in accordance with the PRC laws.

13.2 The parties hereto shall strive to settle any dispute arising from the interpretation or performance of the terms under this Agreement through friendly consultation in good faith. In case no settlement can be reached through consultation, either Party may submit such dispute to China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective rules. The arbitration shall take place in Beijing. The arbitration proceedings shall be conducted in Chinese. The arbitration award shall be final and binding upon both Parties.

14. Notices

14.1 Notices sent for the performance of the rights and obligations hereunder shall be sent by both Parties hereto in writing. If a notice is sent by personal delivery, the date of service shall be the date of actual delivery; if a notice is sent by telegraph or fax, the date of service shall be the date of transmission. If the date of delivery is not a business day or a notice is delivered after business hours of a day, the business day immediately following such date of delivery shall be deemed as the date of service. The notices shall be delivered to the addresses of the parties specified first written above herein or any other addresses notified by the parties in writing (by fax or telegraph) thereafter.

15. Exhibits

15.1 The Exhibits hereto are an integral part of this Agreement.

16. Effectiveness

16.1 This Agreement and any amendment, supplement or modification hereto shall be executed in writing and take effect upon affixing of signatures and seals by both Parties.

16.2 This Agreement shall be written in Chinese and executed in two originals.

Pledgee: /s/ Abitcool (China) Broadband Inc.

Pledgors: Sheng Chen, Jun Zhang

/s/ Sheng Chen, /s/ Jun Zhang ____(Signature)

Exhibits:

1. Shareholders' Register of aBitCool BJ;
2. Capital Contribution Certificate on the Establishment of aBitCool BJ;
3. Exclusive Technical Consulting and Service Agreement

Exhibit 4.27

Power of Attorney

The undersigned, , a citizen of the People's Republic of China (the "PRC") with ID Card No. and a holder of % of the equity interests of aBitcool Small Micro Network Technology (BJ) Co., Ltd. (the "Target Company") (my "Equity Interests"), hereby irrevocably authorizes Abitcool (China) Broadband Inc. (the "WFOE") to exercise the following rights in respect of my Equity Interests during the term of this Power of Attorney:

The WFOE is hereby authorized to exercise on my behalf as my sole and exclusive agent the rights in respect of my Equity Interests, including without limitation: 1) to attend shareholders' meetings of the Target Company; 2) to exercise all my rights and voting rights as a shareholder of the Target Company according to laws and the articles of association of the Target Company, including without limitation the rights to sell, transfer, pledge or dispose of all or any part of my Equity Interests; and 3) to designate and appoint, as my authorized representative, the legal representative (chairperson), director, supervisor, general manager and any other senior management of the Target Company.

Any and all actions associated with my Equity Interests made by the WFOE will be deemed as my action, and any and all documents relating to my Equity Interests executed by the WFOE shall be deemed to be executed and acknowledged by me.

The WFOE may delegate this Power of Attorney by assigning its rights relating to the conduct of the aforesaid matters to any other person or entity at its own discretion without prior notice to or consent from me.

Throughout the term hereof, this Power of Attorney shall be irrevocable and effective as of the date hereof.

During the term of this Power of Attorney, I hereby waive all of the rights that have been authorized to the WFOE and will not exercise any such right by myself.

Signature:

July 1, 2014

Exhibit 4.28

Power of Attorney

Abitcool (China) Broadband Inc. (the "Company") holds 100% voting rights of aBitcool Small Micro Network Technology (BJ) Co., Ltd. (the "Target Company") (the "Voting Rights of the Target Company").

With respect to the Voting Rights of the Target Company, the Company hereby irrevocably authorizes aBitCool Broadband Inc. (a limited liability company duly incorporated and existing under the laws of the British Virgin Islands, with its registered address at Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands ("BVI") to exercise the following rights during the term of this Power of Attorney:

BVI is hereby authorized to exercise on behalf of the Company as its sole and exclusive agent the rights in respect of the Voting Rights of the Target Company, including without limitation: 1) to attend shareholders' meetings of the Target Company; 2) to exercise all rights of the Company as a shareholder of the Target Company according to laws and the articles of association of the Target Company; and 3) to designate and appoint, as the authorized representative of the Company, the legal representative (chairperson), director, supervisor, general manager and any other senior management of the Target Company.

Any and all actions associated with the Voting Rights of the Target Company made by BVI will be deemed as the action of the Company, and any and all documents relating to the Voting Rights of the Target Company executed by BVI shall be deemed to be executed and acknowledged by the Company.

BVI may delegate this Power of Attorney by assigning its rights relating to the conduct of the aforesaid matters to any other person or entity at its own discretion without prior notice to or consent from the Company.

Throughout the term of this Power of Attorney, this Power of Attorney shall be irrevocable and continuously valid from the date of execution of this Power of Attorney.

During the term of this Power of Attorney, the Company hereby waives all of the rights that have been authorized to BVI and will not exercise any such right by itself.

/s/ Abitcool (China) Broadband Inc.

July 1, 2014

Exhibit 4.29

Exclusive Technical Consulting and Service Agreement

This Exclusive Technical Consulting and Service Agreement (hereinafter referred to as this "Agreement") is concluded in Beijing on July 1, 2014 by and between:

Party A: Abitcool (China) Broadband Inc.

Registered address: 3/F, Economic Trade Building, No. 2 Zhongxing Road South, Hongmei Town, Dongguan

Party B: aBitcool Small Micro Network Technology (BJ) Co., Ltd.

Registered address: Rooms 1501-227, 15/F, Building 1, Yard A8, Guanghua Road, Chaoyang District, Beijing

Whereas:

(1) Party A is a wholly foreign-owned enterprise duly incorporated in the People's Republic of China (hereinafter referred to as the "PRC" or "China"), which has technical consulting and service resources;

(2) Party B is a domestic company registered in China, which engages in technical promotion services, computer system services, sale of electronic products, computers, software and auxiliary equipment.

(3) Party A agrees to provide Party B with technical consulting and relevant services, and Party B agrees to receive the technical consulting and services provided by Party A.

Therefore, upon negotiations, both Parties agree as follows:

1. Technical Consulting and Services; Sole and Exclusive Rights and Interests

1.1 During the term of this Agreement, Party A agrees to provide Party B with relevant technical consulting and services (see details in Exhibit 1 attached hereto) as Party B's consulting and services provider subject to the terms and conditions hereof. Party A further agrees that during the term of this Agreement, it will not provide any third party with technical consulting and services with respect to the foregoing business, unless with prior written consent from Party B.

1.2 Party B agrees to accept the technical consulting and services provided by Party A. Party B further agrees that during the term hereof, it will not accept the technical consulting and services with respect to the foregoing business operations from any third party, unless with prior written consent from Party A.

1.3 Any and all rights, ownership, interests and intellectual property rights arising from the performance of this Agreement, including without limitation, copyrights, patents, technical secrets, trade secrets and others, whether is developed by Party A or by Party B based on the intellectual property owned by Party A, will be solely and exclusively owned by Party A.

2. Calculation and Payment of Technical Consulting and Service Fees ("Consulting Service Fees")

Both parties agree to determine and pay the Consulting Service Fees hereunder according to the method specified in Exhibit 2.

3. Representations and Warranties

3.1 Party A hereby represents and warrants that:

3.2.1 it is a company duly incorporated and validly existing under the laws of the PRC;

3.2.2 its execution and performance of this Agreement are within the scope of its corporate power and business; it has taken necessary corporate actions and obtained appropriate authorization

and necessary consents and approvals from third parties and government authorities, and the execution of this Agreement will not constitute a breach of any law or contract which has binding or other effect upon it; and

3.2.3 this Agreement, once executed, constitutes its legal, valid and binding obligation, and is enforceable against it pursuant to its terms.

3.2 Party B hereby represents and warrants that:

3.2.1 it is a company duly incorporated and validly existing under the laws of the PRC, and engages in technical promotion services, computer system services, sale of electronic products, computers, software and auxiliary equipment.

3.2.2 its execution and performance of this Agreement are within the scope of its corporate power and business; it has taken necessary corporate actions and obtained appropriate authorization and necessary consents and approvals from third parties and government authorities, and the execution of this Agreement will not constitute a breach of any law or contract which has binding or other effect upon it; and

3.2.3 this Agreement, once executed, constitutes its legal, valid and binding obligation, and is enforceable against it pursuant to its terms.

4. Confidentiality

4.1 Party B agrees to take reasonably best efforts to keep in confidence Party A's confidential information and materials ("Confidential Information") that it may be aware of or have access to in connection with its acceptance of Party A's exclusive consulting and services. Without prior written consent from Party A, Party B shall not disclose, offer or transfer any Confidential Information to any third party. If this Agreement terminates and upon Party A's request, Party B shall return to Party A or destroy all of the documents, materials or software containing Confidential Information, and shall delete any Confidential Information from all relevant memory devices and cease to use any Confidential Information.

4.2 Both parties agree that this Article 4 will survive any change, termination or expiration of this Agreement.

5. Compensations

Party B shall indemnify and hold Party A harmless from and against any losses, damage, obligations and expenses incurred or arising from the contents of the technical consulting and services that Party B requires Party A to provide, or resulting from any litigations, claims or other requests filed against Party A.

6. Effectiveness and Term

6.1 This Agreement shall take effect as of the date first written above. The term of this Agreement shall be ten (10) years unless it is early terminated in accordance with relevant provisions of this Agreement or any other agreement separately entered into by and between the Parties.

6.2 This Agreement may be extended upon Party A's written confirmation prior to the expiration of this Agreement and the extended term shall be agreed between the Parties upon consultation.

7. Termination

7.1 **Termination upon expiry** This Agreement shall terminate upon its expiration date, unless it is renewed pursuant to relevant clauses hereof.

7.2 **Early termination** During the term hereof, in no event shall Party B terminate this Agreement earlier, unless Party A commits gross negligence, fraud or other illegal action, or goes bankrupt. Notwithstanding

the foregoing, Party A shall have the right to terminate this Agreement at any time by issuing a thirty (30) days' prior written notice to Party B.

7.3 **Survival** After the termination of this Agreement, the respective rights and obligations of the Parties under Articles 4 and 5 shall nonetheless remain valid.

8. Resolution of Disputes

The parties hereto shall strive to settle any dispute arising from the interpretation or performance of the terms under this Agreement through friendly consultation in good faith. In case no settlement can be reached through consultation, either Party may submit such dispute to China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective rules. The arbitration shall take place in Beijing. The arbitration proceedings shall be conducted in Chinese. The arbitration award shall be final and binding upon both Parties.

9. Force Majeure

9.1 "Force Majeure Event" shall mean any event beyond the reasonable controls of the Party so affected, which are unavoidable even if the affected Party takes a reasonable care, including but not limited to governmental acts, Act of God, fires, explosions, storms, floods, earthquakes, morning and evening tides, lightning or wars. However, any shortage of credits, funding or financing shall not be deemed as the events beyond reasonable controls of the affected Party. The affected Party shall forthwith inform the other Party of the details concerning the exemption of liabilities and the steps that need to be taken to complete discharging such liabilities.

9.2 In the event that the performance of this Agreement is delayed or interrupted due to the said Force Majeure Event, the affected Party shall be excused from any liability to the extent of the delayed or interrupted performance. The affected Party shall take appropriate measures to minimize or eliminate the adverse impacts therefrom and strive to resume the performance of this Agreement so delayed or interrupted. The Parties agree to use their best efforts to recover the performance of this Agreement once the said Force Majeure Event disappears.

10. Notices

Notices or other communications required to be given by any Party pursuant to this Agreement shall be written in Chinese and English and delivered personally or sent by registered mail, postage prepaid mail, recognized express delivery or facsimile transmission to the addresses of the other Parties set forth below.

If to Party A: Abitcool (China) Broadband Inc.

Address: 3/F, Economic Trade Building, No. 2 Zhongxing Road South, Hongmei Town, Dongguan

If to Party B: aBitcool Small Micro Network Technology (BJ) Co., Ltd.

Address: Rooms 1501-227, 15/F, Building 1, Yard A8, Guanghua Road, Chaoyang District, Beijing

11. Assignment

Party B shall not assign its rights and obligations under this Agreement to any third party without prior written consent of Party A.

12. Severability

If any provision of this Agreement is held void, invalid or unenforceable due to its inconsistency with relevant laws, it shall be void and invalid only to the extent governed by such relevant laws and the validity of other provisions hereof shall not be affected.

13. Amendment and Supplement to Agreement

Any amendment and supplement to this Agreement shall be made in writing by the Parties. Any agreements on such amendment and supplement duly executed by both Parties shall be deemed as a part of this Agreement and shall have the same legal effect as this Agreement.

14. Governing Law

This Agreement shall be governed by and construed in accordance with the PRC laws.

IN WITNESS THEREOF, each Party hereto has caused this Agreement duly executed by their respective authorized representative as of the date first written above.

Party A: /s/ Abitcool (China) Broadband Inc.

Party B: /s/ aBitcool Small Micro Network Technology (BJ) Co., Ltd.

Exhibit 1: List of Technical Consulting and Services

Party A will provide Party B with the following technical consulting and services:

1. maintenance of machine room, network and software.
2. provision and maintenance of office network conditions.
3. overall security services of the system.
4. overall architectural design and implementation of system network, including the installation of server system, and round-the-clock routine maintenance.

Exhibit 2: Calculation and Payment of Technical Consulting and Services Fee

1. The service fees shall be calculated and paid as per RMB 1,000/hour, which may be adjusted by Party A at any time at its sole discretion.

2. The service fees shall be paid on a monthly basis. Every month, Party B shall pay the service fees to the account designated by Party A within 5 days after examining and verifying the invoice issued and provided by Party A.

Exhibit 4.30

Exclusive Services Agreement

This Exclusive Services Agreement (this "Agreement") is concluded in Beijing on July 1, 2014 by and between:

Party A: Abitcool (China) Broadband Inc.
Registered address: 3/F, Economic Trade Building, No. 2 Zhongxing Road South, Hongmei Town, Dongguan

Party B: aBitcool Small Micro Network Technology (BJ) Co., Ltd.
Registered address: Rooms 1501-227, 15/F, Building 1, Yard A8, Guanghua Road, Chaoyang District, Beijing

Upon equal and voluntary negotiation, both Parties reach a consensus on the provision of Internet technical services and management consulting services under the Exclusive Technical Consulting and Service Agreement entered into by and between Party A and Party B on July 1, 2014, and hereby agree as follows:

1. During the term of this Agreement, Party A shall provide Party B with, and Party B agrees to receive from Party A, the management consulting and Internet technical services.

2. During the term of this Agreement, without the prior consent of Party A, Party B shall not seek any entity or individual other than Party A to provide management consulting and Internet technologies or such other similar services.

3. Service fees shall be calculated and paid as per RMB1,000/hour, which may be adjusted by Party A at any time at its sole discretion and decision. Service fees shall be paid on a monthly basis. Every month, Party B shall pay the Service Fees within 5 days after examining and verifying the invoice issued and provided by Party A.

4. All intellectual property rights generated in Party A providing services hereunder shall belong to Party A; provided, however, that if compulsory legal provisions have provided otherwise, such compulsory legal provisions shall apply with respect to the determination of the ownership of the intellectual property rights.

5. The Parties shall each ensure that they have all rights, qualifications and capacity necessary for negotiation, execution and performance of this Agreement.

6. The Parties shall each keep confidential the confidential information obtained from the other signing party in the process of negotiation, execution and performance of this Agreement.

7. This Agreement shall terminate when a new agreement has been entered into between the Parties in connection with service matters set out hereunder.

8. This Agreement shall be executed in two counterparts, with each party holding one copy.

Party A: /s/ Abitcool (China) Broadband Inc.

Party B: /s/ aBitcool Small Micro Network Technology (BJ) Co., Ltd.

Exclusive Call Option Agreement

by and among

aBitCool Broadband Inc.

Sheng Chen

Jun Zhang

and

aBitcool Small Micro Network Technology (BJ) Co., Ltd.

July 1, 2014

Exclusive Call Option Agreement

The Exclusive Call Option Agreement (the "Agreement") is concluded by and among the following parties on July 1, 2014:

(1) aBitCool Broadband Inc., a limited liability company duly established and existing under the laws of British Virgin Islands, with its registered address at Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands ("BVI") ("Party A");

(2) Sheng Chen, a citizen of the People's Republic of China (the "PRC" or "China"), holding a PRC identity card (identity card No.: 110108196807271450), with the address at Room 1502, Unit 2, Building 4, Shangdijiayuan, Haidian District, Beijing ("Party B1");

(3) Jun Zhang, a PRC citizen, holding a PRC identity card (identity card No.: 110108196803261474), and with the address at No. 35, Apartment 2, Tsinghua University, Haidian District, Beijing ("Party B2"); and

(4) aBitcool Small Micro Network Technology (BJ) Co., Ltd. , a limited liability company duly established and existing under the PRC laws, with its registered address at Room 1501-227, 15/F, Building 1, Yard A8, Guanghua Road, Chaoyang District, Beijing ("Party C").

In this Agreement:

1. Party B1 and Party B2 are collectively referred to as Party B;

2. Party A, Party B and Party C are referred to individually as a "Party" and collectively as the "Parties."

Whereas:

1. Party B holds 100% equity interests of Party C (95% by Sheng Chen and 5% by Jun Zhang);

2. Party C and a wholly-owned subsidiary of an affiliated company of Party A, Abitcool (China) Broadband Inc., have entered into a series of agreements including Exclusive Technical Service Agreement.

Now, the Parties agree as follows upon negotiation:

1. Purchase and Sale of Equity Interests

1.1 Grant of Rights

Party B hereby irrevocably grants an irrevocable exclusive right to Party A to purchase all or part of the equity interests in Party C at any time, at the price specified in Article 1.3 of this Agreement in accordance with the procedures determined by Party A at its own discretion and to the extent permitted by the PRC laws (the "Call Option"). No party other than Party A and its designated person (the "Designated Person") may have the Call Option. Party C hereby agrees Party B to grant the Call Option to Party A. For purpose of this Section 1.1 and this Agreement, "person" means any individual, corporation, joint venture, partnership, enterprise, trust or non-corporation organization.

1.2 Procedures

Party A may exercise the Call Option subject to its compliance with the PRC laws and regulations. In exercising the Call Option, Party A shall issue a written notice (the "Equity Interest Purchase Notice") to Party B which notice will specify: (a) Party A's decision to exercise the Call Option; (b) the percentage of equity interest to be purchased from Party B (the "Purchased Equity Interest"); (c) the date of purchase/equity interest transfer.

1.3 Equity Purchase Price

Unless any laws require an appraisal, the purchase price of the Purchased Equity Interest (the “Equity Purchase Price”) shall be RMB1 million.

1.4 Transfer of the Purchased Equity Interest

Each time Party A exercises the Call Option:

(a) Party B shall cause Party C to promptly convene a shareholders’ meeting, during which a resolution shall be adopted to approve transfer of the equity interest to Party A and/or its Designated Person by Party B;

(b) Party B shall enter into an equity interest transfer agreement with Party A (or its Designated Person, when applicable) pursuant to the terms and conditions of this Agreement and the Equity Interest Purchase Notice;

(c) The relevant Parties shall execute all other contracts, agreements or documents, obtain all governmental approvals and consents, and conduct all actions that are necessary to transfer the effective ownership of the Purchased Equity Interest to Party A and/or the Designated Person free from any security interest and cause Party A and/or the Designated Person to be registered as the owner of the Purchased Equity Interest. For the purpose of this paragraph and this Agreement, “Security Interest” includes guarantees, mortgages, third-party rights or interests, any call option, right of acquisition, right of first refusal, right of set-off, ownership detainment or other security arrangements, but for the avoidance of doubts, excludes any security interest arising from this Agreement or Party B’s Equity Pledge Agreement. Party B’s Equity Pledge Agreement provided in this paragraph and this Agreement shall mean the equity pledge agreement by and between Abitcool (China) Broadband Inc. and Party B on the date hereof, pursuant to which Party B shall pledge all its equity interests in Party C to Abitcool (China) Broadband Inc. to provide security for Party C’s performance of its obligations under the exlusive technical consulting and services agreement by and between Party C and Abitcool (China) Broadband Inc.

1.5. Payment

Party A shall pay the Equity Purchase Price to the account designated by Party B within 5 days after Party A exercises the Call Option.

2. Covenants regarding the Equity Interest

2.1 Covenants of Party C

Party C hereby undertakes that:

(a) without prior written consent of Party A, it will not supplement, change or amend its constitutional documents, increase or decrease its registered capital, or otherwise change its registered capital structure;

(b) it will maintain its due existence, prudently and effectively operate its business and handle its affairs in accordance with fair financial and business standards and practices;

(c) without prior written consent of Party A and at any time as of the date of this Agreement, it will not sell, transfer, mortgage or otherwise dispose of any legal or beneficial interest of its assets, businesses or income, or permit creation of such other security interest thereon;

(d) without prior written consent of Party A, it will not incur, inherit, guarantee or allow the existence of any debt, except for (i) any debt incurred during its ordinary course of business rather than from borrowing; and (ii) any debt which has been disclosed to and obtained the written consent from Party A;

(e) it will at all times conduct business operations in the ordinary course to maintain its asset value, and refrain from any action/omission that may adversely affect its business operations and asset value;

(f) without prior written consent of Party A, it will not enter into any material agreement other than those executed in its ordinary course of business (for purpose of this paragraph, a material agreement means any agreement with a contact value exceeding RMB 5 million);

(g) without prior written consent of Party A, it will not provide any loan or credit to any person;

(h) upon Party A's request, it will provide Party A with all information regarding its operations and financial conditions;

(i) it will buy and maintain requisite insurance policies from an insurer acceptable to Party A, the amount and type of which will be the same with those maintained by the companies having similar operations, properties or assets in the same region;

(j) it will immediately notify Party A of any actual or potential litigation, arbitration or administrative proceeding regarding its assets, business and income; and

(k) in order to maintain its ownership of all its assets, it will execute all requisite or appropriate documents, conduct all requisite or appropriate actions, and make all requisite or appropriate claims, or make requisite or appropriate defense against all claims.

2.2 Covenants of Party B

Party B hereby undertakes that:

(a) without prior written consent of Party A and at any time as of the date of this Agreement, it will not sell, transfer, mortgage or otherwise dispose of any legal or beneficial interest of any equity interest, or permit creation of such other security interest thereon, except for the pledge created upon Party C's equity interests held by Party B pursuant to Party B's Equity Pledge Agreement;

(b) it will procure that without prior written consent of Party A, the shareholders appointed by it will not approve Party C to sell, transfer, pledge or otherwise dispose any legal or beneficial interest of the equity interests held by it in Party C, or allow other security interests to be created on it, except for the pledge created upon Party C's equity interests held by Party B pursuant to Party B's Equity Pledge Agreement;

(c) it will procure that without prior written consent of Party A, the shareholders appointed by it will not approve Party C's merger, consolidation with, purchase of or investment in any person;

(d) it will immediately notify Party A of any actual or potential litigation, arbitration or administrative proceeding regarding the equity interests owned by it;

(e) it will cause Party C's shareholders' meeting to vote for the transfer of the Purchased Equity Interest provided hereunder;

(f) in order to maintain its ownership of the equity interests owned by it, it will execute all requisite or appropriate documents, conduct all requisite or appropriate actions, and make all requisite or appropriate claims, or make requisite or appropriate defense against all claims;

(g) at the request of Party A at any time, it will transfer unconditionally and immediately the equity interests owned by it to Party A's designated person; and

(h) it will strictly comply with the provisions of this Agreement and other agreements jointly or severally executed by any of the Parties, duly perform all obligations under such agreements, and refrain from any act or omission that suffices to affect the validity and enforceability of these agreements.

3. Representations and Warranties

Representations and warranties of Party B and Party C

Each of Party B and Party C represents and warrants, jointly and severally, to Party A that as of the date of this Agreement and as of each date of equity interest transfer:

(a) it has the rights and powers to execute and deliver this Agreement and any equity interest transfer agreement (each a "Transfer Agreement") executed pursuant to this Agreement for each transfer of the Purchased Equity Interest contemplated hereunder to which it is a party, and perform its obligations under this Agreement and any Transfer Agreement. Once executed, this Agreement and each of the Transfer Agreements to which it is a party will constitute its legal, valid and binding obligation and may be enforceable against it according to the terms hereof and thereof;

(b) neither its execution and delivery of this Agreement or any Transfer Agreement, nor its performance of the obligations hereunder or thereunder will: (i) result in a breach of any applicable PRC laws; (ii) conflict with its articles of association or any other organizational documents; (iii) result in a breach of, or constitute a default under, any agreement or instrument to which it is a party or by which it is bound; (iv) result in a breach of any conditions on which the grant and/or continued effect of any of its permits or approvals is based; or (v) result in the suspension, cancellation or imposition of additional conditions on any of the permits or approvals issued to it;

(c) Party B has good and salable ownership of and creates no security interest upon any of such assets;

(d) Party C has no outstanding debt, except for those (i) incurred during its ordinary course of business, and (ii) already disclosed to and approved in writing by Party A;

(e) Party C is in compliance with all laws and regulations applicable to asset purchase; and

(f) there are currently no existing, pending or potential litigations, arbitrations or administrative procedures relating to the equity interests, Party C's assets or the company.

4. Effectiveness Date

This Agreement shall be effective as of the date of its execution, and terminate when Party A acquires the entire equity interests held by Party B in Party C to the extent permissible by the PRC laws.

5. Governing Law and Resolution of Disputes

5.1 Governing Law

9.1 The formation, validity, performance and interpretation of this Agreement and the resolution of the disputes arising hereunder shall be governed by the PRC laws.

5.2. Resolution of Disputes

The Parties shall first strive to resolve any dispute arising from the interpretation and performance of this Agreement through friendly consultation. In case no settlement can be reached through consultation within thirty (30) days after the request for consultation is made by any Party to the other, any Party may submit such dispute to China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.

6. Taxes and Fees

Each Party shall bear any and all taxes, costs and expenses related to transfer and registration as required by the PRC laws incurred by or imposed on such Party arising from the preparation and execution of this Agreement and each of the Transfer Agreements, and the consummation of the transactions contemplated hereunder and thereunder.

7. Notices

Notices or other communications required to be given by any Party or the company pursuant to this Agreement shall be written in Chinese and delivered personally or sent by mail or facsimile transmission to the addresses of the other Parties set forth below or other designated addresses notified by such other Parties to such Party from time to time. A notice is deemed to be duly served: (a) on the date of delivery, if sent by personal delivery; (b) on the tenth (10th) day after the date when the air registered mail with postage prepaid has been sent out (as is shown on the postmark), or the fourth (4th) day after submitted to an internationally recognized courier service agency; and (c) upon the receipt time as is shown on the transmission confirmation of relevant documents.

Party A

Address: M5, 1 Jiuxianqiao East Road, Chaoyang District, Beijing, 100016

Party B

Address: 3F, M5, 1 Jiuxianqiao East Road, Chaoyang District, Beijing, 100016

Party C

Address: Room 1501-227, 15/F, Building 1, Yard A8, Guanghua Road, Chaoyang District, Beijing

8. Confidentiality Responsibilities

All Parties acknowledge and confirm that any oral or written materials exchanged by and between the Parties in connection with this Agreement are confidential. All Parties shall keep in confidence all such information and not disclose it to any third party without prior written consent from the other Parties unless: (a) such information is known or will be known by the public (except by disclosure of the receiving party without authorization); (b) such information is required to be disclosed in accordance with applicable laws or regulations or rules of stock exchange; or (c) if any information is required to be disclosed by any party to its legal or financial advisor for the purpose of the transaction of this Agreement, provided that such legal or financial advisor shall also comply with the confidentiality obligation similar to that stated hereof. Any disclosure by any employee or agency engaged by any Party shall be deemed the disclosure of such Party and such Party shall assume the liabilities for its breach of contract pursuant to this Agreement. This Article shall survive the termination of this Agreement for any reason whatsoever.

9. Further Assurances

The Parties agree to promptly sign any document and take any further action reasonably necessary or advisable for the implementation of all provisions and purposes hereof.

10. Miscellaneous

10.1 Revision, amendment and supplementation

The Parties shall sign a written agreement for the revision, amendment or supplementation of the Agreement.

10.2 Compliance with Laws and Regulations

The Parties shall comply with and guarantee that their business operations are in full compliance with all the PRC laws and regulations officially promulgated and publicly available.

10.3 Entire agreement

Except the written revision, supplements or amendments made after the execution of this Agreement, this Agreement and Appendix 1 hereto constitute an entire agreement entered into by the Parties with respect to the

subject matter hereof, and supersede all prior oral or written negotiations, representations and agreements reached with respect to the subject matter hereof.

10.4 Headings

The headings hereof are for convenience only, and shall not be used to interpret, explain or otherwise affect the meanings of the provisions hereof.

10.5 Language

This Agreement shall be written in Chinese and executed in four counterparts.

In witness whereof, the Parties have caused this Agreement to be executed by their respective authorized representatives as of the date first written above.

Party A: aBitcool Broadband Inc.

By: /s/ Sheng Chen
Name: Sheng Chen
Title: Director

Party B: Sheng Chen, Jun Zhang

By: /s/ Sheng Chen, /s/ Jun Zhang

Party C: /s/ aBitcool Small Micro Network Technology (BJ) Co., Ltd.

Exhibit 4.32

Letter of Commitment

To aBitCool Broadband Inc.,

With the view to expedite the business development of aBitcool Small Micro Network Technology (BJ) Co., Ltd. (the "Target Company"), the undersigned hereby make the following commitments:

1. Since the establishment of the Target Company, the Target Company has not distributed any dividends or made other forms of asset distribution to Sheng Chen or Jun Zhang.
2. If the Target Company distributes any dividends or makes other forms of asset distribution to Sheng Chen and Jun Zhang in the future, Sheng Chen and Jun Zhang will transfer, for free of charge, relevant amount received by them to aBitCool Broadband Inc. or any company designated by it within five working days after receiving such amount.

Undertaking Party:

/s/ Chen Sheng

/s/ Zhang Jun

/s/ aBitcool Small Micro Network Technology (BJ) Co., Ltd.

July 1, 2014

FISCAL AGENCY AGREEMENT

JUNE 24, 2014

21VIANET GROUP, INC.
as Issuer

and

CITICORP INTERNATIONAL LIMITED
as Fiscal Agent, Transfer Agent, CMU Lodging and Paying Agent and Registrar

relating to
CNY2,000,000,000 6.875% Bonds due 2017

ALLEN & OVERY

Allen & Overy

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THIS FISCAL AGENCY AGREEMENT is made on June 24, 2014

BETWEEN:

(1) **21VIANET GROUP, INC.** (the **Issuer);** and

(2) **CITICORP INTERNATIONAL LIMITED** as Fiscal Agent, Transfer Agent, CMU Lodging and Paying Agent and Registrar;

The Issuer proposes to issue CNY2,000,000,000 principal amount of Bonds to be known as its 6.875% Bonds due 2017.

IT IS AGREED as follows:

1. INTERPRETATION

1.1 Definitions

Terms defined in the Conditions (as defined below) have the same meaning in this Agreement (except where otherwise defined in this Agreement) and except where the context requires otherwise:

Agents means the Fiscal Agent, the Registrar, the CMU Lodging and Paying Agent and the Transfer Agents or any of them and shall include such other Agent or Agents as may be appointed from time to time hereunder and, except in Clause 17, references to Agents are to them acting solely through their specified offices;

Bonds means the CNY2,000,000,000 6.875% Bonds due 2017 of the Issuer, which expression shall, if the context so admits, include the Global Certificates representing the Bonds;

Business Day means (a) if the Bonds are lodged with the CMU, a day (other than Saturdays and Sundays) on which the CMU Service is operating; and (b) on which commercial banks in Hong Kong are open for business and settle Renminbi payments;

Certificate means a certificate representing one or more Bonds and, save as provided in the Conditions, comprising the entire holding by a Bondholder of his Bonds and, save in the case of Global Certificates, being substantially in the form set out in Part 2 of Schedule 1;

CMU or **CMU Service** means the Central Moneymarkets Unit Service operated by the HKMA;

CMU Instrument Position Report shall have the meaning specified in the CMU Rules;

CMU Manual means the reference manual relating to the operation of the CMU Service issued by the HKMA to CMU Members, as amended from time to time;

CMU Member means any member of the CMU Service;

CMU Rules means all requirements of the CMU Service for the time being applicable to a CMU Member and includes (a) all the obligations for the time being applicable to a CMU Member under or by virtue of its membership agreement with the CMU Service and the CMU Manual; (b) all the operating procedures as set out in the CMU Manual for the time being in force in so far as such procedures are applicable to a CMU Member; and (c) any directions for the time being in force and applicable to a CMU Member given by the HKMA through any operational circulars or pursuant to any provision of its membership agreement with the HKMA or the CMU Manual;

Conditions means the terms and conditions applicable thereto which shall be substantially in the form set out in Schedule 2 as modified, with respect to any Bonds represented by a Global Certificate, by the provisions of such Global Certificate and shall be endorsed on the relevant Certificate and any reference to a particularly numbered Condition shall be construed accordingly;

Extraordinary Resolution has the meaning set out in Schedule 3;

Fiscal Agent means the fiscal agent and principal paying agent for the time being in respect of the Bonds appointed from time to time under this Agreement or an agreement supplemental to it, in its capacity as fiscal agent;

Global Certificate means a Certificate substantially in the form set out in Part 1 of Schedule 1 representing Bonds that are registered in the name of HKMA in its capacity as operator of the CMU;

HKMA means the Hong Kong Monetary Authority;

Issue Date means the date on which the Bonds have been issued;

outstanding means all the Bonds issued other than (a) those that have been redeemed in accordance with the Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Bonds to the date for such redemption and any interest payable after such date) have been duly paid to the Fiscal Agent as provided in this Agreement and remain available for payment against surrender of Certificates representing such Bonds, (c) those which have become void or in respect of which claims have become prescribed, (d) those which have been purchased and cancelled as provided in the Conditions provided that for the purposes of (i) ascertaining the right to attend and vote at any meeting of the Bondholders and (ii) the determination of how many Bonds are outstanding for the purposes of Schedule 3 those Bonds which are beneficially held by, or are held on behalf of, the Issuer or any of its Subsidiaries and not cancelled shall (unless and until ceasing to be so held) be deemed not to remain outstanding;

PRC means the People's Republic of China excluding Hong Kong, Macau and Taiwan;

Purchase Notice means a notice substantially in the form set out in Schedule 4;

Register means the register referred to in Clause;

Registrar means Citicorp International Limited as Registrar hereunder (or such other Registrar as may be appointed from time to time hereunder);

Regulations means the regulations referred to in Clause;

RTGS means the Hong Kong Real Time Gross Settlement system;

Settlement Manager means Barclays Bank PLC;

specified office means each of the offices of the Agents specified in Clause 18 herein and shall include such other office or offices as may be specified from time to time hereunder;

Subsidiary means any entity whose financial statements at any time are required by US GAAP to be fully consolidated with those of the Issuer;

Transfer Agents means the Transfer Agents referred to above and such further or other Transfer Agent or Agents as may be appointed from time to time hereunder;

US GAAP means the Generally Accepted Accounting Principles in the United States, as in effect from time to time.

1.2 Construction of Certain References

References to:

(a) **CNY** and **Renminbi** are to the lawful currency for the time being of the PRC;

(b) **US dollars** and **U.S.$** are to the lawful currency for the time being of the United States of America;

(c) other capitalised terms not defined in this Agreement are to those terms as defined in the Conditions (except where the context requires otherwise);

(d) principal and interest includes any Additional Tax Amounts payable in relation thereto under Condition;

(e) the records of CMU and/or the Alternative Clearing System (as defined below) shall be for the records of CMU and its participants and the Alternative Clearing System (as defined below), as the case may be, holds for its customers which reflects the amount of such customers' interest in the Bonds.

1.3 Headings

Headings shall be ignored in construing this Agreement.

1.4 Contracts

References in this Agreement to this Agreement or any other document are to this Agreement or those documents as amended, supplemented or replaced from time to time and include any document which amends, supplements or replaces them.

1.5 Schedules

The Schedules are part of this Agreement and have effect accordingly.

1.6 Alternative Clearing System

References in this Agreement to the CMU shall, wherever the context so permits, be deemed to include reference to any additional or alternative clearing system approved by the Issuer, the Fiscal Agent and, as applicable, the Registrar (the **Alternative Clearing System**).

2. APPOINTMENT

The Issuer appoints the Agents as its agents in respect of the Bonds in accordance with the Conditions at their respective specified offices as listed in Clause 18 herein and the Agents accept such appointments and each Agent agrees to perform the duties required of it under the Conditions and this Agreement. Except in Clause 17, references to the Agents are to them acting solely through such specified offices. Each Agent shall perform the duties required of it by the Conditions. The obligations of the Agents are several and not joint.

3. ISSUE OF BONDS

3.1 Form of the Bonds

The Bonds will initially be represented by a Global Certificate in the principal amount of CNY2,000,000,000, issued in accordance with the following provisions.

3.2 Issue and Delivery of Global Certificate

(a) The Issuer shall, on or before 12.00 noon (Hong Kong time) two Business Days prior to the Issue Date, procure the delivery to the CMU Lodging and Paying Agent (in its capacity as agent of the Registrar) of:

(i) the Global Certificate representing the Bonds, duly executed on behalf of the Issuer; and

(ii) an instruction to authenticate the Global Certificate.

(b) The Issuer shall also, on or before 12.00 noon (Hong Kong time) two Business Days prior to the Issue Date, procure the delivery to the CMU Lodging and Paying Agent, of an authorisation to lodge the Global Certificate with a sub-custodian of the CMU on its behalf.

(c) The CMU Lodging and Paying Agent shall, on or before 3.00 p.m. (Hong Kong time) one Business Day preceding the Issue Date:

(i) deliver to the HKMA a lodging agent's undertaking in substantially the form set out in Appendix F.2 to the CMU Manual, which delivery the Issuer shall specifically authorise, and in connection with which the Issuer shall specifically grant to the CMU Lodging and Paying Agent the acknowledgments and authorities referred to in Schedule 6 hereto; and

(ii) deliver to the HKMA, a lodgement slip in substantially the relevant form set out in Appendix F.1 to the CMU Manual requiring the credit on the Issue Date of the Bonds to the CMU Main Account(s) (as defined in the CMU Rules) notified to the CMU Lodging and Paying Agent by the Settlement Manager,

The CMU Lodging and Paying Agent shall immediately notify the Registrar if for any reason a Certificate is not delivered in accordance with the Issuer's instructions. Failing any such notification, the Registrar shall cause an appropriate entry to be made in the Register to reflect the issue of the Bonds to the person(s) whose name and address appears on each such Certificate on the Issue Date (if any).

3.3 Settlement

Settlement in respect of Bonds intended to be cleared through the CMU shall take effect in the following manner:

(a) the CMU Lodging and Paying Agent (unless the Fiscal Agent is to do so in its capacity as, or as agent for, the Registrar) shall, by 10.00 a.m. (Hong Kong time) one Business Day prior to the Issue Date, authenticate the duly executed Global Certificate;

(b) the CMU Lodging and Paying Agent shall not later than 3.00 p.m. (Hong Kong time) one Business Day prior to the Issue Date, lodge the Global Certificate with the sub-custodian of the CMU appointed for the purpose by the HKMA, for the credit of the purchasers' accounts with the CMU upon receipt of the subscription moneys and the Registrar shall, not later than 11.30 a.m. (Hong Kong time) on the Issue Date, record the details of HKMA, in its capacity as operator of the CMU, as the registered holder of the Global Certificate;

(c) at or around 11.30 a.m. (Hong Kong time) on the Issue Date, through the RTGS system and the "delivery versus payment" facility of the CMU, the CMU will debit the settlement account of the Settlement Manager's settlement bank for the amount of the issue proceeds and credit the settlement account of the CMU Lodging and Paying Agent's settlement bank. The CMU will effect the allotments to the Settlement Manager or persons nominated by the Settlement Manager pursuant to the instruction on the lodgement slip. The CMU Lodging and Paying Agent shall transfer the aggregate amount of the issue proceeds it receives to or to the order of the Issuer for deposit by 2.00 p.m. (Hong Kong time) on the Issue Date into the Renminbi accounts to be notified by the Issuer to the CMU Lodging and Paying Agent at least two Business Days before the Issue Date (provided that the Issuer's Renminbi account shall be maintained with a local bank in Hong Kong); and

(d) the CMU Lodging and Paying Agent shall notify the Issuer, the CMU and the Fiscal Agent forthwith if the Settlement Manager does not pay the subscription monies in respect of the Bonds.

3.4 Exchange of Interests in Global Certificate for individual Definitive Certificates

(a) In the event that the Global Certificate of the Bonds becomes exchangeable for Definitive Certificates in accordance with its terms, the Issuer will cause individual Certificates evidencing Definitive Certificates to be executed and delivered to the Registrar in sufficient quantities and authenticated by the Registrar for dispatch to the relevant Bondholders in accordance with the Conditions, Clause 3.4(c) and Schedule 5 hereto.

(b) A person having an interest in the Global Certificate will provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual Certificates evidencing Definitive Certificates; and

(c) Within three days of receipt of the documents referred to in Clause 3.4(a) and, if required, Clause 3.4(b), the Registrar shall arrange for the execution and delivery to, or upon the order of, the person or persons named in such order of an individual Definitive Certificate registered in the name or names requested by such person or persons, and shall alter the entries in the Register in respect of the Global Certificate accordingly and, upon the exchange in full of the Global Certificate, shall cancel and destroy the Global Certificate.

3.5 Signing of Certificates

The Certificates shall be signed manually or in facsimile on behalf of the Issuer by a duly authorised signatory of the Issuer. The Issuer may however adopt and use the signature of any person who at the date of signing a Certificate is a duly authorised signatory of the Issuer even if, before the Certificate is issued, he ceases for whatever reason to hold such office and the Certificates issued in such circumstances shall nevertheless represent valid and binding obligations of the Issuer. Certificates shall be printed in accordance with all applicable stock exchange requirements.

3.6 Details of Certificates Delivered

As soon as practicable after delivering any Certificate, the Fiscal Agent or the Registrar, as the case may be, shall supply to the Issuer and the other Agents all relevant details of the Certificates delivered, in such format as it shall from time to time agree with the Issuer.

3.7 Cancellation

If any Bond in respect of which information has been supplied under Clause 3.2 or 3.4 is not to be issued on a given Issue Date, the Issuer shall immediately (and, in any event, prior to the Issue Date) notify the Registrar. Upon receipt of such notice, the Registrar shall not thereafter issue or release the relevant Certificate(s) but shall cancel and, unless otherwise instructed by the Issuer, destroy them and shall not make any entry in the Register in respect of them.

3.8 Outstanding Amount

The Fiscal Agent shall, upon request from the Issuer, inform the Issuer of the aggregate principal amount of Bonds then outstanding at the time of such request.

4. PAYMENT

4.1 Payment to the CMU Lodging and Paying Agent

The Issuer will, not later than 10.00 a.m. (Hong Kong time), on each date on which any payment in respect of the Bonds becomes due, transfer to the CMU Lodging and Paying Agent such amount as may be required for the purposes of such payment. In this Clause, the date on which a payment in respect of the Bonds becomes due means the first date on which the holder of a Bond could claim the relevant payment by transfer to an account under the Conditions.

4.2 Pre-advice of Payment

The Issuer shall ensure that no later than 10.00 a.m. (Hong Kong time) on the second Business Day preceding the date on which the payment to the CMU Lodging and Paying Agent required by Clause 4.1 is to be made, the Fiscal Agent shall receive a copy of an irrevocable payment instruction from the Issuer to such bank, in any case, confirming the relevant account details, the amount and the value date for such payment.

4.3 Payment by Agents

Subject to in Clause 4.7, the CMU Lodging and Paying Agent shall, subject to and in accordance with the Conditions, pay or cause to be paid on behalf of the Issuer on and after each due date therefor the amounts due in respect of the Bonds and shall be entitled to claim any amounts so paid from the CMU Lodging and Paying Agent.

4.4 Payments on Global Certificate

For so long as the Global Certificate is lodged with the CMU:

(a) the CMU Lodging and Paying Agent shall pay any amounts of principal and interest due on the Global Certificate to the person(s) notified by the CMU to the CMU Lodging and Paying Agent as being the person(s) for whose account(s) interest(s) in that Global Certificate is credited and the Fiscal Agent shall not endorse that Global Certificate; and

(b) the records of the CMU (in the absence of manifest error) shall be conclusive evidence of the identity of the persons to whose accounts interests in the Global Certificate are credited and the principal amount(s) of the interest(s) and of the Bonds represented by that Global Certificate. Save in the case of manifest error, the CMU Lodging and Paying Agent shall be entitled to rely on any CMU Instrument Position Report or any other statement by the CMU of the identities and interests of persons credited with interests in that Global Certificate.

4.5 Notification of Non-payment

The CMU Lodging and Paying Agent shall forthwith notify by facsimile each of the other Agents and the Issuer if it has not received the amount referred to in Clause 4.1 by the time specified for its receipt, unless it is satisfied that it will receive such amount.

4.6 Payment After Late Payment

The CMU Lodging and Paying Agent shall forthwith notify by facsimile each of the other Agents and the Issuer if at any time following the giving of a notice by the CMU Lodging and Paying Agent under Clause 4.5 either any payment provided for in Clause 4.1 is made on or after its due date but otherwise in accordance with this Agreement or the CMU Lodging and Paying Agent is satisfied that it will receive such payment.

4.7 Suspension of Payment by Agents

Upon receipt of a notice from the CMU Lodging and Paying Agent under Clause 4.5, each Agent shall cease making payments in accordance with Clause 4.3 as soon as is reasonably practicable. Upon receipt of a notice from the CMU Lodging and Paying Agent under Clause 4.6, each Agent shall make, or shall recommence making, payments in accordance with Clause 4.3.

4.8 Reimbursements of Agents

The CMU Lodging and Paying Agent shall on demand as reasonably as practicable reimburse each Agent for payments in respect of the Bonds properly made by it in accordance with the Conditions and this Agreement.

4.9 Method of payment to CMU Lodging and Paying Agent

All sums payable to the CMU Lodging and Paying Agent hereunder shall be paid (a) in accordance with Clause 4.1 through the RTGS in Hong Kong in Renminbi in immediately available or same day funds to such account with such bank in Hong Kong as the CMU Lodging and Paying Agent may from time to time notify to the Issuer, such notification given at least ten calendar days prior to the relevant payment date or (b) if a Currency Fallback Notice (as defined below) has been given, in respect of such payment, in U.S. dollars and in immediately available or same day funds to such account with such bank as the CMU Lodging and Paying Agent shall notify to the Issuer as soon as reasonably practical.

4.10 Moneys held by CMU Lodging and Paying Agent

The CMU Lodging and Paying Agent may deal with moneys paid to it under this Agreement in the same manner as other moneys paid to it as a banker by its customers except that (a) it may not exercise any lien, right of set-off or similar claim in respect of them and (b) it shall not be liable to anyone for interest on any sums held by it under this Agreement. Money held by the Agents are not segregated except as required by law.

4.11 Partial Payments

If on surrender of a Certificate only part of the amount payable in respect of it is paid (except as a result of a deduction of tax permitted by the Conditions), the Agent to whom it is presented shall procure that it is enfaced with a memorandum of the amount paid and the date of payment and shall return it to the person who surrendered it. Upon making payment of only part of the amount payable in respect of any Bond, the Registrar shall make a note of the details of such payment in the Register.

4.12 Shortfall

If the CMU Lodging and Paying Agent shall make payment in respect of any of the Bonds before it has received or has been made available to its order the amount so paid, the Issuer shall from time to time on demand pay to the Fiscal Agent in addition to the amount which should have been paid hereunder, interest on such shortfall calculated on a 365 day year basis and the actual number of days elapsed and at the rate per annum which is the aggregate of 2% per annum and the rate per annum reflecting the CMU Lodging and Paying Agent's cost of funds for the time being in relation to the unpaid amount.

4.13 Currency Fallback Notice

In the event that the Issuer is not able to satisfy payment of principle or interest in respect of Bonds when due in Renminbi in Hong Kong, the Issuer may make such payment in US dollars as permitted by Condition 7(g). the Issuer shall provide irrevocable written notice thereof to the Fiscal Agent substantially in the form set out in Schedule 7 (a **Currency Fallback Notice**) not later than 12.00 noon (Hong Kong time) on the Business Day falling five (5), Business Days (but no earlier than thirty (30) days) prior to the relevant due date of such payment. Such Currency Fallback Notice shall, among other matters, contain a certification by the Issuer that the pre-conditions set out in Condition 7(g) have arisen and a request that the Fiscal Agent calculate the Spot Rate in accordance with Condition 7(g) and notify such Spot Rate to the Issuer.

The Fiscal Agent shall, following receipt of a Currency Fallback Notice, calculate the Spot Rate at the time specified in Condition 7(g) and calculate the amount payable per Calculation Amount in US dollars pursuant to Condition 7(g) and shall notify the Bondholders (in accordance with Condition 7(g)), the Issuer, the Registrar and the other Agents.

Each of the Fiscal Agent and each other Agent shall be entitled to rely without further enquiry on any and all Currency Fallback Notices and the information and statements contained therein received from the Issuer as aforesaid, and shall not be liable to any holder of the Bonds or any other person for so doing. In the absence of wilful default, bad faith or manifest error, any Spot Rate determined by the Fiscal Agent as contemplated in this Clause 4.13 shall be binding on the Issuer and the Bondholders.

The Fiscal Agent shall not be responsible or liable to the Issuer or any holder of the Bonds for any determination of any Spot Rate in accordance with Condition 7(g) in the absence of its own gross negligence or wilful default.

4.14 Void Global Certificate

If any Bond represented by a Global Certificate becomes void in accordance with its terms after the occurrence of an Event of Default, the Fiscal Agent shall as soon as reasonably practicable notify the Agents and, after such notice has been given, no payment shall be made by them in respect of that Bond to the extent that the Global Certificate representing such Bond has become void.

5. REPAYMENT

If claims in respect of any Bond become void or prescribed under the Conditions, the Fiscal Agent shall forthwith repay to the Issuer the amount that would have been due on such Bond if it or the relative Certificate had been surrendered for payment before such claims became void or prescribed. Subject to Clauses 14 and 16, the Fiscal Agent shall not however be otherwise required or entitled to repay any sums received by it under this Agreement.

6. EARLY REDEMPTION AND EXERCISE OF OPTIONS

6.1 Notice to Fiscal Agent

If the Issuer intends (other than consequent upon an Event of Default or any right of the holder to require redemption or repurchase) to redeem all or any of the Bonds before their stated maturity date it shall, at least seven days before the latest date for the publication of the notice of redemption required to be given

to Bondholders, give notice of such intention to the Fiscal Agent stating the date on which such Bonds are to be redeemed and the principal amount of Bonds to be redeemed or subject to the option.

6.2 Notice to Bondholders

The Fiscal Agent shall publish any notice to Bondholders required in connection with any such redemption and shall at the same time also publish a separate list of the principal amount of Bonds drawn and in respect of which the related Certificates have not been so surrendered. Such notice shall specify the date fixed for redemption, the redemption price and the manner in which redemption will be effected and, in the case of a partial redemption, the principal amount of Bonds drawn. In addition, the Fiscal Agent shall send to each holder of Bonds that are called in whole or in part for redemption, at its address shown in the Register, a copy of such notice together with details of such holder's Bonds called for redemption and the extent of such redemption.

6.3 Option of Bondholders to Elect a Purchase or Repurchase of the Bonds

Each Agent will keep a stock of notices (**Purchase Notices**) in a form similar to that set out in Schedule 4, as may be amended by the Issuer as reasonably necessary, and will make them available on demand to Bondholders. Upon completion of repurchasing of the Bonds by the Issuer, the Fiscal Agent shall promptly authenticate and mail (or cause to be transferred by book-entry) to each holder which has exercised the option in Condition 6(c) a new Bond in principal amount of any unpurchased portion of the Bonds surrendered by such holder, if any; provided that each new Bond will be in a principal amount of CNY1,000,000 or a multiple of CNY100,000 in excess thereof. The Fiscal Agent may but is not obliged to perform the duties typically performed by a tender agent in connection with the exercise by holders of their option under Condition 6(c).

7. CANCELLATION, DESTRUCTION, RECORDS AND REPORTING REQUIREMENTS

7.1 Cancellation

All Certificates representing Bonds that are surrendered for cancellation, redeemed or exchanged, shall be cancelled forthwith by the Transfer Agent to which the Certificates are surrendered for cancellation, redemption or exchange, as the case may be, of the Bonds. Such Transfer Agent shall send to the Registrar the details required by such person for the purposes of this Clause and the cancelled Certificates.

7.2 Cancellation by Issuer

If the Issuer or any of its Subsidiaries purchase any Bonds that are to be cancelled in accordance with the Conditions, the Issuer shall immediately notify the Registrar of the principal amount of those Bonds it has purchased and shall procure their cancellation.

7.3 Certificate of Registrar

The Registrar shall, upon request of the Issuer, after the date of any such redemption, payment, exchange or purchase, send the Issuer a certificate signed by an authorized officer of the Registrar stating (a) the aggregate principal amount of Bonds that have been redeemed or exchanged, as applicable, and cancelled, (b) the certificate numbers of the Certificates representing them and (c) that such Bonds have been cancelled.

7.4 Destruction

Unless otherwise instructed by the Issuer or unless, in the case of the Global Certificate, it is to be returned to its holder in accordance with its terms, the Registrar (or its designated agent) shall destroy the cancelled Certificates in its possession and, upon request of the Issuer, shall send the Issuer a certificate signed by one authorized officer of the Registrar certifying the destruction of such Certificates and giving the certificate numbers of such Certificates in numerical sequence.

7.5 Reporting Requirements

The Fiscal Agent shall (on behalf of the Issuer) submit such reports or information as may be required from time to time in relation to the issue and purchase of Bonds by applicable law, regulations and guidelines promulgated by any governmental regulatory authority agreed between the Issuer and the Fiscal Agent.

7.6 Information from Issuer

The Registrar shall only be required to comply with its obligations under this Clause 7 in respect of Bonds surrendered for cancellation following a purchase of the same by the Issuer or by any of its Subsidiaries to the extent it has been informed by the Issuer of such purchases in accordance with Clause 7.2 above.

7.7 Records

Subject to receipt of the relevant information, the Fiscal Agent shall keep a full and complete record of all Bonds and of their redemption, exchange, payment, cancellation, dispatch to the Issuer and replacement (as appropriate) and shall make such record available for inspection during normal business hours by the Issuer and the other Agents. Notwithstanding the foregoing, the Fiscal Agent shall not be required to keep a record of the Register.

8. REPLACEMENT CERTIFICATES

8.1 Replacement

The Registrar or such other Transfer Agent as may from time to time be designated by the Issuer for that purpose (in such capacity, the **Replacement Agent**) shall issue replacement Certificates in accordance with the Conditions.

8.2 Cancellation

The Replacement Agent shall cancel and, unless otherwise instructed by the Issuer, destroy any mutilated or defaced Certificates replaced by it and shall send the Issuer and the Fiscal Agent a certificate giving the information specified in Clauses 7.3 and 7.4.

8.3 Notification

The Replacement Agent shall, on issuing a replacement Certificate, forthwith inform the other Agents of its certificate number and of the one that it replaces.

8.4 Surrender after Replacement

If a Certificate that has been replaced is surrendered to a Transfer Agent for payment, that Transfer Agent shall forthwith inform the Registrar, who shall so inform the Issuer.

9. ADDITIONAL DUTIES OF THE FISCAL AGENT

The Fiscal Agent shall determine the interest amount payable in respect of the Bonds and the relevant Interest Payment Date, all subject to and in accordance with the Conditions. The Fiscal Agent shall perform all other duties expressed to be performed by it in the Conditions and in respect of the Bonds. The Fiscal Agent shall notify the Issuer, the Registrar, the CMU Lodging and Paying Agent and the other Agents and the Bondholders of each Interest Amount and Interest Payment Date as soon as possible after its determination but in no event later than the fourth Business Day thereafter. If the Fiscal Agent does not at any material time for any reason determine and/or publish the interest amount and/or Interest Payment Date in respect of any Interest Period as provided in this Clause and/or make any other determination or calculation or take any action that it is required to do pursuant to the Conditions, it shall forthwith notify the Issuer of such fact

10. ADDITIONAL DUTIES OF THE TRANSFER AGENTS

The Transfer Agent to which a Certificate is surrendered for the transfer of, or exercise of any Bondholders' option relating to, the Bonds represented by it shall forthwith notify the Registrar of (a) the name and address of the holder of the Bond(s) appearing on such Certificate, (b) the certificate number of such Certificate and principal amount of the Bond(s) represented by it, (c) (in the case of an exercise of an option) the contents of the Exercise Notice, (d) (in the case of a transfer of, or exercise of an option relating to, part only) the principal amount of the Bond(s) to be transferred or in respect of which such option is exercised, and (e) (in the case of a transfer) the name and address of the transferee to be entered on the Register and, subject to Clause 6.4, shall cancel such Certificate and forward it to the Registrar.

11. ADDITIONAL DUTIES OF THE REGISTRAR

The Registrar shall maintain a Register in Hong Kong in accordance with the Conditions and the Regulations. The Register shall show the number of issued Certificates, their principal amount, their date of issue and their certificate number (which shall be unique for each Certificate) and shall identify each Bond, record the name and address of its initial purchaser, all subsequent transfers, exercises of options and changes of ownership in respect of it, the names and addresses of its subsequent holders and the Certificate from time to time representing it, in each case distinguishing between Bonds having different terms as a result of the partial exercise of any option. The Registrar shall at all reasonable times during office hours make the Register available to the Issuer, the Fiscal Agent and the Transfer Agents or any person authorised by any of them for inspection and for the taking of copies and the Registrar shall deliver to such persons all such lists of holders of Bonds, their addresses and holdings as they may request.

12. REGULATIONS CONCERNING THE BONDS

The Issuer may, subject to the Conditions, from time to time with the approval of the Fiscal Agent and the Registrar promulgate regulations concerning the carrying out of transactions relating to the Bonds and the forms and evidence to be provided. All such transactions shall be made subject to the Regulations. The initial Regulations are set out in Schedule 5.

13. DOCUMENTS AND FORMS

13.1 Fiscal Agent

The Issuer shall provide to the Fiscal Agent in a sufficient quantity, for distribution among the relevant Agents as required by this Agreement or the Conditions all documents (including Purchase Notices) required under the Bonds or by any stock exchange on which the Bonds are listed to be available for issue or inspection during business hours (and the Transfer Agents shall make such documents available for collection or inspection to the Bondholders that are so entitled and carry out the other functions set out in Schedule 5).

13.2 Registrar

The Issuer shall provide the Registrar with enough blank Certificates (including Global Certificates) to meet the Transfer Agents' and the Registrar's anticipated requirements for Certificates upon the issue and transfer of the Bonds, for the purpose of issuing replacement Certificates.

13.3 Certificates held by Agents

Each Agent (a) acknowledges that all forms of Certificates delivered to and held by it pursuant to this Agreement shall be held by it as custodian only and it shall not be entitled to and shall not claim any lien or other security interest on such forms, (b) shall only use such forms in accordance with this Agreement, (c) shall maintain all such forms in safe custody, (d) shall take such security measures as may reasonably be necessary to prevent their theft, loss or destruction and (e) shall keep an inventory of all such forms and make it available to the Issuer and the other Agents at all reasonable times.

14. CMU

14.1 CMU Membership

The CMU Lodging and Paying Agent confirms that it is a member of the CMU pursuant to a CMU Membership Agreement dated 17 May 1994 (**Membership Agreement**) and is aware of and in compliance with the terms of the CMU Rules.

14.2 Lodging Agent

The CMU Lodging and Paying Agent will lodge the Global Certificate in respect of the Bonds with a sub-custodian of the CMU, acting as lodging agent (as such term is defined in the CMU Rules) on behalf of the Issuer and will be nominated as paying agent to receive notification from the CMU in respect of interests in the Global Certificate credited to accountholders with the CMU prior to the interest payment dates and the maturity date of the Global Certificate in respect of the Bonds.

14.3 CMU Rules apply

It is understood that, once the Global Certificate is lodged with the CMU, the terms of the CMU Rules will apply to that Global Certificate and to all transactions and operations effected through the CMU in relation to that Global Certificate including transactions relating to the lodgement, withdrawal or redemption of that Global Certificate and in particular (but without limiting the generality of the foregoing):

(a) that the CMU and its servants and agents are, with the limited exceptions expressly provided in the Membership Agreement, exempt from liability caused directly or indirectly by the operation of the CMU and the CMU is entitled without liability to act without further enquiry on instructions or information or purported instructions or information received through the CMU or otherwise in accordance with the CMU Rules; and

(b) that the CMU is under no liability to any person (whether or not a member of the CMU) as a result of any actual or alleged defect or irregularity with respect to the Global Certificate lodged with or held in the CMU, any signature or purported signature appearing on that Global Certificate, any disposition or purported disposition of that Global Certificate or any inconsistency of that Global Certificate with the details specified in respect of that Global Certificate in the CMU.

14.4 Authorisation of Fiscal Agent

The Issuer authorises the Fiscal Agent to, on its behalf, do all such acts and things and execute all such documents as may be required to enable the Fiscal Agent fully to observe and perform its obligations under its Membership Agreement and the CMU Rules and to enter into any arrangement which it considers proper in connection with the lodgement with the CMU of the Global Certificate in respect of the Bonds, the holding of the relevant Global Certificate in the CMU, payments under and the redemption of the relevant Global Certificate, including (but without limiting the generality of the foregoing):

(a) authenticating the relevant Global Certificate and any definitive Bonds represented by it (including authentication on withdrawal from the CMU): and

(b) making payments in respect of the relevant Global Certificate in the manner prescribed by the CMU Rules,

provided that the Fiscal Agent shall, to the extent practicable, consult with the Issuer before it takes such actions or inform the Issuer as soon as practicable after taking such actions.

14.5 No Presentment

It is acknowledged that, under the terms of the CMU Rules, no further or other demand or presentment for payment of the Global Certificate lodged with the CMU shall be required other than the credit of

interests in that Global Certificate to the relevant CMU accounts of CMU members (whether acting on their own behalf or as paying agent) in accordance with the CMU Rules and, so long as that Global Certificate is held by the CMU, the Issuer and the Fiscal Agent waive the requirements for any further or other demand or presentment for payment.

14.6 Payments through CMU

Without prejudice to its obligations to make payments to holders of Definitive Certificates, it is agreed that the obligations of the Fiscal Agent to make payments upon surrender to it of any Bond shall be suspended for so long as the Global Certificate representing the Bonds is held by the CMU and that while that Global Certificate is held by the CMU, the CMU Lodging and Paying Agent shall, with respect to Bonds represented by the Global Certificate, make payments to the person(s) confirmed to the CMU Lodging and Paying Agent by the CMU prior to any relevant payment date as being credited with the interest(s) in that Global Certificate in accordance with the terms of the CMU Rules, in each case unless otherwise provided in that Global Certificate. In accordance with the CMU Rules, the CMU Lodging and Paying Agent will be notified prior to that Global Certificate being withdrawn from the CMU. Upon such notification, the CMU Lodging and Paying Agent shall arrange to make such endorsements to that Global Certificate as would have been made if it had not been lodged with the CMU or otherwise so as to confirm that all payments on that Global Certificate have been made up to the date of withdrawal from the CMU. Upon payment in full of the Global Certificate which is held by the CMU, the CMU Lodging and Paying Agent shall withdraw, or cause to be withdrawn, that Global Certificate from the CMU, make the endorsements to that Global Certificate as provided above and cancel it forthwith subject to any applicable CMU Rules.

14.7 Benefit

The confirmations and acknowledgements in this Clause are given for the benefit of the Issuer, the CMU Lodging and Paying Agent, the HKMA, in its capacity as operator of the CMU, and the CMU and its servants and agents

15. FEES AND EXPENSES

15.1 Fees

The Issuer shall pay to the Fiscal Agent the fees and expenses in respect of the Agents' services as is separately agreed with the Fiscal Agent. The Fiscal Agent's receipt of such moneys shall act as a complete discharge of the Issuer's obligation to pay the same, and the Issuer need not concern itself with their apportionment between the Agents.

15.2 Costs

The Issuer shall also pay to the Fiscal Agent on demand all out-of-pocket expenses (including legal, advertising, telex and postage expenses) properly incurred by the Agents in connection with their services together with any applicable value added tax, sales, stamp, issue, registration, documentary or other taxes or duties upon receipt from the Fiscal Agent of notification of the amount of such expenses together with the relevant invoices and/or receipts. The Fiscal Agent's receipt of such moneys shall act as a complete discharge of the Issuer's obligation to pay the same, and the Issuer need not concern itself with their apportionment between the Agents.

16. GENERAL

16.1 No Agency or Trust

In acting under this Agreement the Agents shall have no obligation towards or relationship of agency or trust with any Bondholder and need only perform the duties set out specifically in this Agreement and the Conditions and any duties necessarily incidental to them.

16.2 Holder to be treated as Owner

Except as otherwise required by law or a court of competent jurisdiction, each Agent shall treat the registered holder of a Bond as its absolute owner as provided in the Conditions and shall not be liable for doing so. provided that, so long as any Bond is held in the CMU, it shall be entitled to treat a payment made, or notice given, to a person credited by the CMU as holding an interest in that Bond as complete discharge of its and the Issuer's obligations to make such payment or give such notice.

16.3 No Lien

No Agent shall exercise any lien, right of set-off or similar claim against any Bondholder in respect of moneys payable by it under this Agreement.

16.4 Taking of Advice

Each Agent may consult on any legal matter any legal adviser selected by it, who may be an employee of or adviser to the Issuer, and it shall not be liable in respect of anything done, or omitted to be done, relating to that matter in good faith in accordance with that adviser's opinion.

16.5 Force Majeure

Notwithstanding anything to the contrary in this Agreement, no Agent shall in any event be liable for any failure or delay in the performance of its obligations hereunder if it is prevented from so performing its obligations by any circumstances beyond the control of such Agent, including but not limited to an act of God, fire, epidemics, explosion, floods, earthquakes, typhoons; riot, civil commotion or unrest, insurrection, terrorism, war, strikes or lockouts; nationalisation, expropriation or other governmental actions; any law, order or regulation of a governmental, supranational or regulatory body; regulation of the banking or securities industry including changes in market rules, currency restrictions, availability, liquidity, transferability, devaluations or fluctuations; credit risks of clearing bank, agent or system (other than the Agent's) and any other market conditions affecting the execution or settlement of transactions or the value of assets; and breakdown, failure or malfunction of any telecommunications, computer services or systems.

16.6 No Liability for interest

No Agent shall be under any liability for interest on any moneys at any time received by it pursuant to any of the provisions of this Agreement or of the Bonds and applied by it in accordance with the provisions hereof.

16.7 Instruction in writing

Notwithstanding anything to the contrary contained in this Agreement, none of the Agents shall be obliged to act or omit to act in accordance with any instruction, direction or request delivered to them by the Issuer unless such instruction, direction or request is delivered to such Agents in writing. Each of the Agents may, in connection with its services hereunder, rely upon the terms of any notice, communication or other document reasonably believed by it to be genuine.

16.8 No inquiry

The Agents may rely upon and shall not be liable for acting or refraining from acting upon any written notice, instruction or request furnished to it hereunder and reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties. The Agents shall be under no duty to inquire into or investigate the validity, accuracy or content of any such document.

16.9 Delegations

The Agents may execute any of its powers and perform any of its duties hereunder directly or through delegates or attorneys and may consult with counsel, accountants and other skilled persons to be reasonably selected and retained by it. The Agents shall not be liable for anything done, suffered or omitted by it in accordance with the advice or opinion of any such counsel, accountants or other skilled persons.

16.10 Illegality

In the event that any of the Agents shall be uncertain as to its duties or rights hereunder or shall receive instructions, claims or demands from the Issuer which in its reasonable opinion, conflict with any of the provisions of this Agreement, it shall be entitled to refrain from taking any action until it is directed in writing by a final order or judgment of a court of competent jurisdictions.

16.11 Not liable for actions

No Agent shall be liable for any action taken or omitted by it except to the extent that a court of competent jurisdiction determines that such Agent's gross negligence, wilful default or fraud was the primary cause of any loss to the Issuer.

16.12 Other Relationships

Any Agent and any other person, whether or not acting for itself, may acquire, hold or dispose of any Bond or other security (or any interest therein) of the Issuer or any other person, may enter into or be interested in any contract or transaction with any such person, and may act on, or as depositary, trustee or agent for, any committee or body of holders of securities of any such person, in each case with the same rights as it would have had if that Agent were not an Agent and need not account for any profit.

16.13 List of Authorised Persons

The Issuer shall provide the Fiscal Agent for itself and for delivery to each other Agent with a copy of the certified list of persons authorised to take action on behalf of the Issuer in connection with this Agreement and shall notify the Fiscal Agent and each other Agent immediately in writing if any of such persons ceases to be so authorised or if any additional person becomes so authorised. Unless and until notified of any such change, each Agent may rely on the certificate(s) most recently delivered to it and all instructions given in accordance with such certificate(s) shall be binding on the Issuer.

16.14 Publication of notices

On behalf and at the written request and expense of the Issuer, the Fiscal Agent will as soon as practicable cause to be published any notices in accordance with Condition required to be given by the Issuer in accordance the Conditions, save as set out herein. The Issuer shall provide the Fiscal Agent and the other Agents with the signed copies of any notices to be published at least two Business Days prior to the date of publication.

16.15 Indemnity by the Issuer

In the event that any Agent, or any director, officer, employee, agent or controlling person of such Agent incurs any loss, liability, cost, claim, action, demand, damage or expense (including without limitation, properly incurred legal fees and any value added tax thereon) as a result of or in connection with its appointment or the exercise or non-exercise by it of its powers, discretions and duties, except such as may result from its own wilful default, fraud or gross negligence (in each case, a **Loss**), the Issuer will indemnify the relevant Agent for such Loss by paying to such Agent on demand an amount equal to such Loss. Without prejudice to the rights of the Agents to seek indemnity from the Issuer, each Agent shall, save to the extent that it is prohibited from doing so by applicable law or regulation, notify the Issuer promptly of any third party claim for which it may seek an indemnity from the Issuer. Notwithstanding the foregoing, under no circumstances will the Agents be liable to the Issuer or any other party to this Agreement for any consequential loss (being loss of business, goodwill, opportunity or profit) or any special or punitive damages of any kind whatsoever; in each case however caused or arising and whether or not foreseeable, even if advised of the possibility of such loss or damage. The provisions of this Clause 16.15 shall survive the resignation or removal of the Registrar or any other Agent and the termination of this Agreement.

16.16 Merger

Any corporation into which any Agent may be merged or converted or any corporation with which any Agent may be consolidated or any corporation resulting from any merger, conversion or consolidation to which any Agent shall be a party or any corporation succeeding to all or substantially all of the corporate trust business of any Agent shall, to the extent permitted by applicable law, be the successor Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto. Notice of any such merger, conversion or consolidation shall forthwith be given to the Issuer and the Bondholders.

16.17 Confidentiality

The Agents will treat information relating to the Issuer as confidential. The Issuer consents (unless consent is prohibited by law) to the transfer and disclosure by the Agents of any information relating to the Issuer to and between branches, subsidiaries, representative offices, affiliates and agents of the Agents and third parties selected by any of them, wherever situated, for purposes of performing any obligations under the Conditions or this Agreement; provided, however, that such branches, subsidiaries, representative officers, affiliates, agents and third parties shall have acknowledged the confidential nature of such information and agreed to keep such information confidential. The Agents and any branch, subsidiary, representative office, affiliate, agent or third party may transfer and disclose any such information as required by any law, court regulator or legal process.

17. CHANGES IN AGENTS

17.1 Appointment and Termination

The Issuer may at any time appoint additional Transfer Agents and/or terminate the appointment of any Agent by giving to the Fiscal Agent and that Agent at least 30 days' notice to that effect, which notice shall expire at least 15 days before or after any due date for payment in respect of the Bonds. Upon any letter of appointment being executed by or on behalf of the Issuer and any person appointed as an Agent, such person shall become a party to this Agreement as if originally named in it and shall act as such Agent in respect of the Bonds.

17.2 Resignation

Any Agent may resign its appointment at any time by giving the Issuer and the Fiscal Agent at least 60 days' notice to that effect, which notice shall expire at least 30 days before or after any due date for payment in respect of the Bonds.

17.3 Condition to Resignation or Termination

No resignation or (subject to Clause 14) termination of the appointment of the Fiscal Agent or the Registrar shall, however, take effect until a new Fiscal Agent or Registrar, as the case may be, (which in each case shall be a bank or trust company) has been appointed.

17.4 Change of Office

If an Agent changes the address of its specified office it shall give the Issuer and the Fiscal Agent at least 60 days' notice of the change, giving the new address and the date on which the change is to take effect.

17.5 Automatic Termination

The appointment of an Agent shall forthwith terminate if the Agent becomes incapable of acting, is adjudged bankrupt or insolvent, files a voluntary petition in bankruptcy, makes an assignment for the benefit of its creditors, consents to the appointment of a receiver, administrator or other similar official of all or a substantial part of its property or admits in writing its inability to pay or meet its debts as they mature or suspends payment thereof, or if a resolution is passed or an order made for the insolvency, winding-up or dissolution of such Agent, a receiver, administrator or other similar official of such Agent

or all or a substantial part of its property is appointed, a court order is entered approving a petition filed by or against it under applicable bankruptcy or insolvency law, a public officer takes charge or control of such Agent or its property or affairs for the purpose of rehabilitation, conservation or liquidation or, in the case of the CMU Lodging and Paying Agent, it ceases to be a member of the CMU.

17.6 Delivery of Records

If the Fiscal Agent or Registrar resigns or its appointment is terminated, the Fiscal Agent shall on the date on which the resignation or termination takes effect pay to the new Fiscal Agent any amount held by it for payment in respect of the Bonds and the Fiscal Agent or Registrar, as the case may be, shall deliver to the new Fiscal Agent or Registrar the records kept by it and all documents and forms held by it pursuant to this Agreement.

17.7 Successor Corporations

A corporation into which an Agent is merged or converted or with which it is consolidated or that results from a merger, conversion or consolidation to which it is a party shall, to the extent permitted by applicable law, be the successor Agent under this Agreement without further formality. The Agent concerned shall forthwith notify such an event to the other parties to this Agreement.

17.8 Notices

The Fiscal Agent shall give Bondholders at least 30 days' notice of any proposed appointment, termination, resignation or change under Clauses 17.1 to 17.4 of which it is aware and, as soon as practicable, notice of any succession under Clause 17.7 of which it is aware. The Issuer shall give Bondholders, as soon as practicable, notice of any termination under Clause 17.5 of which it is aware

18. COMMUNICATIONS

18.1 Notices

Any communication shall be by letter, fax or electronic communication, provided that instructions to the Registrar, the Fiscal Agent, any of the Transfer Agents or any of the other Agents shall be by letter or fax:

in the case of the Issuer, to it at:

21Vianet Group, Inc.
M5, 1 Jiuxianqiao East Road
Chaoyang District, Beijing 100016,
People's Republic of China

Fax no.: +86 (10) 8456-2619

Email: Shang.Hsiao@21vianet.com

Attention: Chief Financial Officer

in the case of the Fiscal Agent, to:

Citicorp International Limited
39th Floor, Citibank Tower
Citibank Plaza
3 Garden Road
Hong Kong

Fax no.: 852-2323-0279

Email: agencytrust.tmg@citi.com

Attention: Agency and Trust

in the case of the Registrar, the CMU Lodging and Paying Agent, any of the Transfer Agents, and any of the other Agents, to it care of:

Citicorp International Limited
55th Floor, One Island East
18 Westlands Road
Island East, Hong Kong

Fax no.: 852-2621-3183

Email: apac.at.operations@citi.com

Attention: A&T OPS

or any other address of which written notice has been given to the parties in accordance with this Clause. Such communications will take effect, in the case of a letter, when delivered, in the case of a fax, when the relevant delivery receipt is received by the sender or, in the case of an electronic communication, when the relevant receipt of such communication being read is given, or where no read receipt is requested by the sender, at the time of sending, provided that no delivery failure notification is received by the sender within 24 hours of sending such communication; provided that any communication which is received (or deemed to take effect in accordance with the foregoing) outside business hours or on a non-business day in the place of receipt shall be deemed to take effect at the opening of business on the next following business day in such place. Any communication delivered to any party under this Agreement which is to be sent by letter, fax or electronic communication will be written legal evidence.

18.2 Notices through Fiscal Agent

All communications relating to this Agreement between the Issuer and any of the Agents or between the Agents themselves shall be made (except where otherwise expressly provided) through the Fiscal Agent

19. PUBLICATION OF NOTICES

At the request and expense of the Issuer, the Fiscal Agent shall arrange for the publication of all notices to Bondholders. Notices to Bondholders shall be published in accordance with the Conditions.

Without prejudice to the foregoing and the Conditions, as long as any Bonds are represented by the Global Certificate held on behalf of the CMU operator, the Fiscal Agent shall, forthwith upon receipt of any notice to the holders from the Issuer pursuant to Condition 18, deliver the notice to the persons shown in a CMU Instrument Position Report issued by the CMU on the second Business Day preceding the date of despatch of such notice as holding interests in the Global Certificate.

19.1 Notices from Bondholders

The Fiscal Agent shall as soon as reasonably practicable forward to the Issuer any notice received by it from a Bondholder whether pursuant to the Conditions or otherwise.

19.2 Notification to be in English

All notices and other communications hereunder shall be made in the English language or shall be accompanied by a certified English translation thereof. Any certified English translation delivered hereunder shall be certified a true and accurate translation by a professionally qualified translator or by some other person competent to do so

20. GOVERNING LAW AND JURISDICTION

20.1 Governing Law

This Agreement and the Bonds are governed by, and shall be construed in accordance with, the laws of the State of New York, United States of America.

20.2 Jurisdiction

The courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City are to have jurisdiction to settle any legal action or proceedings arising out of or in connection with any Bonds (**Proceedings**) and accordingly any Proceedings may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of the holders of the Bonds and shall not affect the right of any of them to take Proceedings against the Issuer in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude any of them from taking Proceedings in any other jurisdiction (whether concurrently or not).

20.3 Agent for Service of Process

The Issuer irrevocably appoints Law Debenture Corporate Services Inc., with offices at 400 Madison Avenue, 4th Floor, New York, New York 10017 as its agent to receive service of process in any Proceedings in the State of New York based on any of the Bonds. If for any reason the Issuer does not have such an agent in the State of New York, it will promptly appoint a substitute process agent and notify the Bondholders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

20.4 Waiver of Trial by Jury

Each of the parties to this Agreement irrevocably and unconditionally waives its right to trial by jury in any legal action or proceeding relating to this Agreement.

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SCHEDULE 1

FORMS OF GLOBAL AND DEFINITIVE CERTIFICATES

PART 1

FORM OF GLOBAL CERTIFICATE

CMU Instrument No.: CILHFB14015

Common Code: 108042265

21Vianet Group, Inc.

(incorporated in the Cayman Islands with limited liability)

CNY2,000,000,000 6.875% Bonds due 2017

GLOBAL CERTIFICATE

This Global Certificate is issued in respect of the CNY2,000,000,000 6.875% Bonds due 2017 (the **Bonds**) of 21Vianet Group, Inc. (the **Issuer**). The Issuer has entered into a Fiscal Agency Agreement dated June 24, 2014, as may be amended, supplemented or restated from time to time (the **Fiscal Agency Agreement**), with Citicorp International Limited as Fiscal Agent, Transfer Agent, CMU Lodging and Paying Agent, the Registrar, and any other agent or agents appointed from time to time in relation to the Bonds. The holders of the Bonds are deemed to have notice of the provisions of the Fiscal Agency Agreement applicable to them.

Any reference to the **Conditions** is to the terms and conditions of the Bonds set out in Schedule 2 of the Fiscal Agency Agreement and any reference herein to a particular numbered Condition shall be construed accordingly.

Unless otherwise defined herein or the context otherwise requires, words and expressions defined in the Conditions shall bear the same meaning when used in this Global Certificate.

This is to certify that the Hong Kong Monetary Authority (the **HKMA**) is, at the date hereof, entered in the register of Bondholders as the holder of Bonds in the principal amount of: CNY2,000,000,000 (CNY Two Billion) or such other amount as is shown on the register of Bondholders as being represented by this Global Certificate and is duly endorsed (for information purposes only) in the third column of Schedule A to this Global Certificate. For value received, the Issuer promises to pay to the person who appears at the relevant time on the register of Bondholders as holders of Bonds in respect of which this Global Certificate is issued such amount or amounts as shall become due in respect of such Bonds and otherwise comply with the Conditions.

Payments

While this Global Certificate is held by the CMU Service, principal and interest in respect of this Global Certificate shall be paid to the person(s) for whose account(s) interest(s) in this Global Certificate are credited as being held by the CMU Service in accordance with the CMU Rules. If this Global Certificate is held by the CMU Service, payment of interest or principal shall be made by the CMU Lodging and Paying Agent to the person for whose account a relevant interest in this Global Certificate is credited as being held by the CMU Service at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant CMU Instrument Position Report (as defined in the CMU Rules) or any other relevant notification by the CMU Service. For these purposes, a notification from the CMU Service shall be conclusive evidence of the records of the CMU Service (save in the case of manifest error). So long as the Bonds are represented by the Global

Certificate and is held by or on behalf of the CMU operator, such payment by the Issuer will discharge the Issuer's obligations in respect of that payment and such person(s) must look solely to the CMU operator for his share of each payment made by the Issuer or in respect of the Global Certificate and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of CMU, and such person(s) shall have no claim directly against the Issuer in respect of payments so made by the Issuer. No person shall however be entitled to receive any payment on this Global Certificate (or such part of this Global Certificate which is required to be exchanged) falling due after any Exchange Date, unless exchange of this Global Certificate for Definitive Certificates is improperly withheld or refused by or on behalf of the Issuer or the Issuer does not perform or comply with any one or more of what are expressed to be its obligations under any Definitive Certificates.

Each payment will be made to, or to the order of, the person(s) for whose account(s) interest(s) in this Global Certificate are credited as being held by the CMU Service in accordance with the CMU Rules on each day on which the payment is due.

Exchange

This Global Certificate is exchangeable in whole but not, except as provided in the next paragraph, in part (free of charge to the holder) for the Definitive Certificates described below (1) if this Global Certificate is held on behalf of the CMU or the Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or (2) if principal in respect of any Bonds is not paid when due and payable. Thereupon the holder may give notice (which may but need not be the default notice referred to in **Events of Default** below) to the Fiscal Agent of its intention to require the exchange of a specified principal amount of this Global Certificate (which may be equal to or less than the outstanding principal amount of Bonds represented hereby) for Definitive Certificates on or after the Exchange Date (as defined below) specified in the notice.

On or after any Exchange Date the holder of this Global Certificate may surrender this Global Certificate or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for this Global Certificate, or on endorsement in respect of the part thereof to be exchanged, the Issuer shall deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Certificates in or substantially in the form set out in Part 2 of Schedule 1 to the Fiscal Agency Agreement. Such Definitive Certificates shall be registered in such names as the holder shall direct in writing.

Exchange Date means a day falling not less than 30 days after that on which the notice requiring exchange is given and on which banks are open for business in Hong Kong and, in the case of exchange pursuant to (1) above, Hong Kong or, if relevant, the city in which the Alternative Clearing System, is located.

The Issuer shall procure that the Fiscal Agent will notify the Bondholders of the occurrence of any of the events specified above as soon as practicable thereafter.

If, for any actual or alleged reason which would not have been applicable had there been no exchange of this Global Certificate (or part of this Global Certificate) or in any other circumstances whatsoever, the Issuer does not perform or comply with any one or more of what are expressed to be its obligations under any Definitive Certificates, then any right or remedy relating in any way to the obligation(s) in question may be exercised or pursued on the basis of this Global Certificate despite its stated cancellation after its exchange in full, as if the Definitive Certificates had been issued. With this exception, upon exchange in full of this Global Certificate, this Global Certificate shall become void.

Except as otherwise described herein, this Global Certificate is subject to the Conditions and, until it is exchanged for Definitive Certificates, its holder shall in all respects be entitled to the same benefits as if it were

the holder of the Definitive Certificates for which it may be exchanged and as if such Definitive Certificates had been issued on the date of this Global Certificate.

This Global Certificate is evidence of entitlement only. Title to the Bonds passes only on due registration in the register of Bondholders and only the duly registered holder is entitled to payments on the Bonds in respect of which this Global Certificate is issued.

The Conditions shall be modified with respect to Bonds represented by this Global Certificate by the following provisions:

Meetings

The registered holder of this Global Certificate (and any proxy or representative appointed by it) will be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Bondholders and in any such meeting as having one vote in respect of each CNY100,000 in principal amount of Bonds evidenced by such Global Certificate.

Transfers

Transfers of the beneficial interests in the Bonds represented by this Global Certificate will be effected through the records of CMU, or any Alternative Clearing System and their respective participants in accordance with the rules and operating procedures of CMU or any Alternative Clearing System and their respective participants.

Cancellation

Cancellation of any Bond represented by this Global Certificate which is required by the Conditions to be cancelled will be effected by reduction in the principal amount of the Bonds in the register of Bondholders and this Global Certificate on its presentation to or to the order of the Fiscal Agent for annotation (for information only) in Schedule A.

Events of Default

The holder hereof may exercise the right to declare Bonds represented by this Global Certificate due and payable under Condition by stating in the notice (the **default notice**) to the Fiscal Agent the principal amount of Bonds (which may be less than the outstanding principal amount hereof) to which such notice relates.

If principal in respect of any Bonds is not paid when due and payable (but subject as provided below), the holder of this Global Certificate may from time to time elect that Direct Rights under the provisions of Schedule B shall come into effect. Such election shall be made by notice to the Fiscal Agent and presentation of this Global Certificate to or to the order of the Fiscal Agent for reduction of the principal amount of Bonds represented by this Global Certificate by such figure as shall be specified in the notice by endorsement in Schedule A and the corresponding endorsement in Schedule B of such principal amount of Bonds formerly represented hereby as the principal amount of Bonds in respect of which Direct Rights have arisen under Schedule B. Upon such notice being given the appropriate Direct Rights shall take effect.

No such election may however be made on or before an Exchange Date fixed in accordance with this Global Certificate with respect to the Bonds to which that Exchange Date relates unless the holder elects in such notice that the exchange in question shall no longer take place.

Notices

So long as the Bonds are represented by this Global Certificate and this Global Certificate is held on behalf of CMU or any Alternative Clearing System, notices to Bondholders may be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU or, as the case may be, the Alternative Clearing System rather than by publication as required by the Conditions.

No provision of this Global Certificate shall alter or impair the obligation of the Issuer to pay the principal and interest on the Bonds when due in accordance with the Conditions.

This Global Certificate shall not be valid or become obligatory for any purpose until authenticated by or on behalf of the CMU Lodging and Paying Agent.

This Global Certificate shall be governed by and construed in accordance with the laws of the State of New York, United States of America.

[Remainder of the page intentionally left blank]

IN WITNESS whereof the Issuer has caused this Global Certificate to be signed on its behalf.

Dated , 2014

21VIANET GROUP, INC.

By: _____

CERTIFICATE OF AUTHENTICATION

This Global Certificate is authenticated by or on behalf of the CMU Lodging and Paying Agent

CITICORP INTERNATIONAL LIMITED

as CMU Lodging and Paying Agent

By: _____

Authorised Signatory

SCHEDULE A

SCHEDULE OF INCREASES/REDUCTIONS IN PRINCIPAL AMOUNT OF BONDS IN RESPECT OF WHICH THIS GLOBAL CERTIFICATE IS ISSUED

The following increases/reductions in the principal amount of Bonds in respect of which this Global Certificate is issued have been made as a result of:

(a) redemption of Bonds,

(b) purchase and cancellation of Bonds, or

(c) partial exchange for Definitive Certificates or exchange for Direct Rights in respect of the Bonds:

Date (stating reason for change in the principal amount)	Amount of increase/decrease in principal amount of this Global Certificate	Principal amount of this Global Certificate following such increase/decrease	Notation made by or on behalf of the Registrar

SCHEDULE B

DIRECT ENFORCEMENT RIGHTS

This Global Certificate has the effect of conferring on Relevant Account Holders the Direct Rights referred to in this Schedule in respect of the principal amount of Bonds stated in paragraph 6 of this Schedule.

1. Interpretation

In this Schedule, terms are used with the same meanings as in the Global Certificate and in addition:

Clearing System Operator means the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority or any successor operator of that clearance system, or in the case of any Alternative Clearance System, the operator for the time being of that clearance system and **Clearing System Operators** shall be construed accordingly;

Direct Rights means the rights referred to in paragraph 2 of this Schedule B;

Entry means any entry relating to this Global Certificate (or to the relevant part of it) or the Bonds represented by it which is or has been made in the securities account of any Accountholder with a Clearing System Operator and **Entries** shall have a corresponding meaning;

Principal Amount means, in respect of any Entry, the amount which would be due to the holder of the account in which such Entry is credited were the principal amount of this Global Certificate or the Bonds represented by it in respect of which such Entry was made to be paid in full at its maturity;

Relevant Account Holder means the holder of any account with a Clearing System Operator which at the Relevant Time has credited to its securities account with such Clearing System Operator an Entry or Entries in respect of this Global Certificate (or the relevant part of it) or the Bonds represented by it except for a Clearing System Operator in its capacity as an Accountholder of another Clearing System Operator; and

Relevant Time means the time when Direct Rights take effect as contemplated by this Global Certificate.

2. Direct Rights

Each Relevant Account Holder shall at the Relevant Time acquire against the Issuer all rights which the Relevant Account Holder in question would have had if, immediately before the Relevant Time, it had been the holder of the Definitive Certificates issued on the issue date of this Global Certificate in an aggregate principal amount equal to the Principal Amount of the relevant Entry including, without limitation, the right to receive all payments due at any time in respect of such Definitive Certificates, other than payments corresponding to any already made under this Global Certificate. No further action shall be required on the part of any person in order for such Direct Rights to be acquired and for each Relevant Account Holder to have the benefit of, and to enforce, rights corresponding to all the provisions of relevant Definitive Certificates as if they had been issued and as if such provisions had been specifically incorporated in this Schedule, other than the right to receive payments corresponding to any already made under this Global Certificate.

3. Evidence

The records of each Clearing System Operator shall, in the absence of manifest error, be conclusive evidence of the identity of the Relevant Account Holders, the number of Entries credited to the securities account of each Relevant Account Holder with such Clearing System Operator at the Relevant Time and the Principal Amount of an Entry. For the purposes of this Clause a statement issued by a Clearing System Operator stating:

(a) the name of the Relevant Account Holder to or in respect of which it is issued;

(b) the number of Entries credited to the securities account of such Relevant Account Holder with such Clearing System Operator as at the opening of business on the first day on which the Clearing System Operator is open for business following the Relevant Time; and

(c) the Principal Amount of any Entry in the accounts of such Clearing System Operator,

shall be conclusive evidence of the records of such Clearing System Operator at the Relevant Time (but without prejudice to any other means of producing such records in evidence). In the event of a dispute, in the absence of manifest error, the determination of the Relevant Time by a Clearing System Operator shall be final and conclusive for all purposes in connection with the Relevant Account Holders with securities accounts with such Clearing System Operator.

Any Relevant Account Holder may, in any proceedings relating to this Global Certificate, protect and enforce its rights arising out of this Schedule in respect of any Entry to which it is entitled upon the basis of a statement by a Clearing System Operator as provided in this Clause and a copy of this Global Certificate certified as being a true copy by a duly authorised officer of any Clearing System Operator or the Fiscal Agent without the need for production in such proceedings or in any court of the actual records or this Global Certificate. Any such certification shall be binding, except in the case of manifest error or as may be ordered by any court of competent jurisdiction, upon the Issuer and all Relevant Account Holders. This Clause shall not limit any right of any Relevant Account Holder to the production of the originals of such records or documents in evidence.

4. Title to Entries

Any Relevant Account Holder may protect and enforce its rights arising out of this Global Certificate in respect of any Entry to which it is entitled in its own name without the necessity of using the name of or obtaining any authority from any predecessor in title. Any Relevant Account Holder is entitled to receive payment of the Principal Amount of its Entry and of all other sums referable to its Direct Rights to the exclusion of any other person and payment in full by the Issuer to such Relevant Account Holder shall discharge the Issuer from all obligations in respect of such Entry and such Direct Rights.

5. Governing Law

This Schedule and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with the laws of the State of New York, United States of America.

6. Principal Amount

The principal amount of Bonds in respect of which Direct Rights have arisen under this Global Certificate is shown by the latest entry in the third column below:

Date	Amount of increase in principal amount of Bonds in respect of which Direct Rights have arisen	Initial principal amount and principal amount following such increase	Notation made by or on behalf of the Fiscal Agent (other than in respect of initial principal amount)
		—	—

Form of Transfer

For value received the undersigned transfers to

.....

.....

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE)

[—] principal amount of the Bonds represented by this Global Certificate, and all rights under them.

Dated:
Signed: ..... Certifying Signature: .....

Notes:

1 The signature of the person effecting a transfer shall conform to a list of duly authorised specimen signatures supplied by the holder of the Bonds represented by this Global Certificate or (if such signature corresponds with the name as it appears on the face of this Global Certificate) be certified by a notary public or a recognised bank or be supported by such other evidence as a Transfer Agent or the Registrar may reasonably require.

2 A representative of the Bondholder should state the capacity in which he signs (e.g. executor).

PART 2

FORM OF DEFINITIVE CERTIFICATE

CMU Instrument No.: CILHFB14015

Common Code: 108042265

On the front:

21VIANET GROUP, INC.

(incorporated in the Cayman Islands with limited liability)

CNY2,000,000,000 6.875% Bonds due 2017

CERTIFICATE

Certificate No. [—]

This Certificate certifies that [—] of [—] (the **Registered Holder**) is, as at the date hereof, registered as the holder of [principal amount] of the Bonds referred to above (the **Bonds**) of 21Vianet Group, Inc., (the **Issuer**). The Bonds are subject to the Terms and Conditions (the **Conditions**) endorsed hereon. Expressions defined in the Conditions have the same meanings in this Certificate.

The Issuer, for value received, promises to pay to, or to the order of, the Registered Holder of the Bonds represented by this Certificate (subject to surrender of this Certificate if no further payment falls to be made in respect of such Bonds) on [—] (or on such earlier date as the amount payable upon redemption under the Conditions may become payable in accordance with the Conditions) the amount payable upon redemption under the Conditions in respect of the Bonds represented by this Certificate and (unless the Bonds represented by this Certificate do not bear interest) to pay interest in respect of such Bonds in arrear at the rates, in the amounts and on the dates for payment provided for in the Conditions together with such other sums and additional amounts (if any) as may be payable under the Conditions, in accordance with the Conditions.

For the purposes of this Certificate, (a) the holder of the Bonds represented by this Certificate is bound by the provisions of the Fiscal Agency Agreement, (b) the Issuer certifies that the Registered Holder is, at the date hereof, entered in the Register as the holder of the Bonds represented by this Certificate, (c) this Certificate is evidence of entitlement only, (d) title to the Bonds represented by this Certificate passes only on due registration on the Register, and (e) only the holder of the Bonds represented by this Certificate is entitled to payments in respect of the Bonds represented by this Certificate.

This Certificate shall not become valid for any purpose until authenticated by or on behalf of the Registrar.

IN WITNESS whereof the Issuer has caused this Certificate to be signed on its behalf.

Dated as of the Issue Date.

21VIANET GROUP, INC.

By: _____

Certificate of Authentication

This Certificate is authenticated by or
on behalf of the CMU Lodging and Paying Agent.

CITICORP INTERNATIONAL LIMITED
as CMU Lodging and Paying Agent

By: _____

Authorised Signatory

On the back:

Terms and Conditions of the Bonds

[The Terms and Conditions that are set out in Schedule 2 to the Fiscal Agency Agreement will be set out here.]

Form of Transfer

For value received the undersigned transfers to

.....

.....

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE)

[—] principal amount of the Bonds represented by this Certificate, and all rights under them.

Dated: [—]
Signed: ..... Certifying Signature: .....

Notes:

1 The signature of the person effecting a transfer shall conform to a list of duly authorised specimen signatures supplied by the holder of the Bond(s) represented by this Certificate or (if such signature corresponds with the name as it appears on the face of this Certificate) be certified by a notary public or a recognised bank or be supported by such other evidence as a Transfer Agent or the Registrar may reasonably require.

2 A representative of the Bondholder should state the capacity in which he signs.

Unless the context otherwise required, capitalised terms used in this Form of Transfer have the same meaning as in the Fiscal Agency Agreement dated June 24, 2014, as may be amended, supplemented or restated from time to time, between the Issuer and Citicorp International Limited.

[TO BE COMPLETED BY TRANSFEREE:

[INSERT ANY REQUIRED TRANSFEREE REPRESENTATIONS, CERTIFICATIONS ETC.]

FISCAL AGENT, TRANSFER AGENT, CMU LODGING AND PAYING AGENT AND REGISTRAR

CITICORP INTERNATIONAL LIMITED
55/F, One Island East
18 Westlands Road
Island East
Hong Kong

SCHEDULE 2

TERMS AND CONDITIONS OF THE BONDS

The following other than the words in italics is the text of the terms and conditions of the Bonds which (subject to modification) will appear on the reverse of each of the definitive certificates evidencing the Bonds:

The issue of the Bonds was authorized by a resolution of the Board of Directors of the Issuer passed on June 4, 2014. A fiscal agency agreement (the "**Fiscal Agency Agreement**") will be entered into on or about June 24, 2014 in relation to the Bonds between the Issuer, Citicorp International Limited as fiscal agent, CMU lodging and paying agent, registrar and transfer agent, and the agents named in it. The fiscal agent, CMU lodging and paying agent, the registrar, and any transfer agent for the time being are referred to below respectively as the "**Fiscal Agent**", the "**CMU Lodging and Paying Agent**", the "**Registrar**", and the "**Transfer Agents**". "**Agents**" means the Fiscal Agent, the CMU Lodging and Paying Agent, the Registrar, the Transfer Agents and any other agent or agents appointed from time to time with respect to the Bonds. The Fiscal Agency Agreement includes the form of the Bonds. Copies of the Fiscal Agency Agreement are available for inspection during normal business hours at the specified offices (as defined in the Fiscal Agency Agreement) of the Fiscal Agent, the Registrar and any Transfer Agents. The holders of the Bonds (the "**Bondholders**") are deemed to have notice of all the provisions of the Fiscal Agency Agreement applicable to them.

All capitalized terms that are not defined in these terms and conditions (the "**Conditions**") will have the meanings given to them in the Fiscal Agency Agreement.

1. Form, Specified Denomination and Title

The Bonds are issued in the specified denomination of RMB1,000,000 and higher integral multiples of RMB100,000.

The Bonds are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(a), each Certificate shall represent the entire holding of Bonds by the same holder.

Title to the Bonds shall pass only by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Fiscal Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Bond shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, "**Bondholder**" and "**holder**" means the person in whose name a Bond is registered.

*Upon issue, the Bonds will be represented by a global certificate (the "**Global Certificate**") registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator (the "**Operator**") of the Central Moneymarkets Unit Service (the "**CMU**"). The Conditions are modified by certain provisions contained in the Global Certificate. See "Summary of Provisions Relating to the Bonds in Global Form".*

Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.

So long as the Bonds are represented by the Global Certificate and the CMU so permits, transfers of interests in the Bonds through the CMU shall be in principal amounts of at least RMB1,000,000 and higher integral multiples of RMB100,000 thereafter. Further, approval in-principle has been received for the listing and quotation of the Bonds on the Official List of the Singapore Exchange Securities Trading Limited (the

*"**SGX-ST**"). The Bonds will be traded on the SGX-ST in a minimum board lot size of RMB500,000 with a minimum of four lots to be traded in a single transaction for as long as the Bonds are listed on the SGX-ST.*

2. Transfers of Bonds

(a) **Transfer**: A holding of Bonds may, subject to Condition 2(d), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Bonds to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Bonds to a person who is already a holder of Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Bonds and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Bonds scheduled to the Fiscal Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Fiscal Agent. A copy of the current regulations will be made available by the Registrar to any Bondholder upon request.

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the CMU.

(b) **Delivery of New Certificates**: Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within three business days of receipt of a duly completed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(b), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) **Transfer or Exercise Free of Charge**: Certificates, on transfer, or partial repurchase, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(d) **Closed Periods**: No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Bond, (ii) during the period of 15 days ending on (and including) the date of redemption pursuant to Condition 6(b), or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7). No Bondholder who has properly tendered the Bonds in accordance with Condition 6(c) may require the transfer of a Bond to be registered during the period of 15 days ending on (and including) a Change of Control Payment Date.

3. Status

The Bonds constitute (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Issuer under

the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

4. Covenants

(a) Negative Pledge

So long as any Bond remains outstanding (as defined in the Fiscal Agency Agreement), the Issuer will not, and will ensure that none of its Subsidiaries will create, or have outstanding, any Security upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Bondholders.

(b) Consolidation, Merger and Sale of Assets

The Issuer shall not consolidate with or merge with or into, or sell, convey, transfer or lease all or substantially all of the properties and assets of the Issuer and its Subsidiaries taken as a whole on the consolidated basis to another person, unless (i) the resulting, surviving or transferee person (if not the Issuer) is a corporation organized and existing under the laws of the United States of America, any State thereof, the District of Columbia, the Cayman Islands, the British Virgin Islands, Bermuda or Hong Kong and such corporation (if not the Issuer) expressly assumes all of Issuer's obligations under the Bonds and the Fiscal Agency Agreement (including, for the avoidance of doubt, the obligation to pay additional amounts as set forth in Condition 8); and (ii) immediately after giving effect to such transaction, no default or event of default has occurred and is continuing under the Bonds. Upon any such consolidation, merger or sale, conveyance, transfer or lease, the resulting, surviving or transferee person (if not the Issuer) shall succeed to, and may exercise every right and power of, the Issuer under the Bonds and the Fiscal Agency Agreement, and the Issuer shall be discharged from its obligations under the Bonds and the Fiscal Agency Agreement except in the case of any such lease.

(c) Financial Covenants

For so long as any Bond remains outstanding, the Issuer shall not directly or indirectly permit:

(i) the Dividend with respect to any fiscal year to be more than 30% of Net Profit After Tax per Annum with respect to the same fiscal year; and

(ii) the ratio of Adjusted EBITDA to Consolidated Interest Expense to be less than:

(A) 2.25:1 for the Relevant Periods ending on June 30, 2014 and December 31, 2014;

(B) 2.50:1 for the Relevant Periods ending on June 30, 2015 and December 31, 2015; and

(C) 2.75:1 for each Relevant Period thereafter;

provided that if Consolidated Interest Expense for any Relevant Period is equal to or less than zero, the Issuer shall be deemed to comply with this subclause (ii).

The financial covenants set out in this Condition shall be calculated in accordance with US GAAP and tested by reference to the audited (or, as the case may be, unaudited) annual consolidated financial statements or interim consolidated financial information of the Issuer as at the end of each Relevant Period.

So long as any of the Bonds remain outstanding, the Issuer will provide to the Fiscal Agent (i) within 120 days after the close of each fiscal year, an Officers' Certificate stating the ratio of Adjusted

EBITDA to Consolidated Interest Expense with respect to the two most recent fiscal semi-annual periods and showing in reasonable detail the calculation of the ratio of Adjusted EBITDA to Consolidated Interest Expense, including the arithmetic computations of each component of the ratio of Adjusted EBITDA to Consolidated Interest Expense, with a certificate from the Issuer's external auditors verifying the accuracy and correctness of the calculation and arithmetic computation, provided that the Issuer shall not be required to provide such auditor certification if its external auditors refuse to provide such certification; and (ii) as soon as possible and in any event within 30 days after the Issuer becomes aware of the occurrence of an Event of Default, an Officers' Certificate setting forth the details of the Event of Default, and the action which the Issuer proposes to take with respect thereto.

In this Condition 4:

"**Adjusted EBITDA**" means Consolidated EBITDA excluding share-based compensation expenses and changes in the fair value of contingent purchase consideration payable.

"**Capital Stock**" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all classes of partnership interests in a partnership, any and all membership interests in a limited liability company, any and all other equivalent ownership interests and any and all warrants, rights or options to purchase any of the foregoing.

"**cash Dividend**" means (a) any Dividend which is to be paid in cash and (b) any Dividend determined to be a cash Dividend pursuant to the definition of "Dividend".

"**Consolidated EBIT**" means, for any Relevant Period, the consolidated profits before tax of the Group for that Relevant Period:

(A) adding back interest expense (as reflected in the income statement)

(B) before taking into account any consolidated interest income;

(C) before taking into account any items treated as Exceptional or Extraordinary items; and

(D) before taking into account the profit/loss of any member of the Group which is attributable to minority interest,

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining the profits of the Group from ordinary activities before taxation.

"**Consolidated EBITDA**" means for any Relevant Period, Consolidated EBIT for that Relevant Period before deducting any amount attributable to amortization of goodwill and other intangible assets or depreciation of tangible assets.

"**Consolidated Interest Expense**" means in respect of any financial year of the Issuer, interest expense paid net of interest income received as stated in the audited annual and unaudited semi-annual consolidated financial statements of the Issuer.

"**Dividend**" means any dividend or distribution of cash or other property or assets or evidences of the Issuer's indebtedness with respect to the Capital Stock of the Issuer, whenever paid or made and however described provided that where a cash Dividend is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the issue or delivery of Shares or other property or assets, or where a capitalization of profits or reserves is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the payment of a Dividend, then for the purposes of this definition the Dividend in question shall be treated as a Dividend of (i) such cash Dividend or (ii) the Fair Market Value (on the date of announcement of such Dividend or date of capitalization (as the case may be) or, if later, the date on which the number of Shares (or amount of property or assets, as the case may be) which may be issued or delivered is determined) of such Shares or other property or assets if such Fair Market Value is greater than the Fair Market Value of such cash Dividend;

"**Exceptional**" or **"Extraordinary**" means loss or gain on disposal of items of property, plant and equipment, net fair value loss or gain from available for sale investments, loss or gain on disposal of Subsidiaries and disposal of shares or interests of an associate, loss or gain on disposal of a jointly-controlled entity and disposal of prepaid land lease payment, loss or gain resulting from the cumulative effect of a change in accounting principles, translation losses and gains due solely to fluctuations in currency values and related tax effects, non-cash gains or losses attributable to movements in the mark-to-market valuation of any convertible or exchangeable securities and any other loss or gain which is a result of a one-off and non-recurring transaction but does not include revenue or income from concessionaire sales or interest income;

"**Fair Market Value**" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the board of directors of the Issuer, whose determination shall be conclusive if evidenced by a resolution of such board of directors.

"**Group**" means the Issuer and its Subsidiaries, taken as a whole.

"**Officers' Certificate**" means a certificate signed by one of the executive officers of the Issuer.

"**Net Profit After Tax per Annum**" means the profit of the Group, after deduction of all expenses, finance costs and taxes, but without deduction for share based compensation or changes in the fair value of contingent purchase consideration payable, for the prior 12 month fiscal year.

"**Person**" means any natural person, company, trust, corporation, partnership, firm, association, governmental authority or any other entity whether acting in an individual, fiduciary or other capacity.

"**Relevant Indebtedness**" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market.

"**Relevant Period**" means each period of 12 months ending on the last day of the Issuer's financial year and each period of six months ending on the last day of the first half of the Issuer's financial year.

"**Security**" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to or which has the same effect as any of the foregoing under the laws of any jurisdiction.

"**Shareholder**" means a holder of Shares.

"**Shares**" means the equity shares in the Issuer.

"**Subsidiary**" means any entity whose financial statements at any time are required by US GAAP to be fully consolidated with those of the Issuer (including, but not limited to, each of Beijing aBitCool Network Technology Co., Ltd. and its direct and indirect subsidiaries through which the Issuer conducts its operations in the PRC by way of contractual arrangements).

"**US GAAP**" means the Generally Accepted Accounting Principles in the United States, as in effect from time to time.

5. Interest

The Bonds bear interest on their outstanding principal amount from and including June 26, 2014 at the rate of 6.875% per annum, payable semi-annually in arrears on June 26 and December 26 in each year (each an "**Interest Payment Date**"). If any Interest Payment Date would otherwise fall on a day which is not a business day (as defined below), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day.

Each Bond will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Bond, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder, and (b) the day three days after the Fiscal Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that third day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

In these Conditions, the period beginning on and including June 26, 2014 and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

Interest in respect of any Bond shall be calculated per RMB100,000 in principal amount of the Bonds (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the rate of interest specified above, the Calculation Amount and the actual number of days in the Interest Period (or such other period) divided by 365, rounding the resulting figure to the nearest RMB0.01 (RMB0.005 being rounded upwards).

In this Condition, the expression "**business day**" means a day (other than a Saturday, Sunday or public holiday) upon which commercial banks are generally open for business and settlement of Renminbi payments in Hong Kong.

6. Redemption, Repurchase and Purchase

(a) Final Redemption:

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Interest Payment Date falling on, or nearest to, June 26, 2017. The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition.

(b) Redemption for Taxation Reasons:

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable), at their principal amount (together with interest accrued to but excluding the date fixed for redemption), if (i) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws, regulations or treaties of a Relevant Jurisdiction (as defined in Condition 8), or any change in the application or official interpretation of such laws, regulations or treaties, which change or amendment becomes effective on or after June 18, 2014, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it (provided that reincorporation in another jurisdiction shall not be considered a reasonable measure), provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer shall deliver to the Fiscal Agent a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognized standing to the effect that the Issuer has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment.

(c) Repurchase Upon Change of Control:

If a Change of Control occurs, unless the Issuer has exercised its right to redeem the Bonds as described above in Condition 6(b), it will be required to make an offer to repurchase all or, at the holder's option, any part (equal to RMB1,000,000 or multiples of RMB100,000 in excess thereof), of

each holder's Bonds pursuant to the offer described below (the "**Change of Control Offer**"), provided that a holder may not exercise its option to require the Issuer to make an offer to repurchase the Bonds in part if it would result in the principal amount of any unpurchased portion of the Bonds held by such holder to be less than RMB1,000,000. In the Change of Control Offer, the Issuer will be required to offer payment in cash equal to 101% of the aggregate principal amount of the Bonds repurchased plus accrued and unpaid interest, if any, on the Bonds repurchased to, but not including, the date of purchase (the "**Change of Control Payment**").

Within 30 days following any Change of Control, the Issuer will be required to give notice to holders of the Bonds, describing the transaction or transactions that constitute the Change of Control and offering to repurchase the Bonds on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the **"Change of Control Payment Date**"), pursuant to the procedures required by the Bonds and described in such notice.

On the Change of Control Payment Date, the Issuer will be required, to the extent lawful, to:

(i) accept for payment all Bonds properly tendered pursuant to the Change of Control Offer; and

(ii) deposit with the relevant Agents an amount equal to the Change of Control Payment in respect of all Bonds properly tendered;

The relevant Agents will be required to promptly mail, to each holder who properly tendered the Bonds, the purchase price for such Bonds properly tendered, and the Fiscal Agent will be required to promptly authenticate and mail (or cause to be transferred by book-entry) to each such holder a new Bond equal in principal amount to any unpurchased portion of the Bonds surrendered, if any; provided that each new Bond will be in a principal amount of RMB1,000,000 or a multiple of RMB100,000 in excess thereof.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by the Issuer and such third party purchases all Bonds properly tendered and not withdrawn under its offer. In the event that such third party terminates or defaults its offer, the Issuer will be required to make a Change of Control Offer treating the date of such termination or default as though it were the date of the Change of Control.

The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act (as defined in Condition 4(c)), to the extent applicable, and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Bonds as a result of a Change of Control. To the extent that the provision of any such securities laws or regulations conflicts with the Change of Control Offer provisions of the Bonds, the Issuer will comply with those securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control Offer provisions of the Bonds by virtue of any such conflict. A tender agent may be appointed to assist with the Repurchase Upon Change of Control when it happens. The Fiscal Agent may act as the tender agent.

In this Condition 6(c):

"**Affiliate**" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person.

"**Change of Control**" means:

(i) Any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more Permitted Holders, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that such person or group shall be deemed to have "beneficial ownership" of all shares that any such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time),

directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer or any of its direct or indirect parent entities (or their successors by merger, consolidation or purchase of all or substantially all of their assets);

(ii) The merger or consolidation of the Issuer with or into another Person or the merger of another Person with or into the Issuer, unless the holders of a majority of the aggregate voting power of the Voting Stock of the Issuer, immediately prior to such transaction, hold securities of the surviving or transferee Person that represent, immediately after such transaction, at least a majority of the aggregate voting power of the Voting Stock of the surviving or transferee Person;

(iii) Individuals who on June 26, 2014 constituted the board of directors, together with any new directors whose election by the board of directors was approved by a vote of at least two-thirds of the directors then still in office who were either directors on June 26, 2014 or whose election was previously so approved, cease of any reason to constitute a majority of the board of directors then in office;

(iv) The sale, assignment, conveyance, transfer, lease or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Subsidiaries (as defined in Condition 4), taken together as a whole, to any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than transactions with one or more Permitted Holders;

(v) The adoption by the shareholders of the Issuer of a plan or proposal for the liquidation or dissolution of the Issuer; or

(vi) Any change in or amendment to the laws, regulations and rules of the PRC or the interpretation or application thereof ("**Change in Law**") that results in (i) the Group (as defined in Condition 4) (as in existence immediately subsequent to such Change in Law), as a whole, being legally prohibited from operating substantially all of the business operations conducted by the Group (as in existence immediately prior to such Change in Law) as of the last date of the period described in the consolidated financial statements of the Issuer for the most recent fiscal quarter and (ii) the Issuer being unable to continue to derive substantially all of the economic benefits from the business operations conducted by the Group (as in existence immediately prior to such Change in Law) in the same manner as reflected in the consolidated financial statements of the Issuer for the most recent fiscal quarter.

"**Person**" means any individual, corporation, firm, limited liability company, partnership, joint venture, undertaking, association, joint stock company, trust, unincorporated organization, trust, state, government or any agency or political subdivision thereof or any other entity (in each case whether or not being a separate legal entity).

"**Permitted Holders**" means

(i) Mr. Sheng Chen and Mr. Jun Zhang, collectively;

(ii) any Affiliate of Mr. Sheng Chen and Mr. Jun Zhang; and

(iii) any Person the total voting rights of which (or in the case of a trust, the beneficial interests in which) are owned 80% by Persons specified in clauses (i) and (ii).

"**Voting Stock**" of a Person means all classes of Capital Stock (as defined in Condition 4) of such Person then outstanding and normally entitled to vote in the election of directors, managers or trustees, as applicable, of such Person.

(d) **Purchase**: the Issuer and its Subsidiaries (as defined in Condition 4) may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Condition 12(a).

(e) **Cancellation**: All Certificates representing Bonds purchased by or on behalf of the Issuer or its Subsidiaries shall be surrendered for cancellation to the Registrar and, upon surrender thereof, all such Bonds shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

7. Payments

(a) Method of Payment:

(i) Payments of principal and premium shall be made (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Bonds represented by such Certificates) by transfer to the registered account of the Bondholder.

(ii) Interest on each Bond shall be paid to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the "**Record Date**"). Subject to Condition 7(g), payments of interest on each Bond shall be made in Renminbi by transfer to the registered account of the Bondholder.

(iii) For the purposes of this Condition, a Bondholder's "**registered account**" means the Renminbi account maintained by or on behalf of it with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth Payment Business Day before the due date for payment.

(iv) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.

For so long as any of the Bonds are represented by the Global Certificate and the Global Certificate is held by or on behalf of the CMU, payments of interest or principal will be made to the persons for whose account a relevant interest in the Global Certificate is credited as being held by the Operator at the relevant time, as notified to the Fiscal Agent by the Operator in a relevant CMU instrument position report (as defined in the rules of the CMU) or in any other relevant notification by the Operator. Such payment will discharge the Issuer's obligations in respect of that payment. Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants.

(b) **Payments subject to Fiscal Laws**: All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment. No commission or expenses shall be charged to the Bondholders in respect of such payments.

(c) **Payment Initiation**: Where payment is to be made by transfer to a registered account, payment instructions (for value the due date, or if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date for payment or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a Payment Business Day on which the Fiscal Agent is open for business and on which the relevant Certificate is surrendered.

(d) **Appointment of Agents**: The Fiscal Agent, the Registrar, the CMU Lodging and Paying Agent and the Transfer Agents initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Registrar, the CMU Lodging and Paying Agent and the Transfer Agents act

solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, the Registrar, the CMU Lodging and Paying Agent or any Transfer Agent and to appoint additional or other Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar with a specified office outside the United Kingdom, (iii) a Transfer Agent, and (iv) such other agents as may be required by any other stock exchange on which the Bonds may be listed.

Notice of any such change or any change of any specified office shall promptly be given to the Bondholders.

(e) **Delay in Payment**: Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day, or if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so).

(f) **Payment Business Days**: In this Condition 7, "**Payment Business Day**" means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong and (if surrender of the relevant Certificate is required) the relevant place of presentation.

(g) **Payment of US Dollar Equivalent**: Notwithstanding all other provisions in these Conditions, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able to satisfy payments of principal or interest in respect of Bonds when due in Renminbi in Hong Kong, the Issuer may, on giving not less than five nor more than 30 days' irrevocable notice to the Bondholders prior to the due date for payment, settle any such payment in US dollars on the due date at the US Dollar Equivalent of any such Renminbi denominated amount. The due date for payment shall be the originally scheduled due date or such postponed due date as shall be specified in the notice referred to above, which postponed due date may not fall more than 20 days after the originally scheduled due date. Interest on the Bonds will continue to accrue up to but excluding any such date for payment of principal.

In such event, payments of the US Dollar Equivalent of the relevant principal or interest in respect of the Bonds shall be made by a US dollar denominated cheque drawn on a bank in New York City and mailed to the holder (or to the first named of joint holders) of the Bonds at its address appearing in the Register, or, upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, by transfer to a US dollar denominated account with a bank in New York City.

In the event of a payment pursuant to this Condition 7(g), the following modification shall be made in respect of the Conditions:

> The definition of **"Payment Business Day**" in Condition 7(g) shall mean a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets are open for business in the place in which the specified office of the Registrar is located and on which foreign exchange transactions may be carried out in US dollars in New York City.

For the purposes of these Conditions, **"US Dollar Equivalent**" means the Renminbi amount converted into US dollars using the Spot Rate for the relevant Determination Date.

In this Condition:

"**Determination Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong and in New York City.

"**Determination Date**" means the day which is two Determination Business Days before the due date of the relevant amount under these Conditions.

"**Governmental Authority**" means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong.

"**Illiquidity**" means the general Renminbi exchange market in Hong Kong becomes illiquid as a result of which the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay interest or principal in respect of the Bonds as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers.

"**Inconvertibility**" means the occurrence of any event that makes it impossible (where it had previously been possible) for the Issuer to convert any amount due in respect of the Bonds in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after June 18, 2014 and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

"**Non-transferability**" means the occurrence of any event that makes it impossible for the Issuer to transfer Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after June 18, 2014 and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

"**Renminbi Dealer**" means an independent foreign exchange dealer of international reports active in the Renminbi exchange market in Hong Kong.

"**Spot Rate**" means the RMB/U.S. Dollar official fixing rate, expressed as the amount of RMB per one U.S. Dollar, for settlement in two Determination Business Days reported by the Treasury Markets Association which appears on Reuters Screen page <TRADCNY3> at approximately 11:00 a.m. (Hong Kong time) or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen page <TRADNDF>.

If neither rate is available, the Fiscal Agent will determine the Spot Rate at or around 11.00 a.m. (Hong Kong time) on the Determination Date as the most recently available RMB/U.S. dollar official fixing rate for settlement in two Determination Business Days reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other screen page as may replace that page for the purpose of displaying a comparable currency exchange rate.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7(g) by the Fiscal Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agents and all Bondholders.

8. Taxation

All payments of principal, premium and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the United States of America, the Cayman Islands or the PRC or any authority therein or thereof having power to tax (each a "**Relevant Jurisdiction**"), unless such withholding or deduction is required by law.

If the Issuer is required to make a deduction or withholding in respect of tax of a Relevant Jurisdiction, the Issuer shall pay such additional amounts ("**Additional Tax Amounts**") as will result in receipt by the

Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond:

(a) for or on account of:

(i) any taxes that would not have been imposed but for:

(A) the existence of any present or former connection between the holder or beneficial owner of such Bond, as the case may be, and the Relevant Jurisdiction, including without limitation, such holder or beneficial owner being or having been a citizen or resident of the Relevant Jurisdiction, being or having been treated as a resident of the Relevant Jurisdiction, being or having been present or engaged in a trade or business in the Relevant Jurisdiction or having or having had a permanent establishment in the Relevant Jurisdiction, other than merely holding such Bond or the receipt of payments thereunder;

(B) the failure of the holder or beneficial owner of such Bond to comply with a timely request of the Issuer addressed to such holder or beneficial owner to provide information concerning such holder's or beneficial owner's nationality, residence, identity or connection with the Relevant Jurisdiction;

(C) the presentation of such Bond (where presentation is required) more than 30 days after the later of the date on which the payment of the principal of, or interest on, such Bond, as applicable, became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the holder thereof would have been entitled to such Additional Tax Amounts if it had presented such Bond for payment on any date within such 30-day period; or

(D) the presentation of such Bond (where presentation is required) for payment in the Relevant Jurisdiction, unless such Bond could not have been presented for payment elsewhere;

(ii) any estate, inheritance, gift, sale, transfer, excise, personal property, net income or similar tax;

(iii) any withholding or deduction where such withholding or deduction is imposed or levied on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC (or any amendment thereof) or any other Directive (or any amendment thereof) implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directives or amendments;

(iv) any taxes that are payable other than by withholding or deduction from payments of principal of, or interest on, the Bonds ; or

(v) any combination of taxes referred to in the preceding clauses (i), (ii), (iii) and (iv); or

(b) with respect to any payment of the principal of, or interest on, such Bond to or for the account of a fiduciary, partnership or other fiscally transparent entity or any other person (other than the sole beneficial owner of such payment) to the extent that a beneficiary or settlor with respect to that fiduciary, or a partner or member of that partnership or fiscally transparent entity or a beneficial owner with respect to such other person, as the case may be, would not have been entitled to such additional amounts had such beneficiary, settlor, partner, member or beneficial owner held directly the Bond with respect to which such payment was made.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 8 or any undertaking given in addition to or in substitution of this Condition 8.

9. Events of Default

Each of the following is an event of default ("**Event of Default**"):

(a) Default in any payment of interest or additional amounts, if any, on any of the Bonds when due and payable and the default continues for a period of 30 days;

(b) Default in the payment of principal of any of the Bonds when due and payable at its stated maturity, upon any required repurchase, upon declaration of acceleration or otherwise;

(c) The failure to give a change of control notice as described under Condition 6(c) when due, and such failure continues for a period of five business days;

(d) The failure to comply with the Issuer's obligations under Condition 4, which default is incapable of remedy or is not remedied within 30 days after notice of such default shall have been given to the Issuer by any Bondholder;

(e) Default by the Issuer or any of its "significant subsidiaries" as defined in Article 1, Rule 1-02 of Regulation S-X, with respect to any mortgage, agreement or other instrument under which there may be outstanding, or by which there may be secured or evidenced, any indebtedness for money borrowed in excess of US$15 million (or the foreign currency equivalent thereof) in the aggregate of the Issuer and/or any such significant subsidiary, whether such indebtedness now exists or shall hereafter be created (i) resulting in such indebtedness becoming or being declared due and payable prior to its stated maturity (including, without limitation, a default in the payment of any interest on such indebtedness resulting in such indebtedness becoming or being declared due and payable prior to its stated maturity), or (ii) constituting a failure to pay the principal of any such debt when due and payable (after any applicable grace period) at its stated maturity, upon required repurchase, upon declaration of acceleration or otherwise;

(f) An involuntary case or other proceeding is commenced against the Issuer or any of its significant subsidiaries, as defined in Article 1, Rule 1-02 of Regulation S-X, with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or any of its significant subsidiaries, as defined in Article 1, Rule 1-02 of Regulation S-X, or all or substantially all of the property and assets of the Issuer or any of its significant subsidiaries, as defined in Article 1, Rule 1- 02 of Regulation S-X, and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Issuer or any of its significant subsidiaries, as defined in Article 1, Rule 1-02 of Regulation S-X, under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;

(g) the Issuer or any of its significant subsidiaries, as defined in Article 1, Rule 1-02 of Regulation S-X, (i) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (ii) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or any of its significant subsidiaries, as defined in Article 1, Rule 1-02 of Regulation S-X, or for all or substantially all of the property and assets of the Issuer or any of its significant subsidiaries, as defined in Article 1, Rule 1-02 of Regulation S-X or (iii) effects any general assignment for the benefit of creditors; or

(h) a final judgment for the payment of US$15 million (or the foreign currency equivalent thereof) or more (excluding any amounts covered by insurance) rendered against the Issuer or any of its significant subsidiaries, as defined in Article 1, Rule 1-02 of Regulation S-X, which judgment is not paid, bonded, stayed or otherwise discharged or stayed within 60 days after (i) the date on which the right to appeal thereof has expired if no such appeal has commenced, or (ii) the date on which all rights to appeal have been extinguished.

If an Event of Default occurs and is continuing, then any Bond may, by notice in writing given to the Fiscal Agent at its specified office by the holder, be declared immediately due and payable whereupon it shall

become immediately due and payable at its principal amount together with accrued interest without further formality unless such Event of Default shall have been remedied prior to the receipt of such notice by the Fiscal Agent.

For the avoidance of doubt, each of our consolidated affiliated entities will be deemed to be a "subsidiary" for purposes of the definition of "significant subsidiary" in Article 1, Rule 1-02 of Regulation S-X.

10. Prescription

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the date on which the payment in question first becomes due.

11. Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or such other Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Bondholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12. Meetings of Bondholders and Modification

(a) **Meetings of Bondholders**: The Fiscal Agency Agreement contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by Bondholders holding not less than 10% in principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, or (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution (each of (i) through (iv) in the foregoing, a "**Fundamental Change**"), in which case the necessary quorum will be two or more persons holding or representing not less than 66%, or at any adjourned meeting not less than 25%, in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Fiscal Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than a majority in principal amount of the Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held, provided that resolution in writing in respect of a Fundamental Change shall be signed by or on behalf of the holders of not less than 75% in principal amount of the Bonds outstanding. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(b) **Modification of the Fiscal Agency Agreement**: The Issuer shall only permit any modification of, or any waiver or authorization of any breach or proposed breach of or any failure to comply with, the Fiscal Agency Agreement, if to do so could not reasonably be expected to be materially prejudicial to the interests of the Bondholders.

13. Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further securities either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Bonds.

14. Notices

Notices to the holders of Bonds shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made.

15. Currency Indemnity

Subject to Condition 7(g), the Renminbi is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Bonds, including damages. Any amount received or recovered in a currency other than Renminbi (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Bondholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the Renminbi amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that Renminbi amount is less than the Renminbi amount expressed to be due to the recipient under any Bond, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it will be sufficient for the Bondholder to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Bondholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Bond or any other judgment or order.

16. Governing Law and Jurisdiction

(a) **Governing Law**: The Fiscal Agency Agreement and the Bonds are governed by, and shall be construed in accordance with, the laws of the State of New York, United States of America.

(b) **Jurisdiction**: The courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City are to have jurisdiction to settle any legal action or proceedings arising out of or in connection with any Bonds ("**Proceedings**") and accordingly any Proceedings may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of the holders of the Bonds and shall not affect the right of any of them to take Proceedings against the Issuer in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude any of them from taking Proceedings in any other jurisdiction (whether concurrently or not).

(c) **Agent for Service of Process**: The Issuer irrevocably appoints Law Debenture Corporate Services Inc., with offices at 400 Madison Avenue, 4th Floor, New York, New York 10017 as its agent to receive service of process in any Proceedings in the State of New York based on any of the Bonds. If for any reason the Issuer does not have such an agent in the State of New York, it will promptly appoint a substitute process agent and notify the Bondholders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

SCHEDULE 3

PROVISIONS FOR MEETINGS OF BONDHOLDERS

1. Interpretation

In this Schedule:

(a) references to a meeting are to a meeting of all Bondholders of Bonds and include, unless the context otherwise requires, any adjournment;

(b) **agent** means a proxy for, or representative of, a Bondholder;

(c) **Extraordinary Resolution** means a resolution passed at a meeting duly convened and held in accordance with this Agreement by a majority of the votes cast, provided that an Extraordinary Resolution which, *inter alia*, (i) modifies the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) reduces or cancels the principal amount of, any premium payable on redemption of, or interest on, the Bonds, (iii) changes the currency of payment of the Bonds, or (iv) modifies the provisions concerning the quorum required at any meeting of the Bondholders or the majority required to pass an Extraordinary Resolution (each of (i) through (iv) in the foregoing, a **Fundamental Change**) means a resolution passed by at least 75% of the votes cast at such meeting; and

(d) references to persons representing a proportion of the Bonds are to Bondholders or agents holding or representing in the aggregate at least that proportion in principal amount of the Bonds for the time being outstanding.

2. Appointment of Proxy or Representative

A proxy or representative may be appointed in the following circumstances:

(a) A holder of Bonds may, by an instrument in writing in the English language (a **form of proxy**) signed by the holder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation and delivered to the specified office of the Registrar or the Transfer Agent not less than 48 hours before the time fixed for the relevant meeting, appoint the person (a **proxy**) to act on his or its behalf in connection with any meeting of the Bondholders and any adjourned such meeting.

(b) Any holder of Bonds which is a corporation may, by delivering to any Agent not later than 48 hours before the time fixed for any meeting a resolution of its directors or other governing body, authorise any person to act as its representative (a **representative**) in connection with any meeting of the Bondholders and any adjourned such meeting.

(c) Any proxy appointed pursuant to subparagraph (a) above or representative appointed pursuant to subparagraph (b) above shall so long as such appointment remains in full force be deemed, for all purposes in connection with the relevant meeting or adjourned meeting of the Bondholders, to be the holder of the Bonds to which such appointment relates and the holder of the Bonds shall be deemed for such purposes not to be the holder or owner, respectively.

3. Powers of meetings

A meeting shall, subject to the Conditions and without prejudice to any powers conferred on other persons by this Agreement, have power by Extraordinary Resolution:

(a) to sanction any proposal by the Issuer or any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Bondholders against the Issuer, whether or not those rights arise under the Bonds;

(b) to sanction the exchange or substitution for the Bonds of, or the conversion of the Bonds into, shares, bonds or other obligations or securities of the Issuer or any other entity;

(c) to assent to any modification of this Agreement or the Bonds proposed by the Issuer or the Fiscal Agent;

(d) to authorise anyone to concur in and do anything necessary to carry out and give effect to an Extraordinary Resolution;

(e) to give any authority, direction or sanction required to be given by Extraordinary Resolution;

(f) to appoint any persons (whether Bondholders or not) as a committee or committees to represent the Bondholders' interests and to confer on them any powers or discretions which the Bondholders could themselves exercise by Extraordinary Resolution;

(g) to approve the substitution of any entity for the Issuer (or any previous substitute) as principal debtor under this Agreement, other than pursuant to a conveyance or merger, or sale, conveyance, transfer or lease of properties and assets in accordance with Condition 4(b),

provided that the special quorum provisions in paragraph 7.2 shall apply to any Extraordinary Resolution (a **special quorum resolution**) for the purpose of subparagraph (b) or (g), any of the proposals listed in Condition 12(a)(i) through (iv) or any amendment to this proviso.

4. Convening a meeting

4.1 The Issuer may at any time convene a meeting. If it receives a written request by Bondholders holding at least 10% in principal amount of the Bonds for the time being outstanding and is indemnified to its satisfaction against all costs and expenses, the Issuer shall convene a meeting of the Bondholders. Every meeting shall be held at a time and place approved by the Fiscal Agent.

4.2 At least 21 days' notice (exclusive of the day on which the notice is given and of the day of the meeting) shall be given to the Bondholders. A copy of the notice shall be given by the party convening the meeting to the other parties. The notice shall specify the day, time and place of meeting and the nature of the resolutions to be proposed and shall explain how Bondholders may appoint proxies or representatives.

5. Chairman

5.1 The chairman of a meeting shall be such person as the Issuer may nominate in writing, but if no such nomination is made or if the person nominated is not present within 15 minutes after the time fixed for the meeting the Bondholders or agents present shall choose one of their number to be chairman, failing which the Issuer may appoint a chairman.

5.2 The chairman may but need not be a Bondholder or agent. The chairman of an adjourned meeting need not be the same person as the chairman of the original meeting.

6. Attendance

The following may attend and speak at a meeting:

(a) Bondholders and agents;

(b) the chairman;

(c) the Issuer and the Fiscal Agent (through their respective representatives) and their respective financial and legal advisers; and

No-one else may attend or speak.

7. Quorum and Adjournment

7.1 No business (except choosing a chairman) shall be transacted at a meeting unless a quorum is present at the commencement of business. If a quorum is not present within 15 minutes from the time initially fixed for

the meeting, it shall, if convened on the requisition of Bondholders, be dissolved. In any other case it shall be adjourned until such date, not less than 14 nor more than 42 days later, and time and place as the chairman may decide. If a quorum is not present within 15 minutes from the time fixed for a meeting so adjourned, the meeting shall be dissolved.

7.2 Two or more Bondholders or agents present in person holding or representing a clear majority in principal amount of the Bonds for the time being outstanding shall be a quorum:

(a) in the cases marked **No minimum proportion** in the table below, whatever the proportion of the Bonds which they represent; and

(b) in any other case, only if they represent the proportion of the Bonds shown by the table below.

COLUMN 1	**COLUMN 2**	**COLUMN 3**
Purpose of meeting	Any meeting except one referred to in column 3	Meeting previously adjourned through want of a quorum
	Required proportion	Required proportion
To pass a special quorum resolution	66%	25%
To pass any other Extraordinary Resolution	A clear majority	No minimum proportion
Any other purpose	10%	No minimum proportion

7.3 The chairman may with the consent of (and shall if directed by) a meeting adjourn the meeting from time to time and from place to place. Only business which could have been transacted at the original meeting may be transacted at a meeting adjourned in accordance with this paragraph or paragraph 7.1.

7.4 At least ten days' notice of a meeting adjourned through want of a quorum shall be given in the same manner as for an original meeting and that notice shall state the quorum required at the adjourned meeting. No notice need, however, otherwise be given of an adjourned meeting.

8. Voting

8.1 Each question submitted to a meeting shall be decided by a show of hands unless a poll is (before, or on the declaration of the result of, the show of hands) demanded by the chairman, the Issuer or one or more persons representing 2% of the Bonds.

8.2 Unless a poll is demanded, a declaration by the chairman that a resolution has or has not been passed shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against it.

8.3 If a poll is demanded, it shall be taken in such manner and (subject as provided below) either at once or after such adjournment as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which it was demanded as at the date it was taken. A demand for a poll shall not prevent the meeting continuing for the transaction of business other than the question on which it has been demanded.

8.4 A poll demanded on the election of a chairman or on a question of adjournment shall be taken at once.

8.5 On a show of hands every person who is present in person and who produces a Bond or is a proxy has one vote. On a poll every such person has one vote for CNY100,000 in principal amount of Bonds so produced or for which he is a proxy or representative. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way.

8.6 In case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to any other votes which he may have.

9. Effect and Publication of an Extraordinary Resolution

An Extraordinary Resolution shall be binding on all the Bondholders, whether or not present at the meeting, and each of them shall be bound to give effect to it accordingly. The passing of such a resolution shall be conclusive evidence that the circumstances justify its being passed. The Issuer shall give notice of the passing of an Extraordinary Resolution to Bondholders within 14 days but failure to do so shall not invalidate the resolution.

10. Minutes

Minutes shall be made of all resolutions and proceedings at every meeting and, if purporting to be signed by the chairman of that meeting or of the next succeeding meeting, shall be conclusive evidence of the matters in them. Until the contrary is proved every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

11. Written Resolutions

A written resolution signed by or on behalf of the holders of not less than a majority in principal amount of the Bonds outstanding shall take effect as if it were an Extraordinary Resolution, provided that a resolution in writing in respect of a Fundamental Change shall be signed by or on behalf of the holders of not less than 75% in principal amount of the Bonds outstanding. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

SCHEDULE 4

FORM OF PURCHASE NOTICE

21VIANET GROUP, INC.
CNY2,000,000,000 6.875% Bonds due 2017 (the Bonds)

By depositing this duly completed Purchase Notice with an Agent for the Bonds, the undersigned holder of such of the Bonds (as are represented by the Certificate surrendered with this Notice and referred to below) irrevocably exercises its option to elect/option to have such Bonds repurchased on [—] under Condition 6(c) of the Bonds.

This Purchase Notice relates to Certificates representing Bonds in the aggregate principal amount of CNY . The identifying numbers of such Certificate is as follows:

.....

.....

.....

.....

.....

.....

If any Certificate issued in respect of the Bonds referred to above is to be returned to the undersigned under Clause 6.3 of the Agency Agreement, it will be returned or issued by post to the address of the Bondholder appearing on the register of Bondholders.

Payment in respect of the above-mentioned Bonds will be made in accordance with the Conditions of the Bonds.

Dated: ..... Signature: .....

Name: .....

To be completed by recipient Agent

Received by: .....

Signature and stamp of Agent

At its office at: .....

On: .....

Notes

1. Certificates so returned or issued will be sent by post, uninsured and at the risk of the holder of Bonds.
2. This Purchase Notice is not valid unless all of the paragraphs requiring completion are duly completed and it is duly executed by or on behalf of the Bondholder.
3. The Agent with whom Certificates are deposited will not in any circumstances be liable to the depositing Bondholder or any other person for any loss or damage arising from any act, default or omission of such Agent in relation to such Certificates or any of them unless the loss or damage was caused by the gross negligence or wilful default of such Agent.

SCHEDULE 5

REGULATIONS CONCERNING THE TRANSFER AND REGISTRATION OF BONDS

1. Each Certificate shall represent an integral number of Bonds.

2. Unless otherwise requested by him and agreed by the Issuer and save as provided in the Conditions, each holder of more than one Bond shall be entitled to receive only one Certificate in respect of his holding.

3. Unless otherwise requested by them and agreed by the Issuer and save as provided in the Conditions, the joint holders of one or more Bonds shall be entitled to receive only one Certificate in respect of their joint holding which shall, except where they otherwise direct, be delivered to the joint holder whose name appears first in the register of the holders of Bonds in respect of the joint holding. All references to "holder", "transferor" and "transferee" shall include joint holders, transferors and transferees.

4. The executors or administrators of a deceased holder of Bonds (not being one of several joint holders) and, in the case of the death of one or more of joint holders, the survivor or survivors of such joint holders shall be the only persons recognised by the Issuer as having any title to such Bonds.

5. Any person becoming entitled to Bonds in consequence of the death or bankruptcy of the holder of such Bonds may, upon producing such evidence that he holds the position in respect of which he proposes to act under this paragraph or of his title as the Transfer Agent or the Registrar shall require (including legal opinions), be registered himself as the holder of such Bonds or, subject to the preceding paragraphs as to transfer, may transfer such Bonds. The Issuer, the Transfer Agents and the Registrar may retain any amount payable upon the Bonds to which any person is so entitled until such person shall be so registered or shall duly transfer the Bonds.

6. Upon the surrender of a Certificate representing any Bonds to be transferred or in respect of which an option is to be exercised or any other Bondholders' right to be demanded or exercised, the Transfer Agent or the Registrar to whom such Bond is surrendered shall request reasonable evidence as to the identity of the person (the **Surrendering Party**) who has executed the form of transfer on the Certificate or other accompanying notice or documentation, as the case may be, if such signature does not conform to any list of duly authorised specimen signatures supplied by the registered holder. If the signature corresponds with the name of the registered holder, such evidence may take the form of a certifying signature by a notary public or a recognised bank. If the Surrendering Party is not the registered holder or is not one of the persons included on any list of duly authorised persons supplied by the registered holder, the Transfer Agent or Registrar shall require reasonable evidence (which may include legal opinions) of the authority of the Surrendering Party to act on behalf of, or in substitution for, the registered holder in relation to such Bonds.

SCHEDULE 6

FORM OF CMU LODGING AUTHORITY FROM THE ISSUER

To: Citicorp International Limited

as CMU Lodging and Paying Agent

cc: Hong Kong Monetary Authority
as operator of The Central Moneymarkets Unit Service
(the **CMU**)

[DATE]

Dear Sirs,

21VIANET GROUP, INC.

CNY2,000,000,000 6.875% Bonds due 2017 (the Bonds)

Lodgement of CMU Instrument No. CILHFB14015 (the CMU Instrument)

We refer to the Bonds with lodging date [ISSUE DATE] represented initially by a global certificate with provisions to exchange for definitive certificates in denomination of CNY1,000,000 each and in integral multiples of CNY100,000 in excess thereof.

We acknowledge that, in favour of the Hong Kong Monetary Authority (the **HKMA**) and its servants and agents, the terms of the CMU Membership Agreement dated May 17, 1994 between you and the HKMA (the **CMU Membership Agreement**) and the CMU Rules (as defined in the CMU Membership Agreement) will apply to the CMU Instrument lodged with the CMU by you and to all transactions and operations effected through the CMU in relation to the CMU Instrument, including transactions and operations relating to the lodgement, withdrawal or redemption of the CMU Instrument and in particular (but without limiting the generality of the foregoing):

(a) that the HKMA and its servants and agents are, with the limited exceptions expressly provided in the CMU Membership Agreement, exempt from liability caused directly or indirectly by the operation of the CMU and the HKMA is entitled without liability to act without further enquiry on instructions or information or purported instructions or information received through the CMU or otherwise in accordance with the CMU Manual (as defined in the CMU Membership Agreement);

(b) that notwithstanding any checks or other investigations carried out by the HKMA, the HKMA is under no liability to any person (whether or not a member of the CMU) as a result of any actual or alleged defect or irregularity with respect to the CMU Instrument lodged with or held in the CMU, any signature or purported signature appearing on such CMU Instrument, any disposition or purported disposition of such CMU Instrument or any inconsistency of such CMU Instrument with the details specified in respect of such CMU Instrument in the CMU.

We hereby authorise you (the **CMU Member**) on our behalf to do all such acts and things and execute all such documents as may be required to enable the CMU Member fully to observe and perform its obligations under the CMU Membership Agreement and the CMU Rules and to enter into any arrangement which the CMU Member considers proper in connection with the lodgement with the CMU of the CMU Instrument, the holding of the CMU Instrument in the CMU and (unless another CMU member is for the time being appointed to act as the

CMU lodging agent of the CMU Instrument on our behalf), the redemption of the CMU Instrument, including (but without limiting the generality of the foregoing) authorities for the CMU member on our behalf:

(a) to issue and authenticate the CMU Instrument (including issue and authentication on splitting and, where necessary, on withdrawal from the CMU); and

(b) to make payments in respect of the CMU Instrument in the manner prescribed by the CMU Rules.

We further acknowledge that no further or other demand or presentation for payment of the CMU Instrument shall be required than the credit of such CMU Instrument to a CMU Account of a CMU Member (whether acting on its own behalf or as the CMU lodging agent) in accordance with the CMU Rules and we hereby waive any further or other demand or presentment for payment.

We warrant that the CMU Instrument has been issued in accordance with (and lodging of the CMU Instrument with the CMU will not be contrary to) all applicable laws, regulations, orders, directives, requests or requirements (including regulations, orders, directives, requests or requirements which do not have the force of law but which are generally complied with by the persons to whom they are addressed).

These confirmations, warranties and acknowledgements are given for your benefit and for the benefit of the CMU and its servants and agents.

Yours faithfully

For and on behalf of
21VIANET GROUP, INC. as Issuer

By: _____
Name:
Title:

SCHEDULE 7

FORM OF NOTICE FOR CURRENCY FALLBACK OPTION

[ON THE LETTERHEAD OF THE ISSUER]

Citicorp International Limited

(as Fiscal Agent)

[DATE]

Dear Sirs

21VIANET GROUP, INC.

CNY2,000,000,000 6.875% Bonds due 2017

By delivering this duly completed Exercise Notice for the Currency Fallback Option (**Exercise Notice**) with the Fiscal Agent for the above bonds (the **Bonds**) the Issuer hereby confirms that it has elected to make such payment in US dollars as permitted under Condition 7(g) of the Bonds.

The Issuer hereby requests that the Fiscal Agent calculate the Spot Rate at the time and in the manner specified in Condition 7(g) calculate the amount payable in US dollars so the Issuer may settle such payment on the due date in US dollars.

The Fiscal Agent and each other Agent shall be entitled to rely without further enquiry on this Notice and shall not be responsible to the Issuer or any holder of the Bonds for the determination of the Spot Rate in the absence of their own gross negligence or wilful default.

Unless otherwise defined, terms used in this Notice have the meanings specified in the Terms and Conditions of the Bonds.

Yours faithfully

21VIANET GROUP, INC. as Issuer

By: _____
Name:
Title:

[Signature page for Notice for Currency Fallback Option]

SIGNATORIES

THIS AGREEMENT has been entered into on the date stated at the beginning.

21VIANET GROUP, INC.

By: _____
Name:
Title:

CITICORP INTERNATIONAL LIMITED

(as Fiscal Agent, Transfer Agent, CMU Lodging and Paying Agent and Registrar)

By: _____
Name:
Title:

SIGNATORIES

THIS AGREEMENT has been entered into on the date stated at the beginning.

21VIANET GROUP, INC.

By: _____
Name:
Title:

CITICORP INTERNATIONAL LIMITED

(as Fiscal Agent, Transfer Agent, CMU Lodging and Paying Agent and Registrar)

By: _____
Name: **Edward Chiu**
Title: **Vice President**

Exhibit 4.34

SHARE PURCHASE AGREEMENT

by and among

21VIANET GROUP, INC.

CHENGDU GUOTAO CULTURAL COMMUNICATION CO., LTD.

CHENGDU GUOTAO NETWORK TECHNOLOGY CO., LTD.

CHENGDU CHUANTAO INVESTMENT LIMITED PARTNERSHIP ENTERPRISE

SUZHOU TIANWEI ZHONGSHAN JIUDING INVESTMENT CENTER (LP)

XIAMEN HONGTAI JIUDING EQUITY PARTNERSHIP (LP)

BEIJING HANGUANG JIUDING INVESTMENT CENTER (LP)

CHENGDU EVERASSION EQUITY INVESTMENT FUND CENTER (LP)

CHENGDU ZHONGTAO INVESTMENT PARTNERSHIP (LP)

CHENGDU HETAO INVESTMENT PARTNERSHIP (LP)

LI JIA

and

SICHUAN AIPU NETWORK CO., LTD.

Dated as of May 30, 2014

TABLE OF CONTENTS

ARTICLE XI
TERMINATION

ARTICLE XII
MISCELLANEOUS

SHARE PURCHASE AGREEMENT

This Share Purchase Agreement (this "**Agreement**") is entered into as of May 30, 2014 by and between:

(a) **21Vianet Group, Inc.**, an exempted company duly established and validly existing under the laws of Cayman Islands and with its registered address at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands (the "**Buyer**");

(b) each Person listed under the column "Seller" on Schedule I hereto (each a "**Seller**", and collectively the "**Sellers**");

(c) Li Jia, a PRC citizen, with ID number 510102197210156119 (the "**Founder**"); and

(d) **Sichuan Aipu Network Co., Ltd.**, a limited liability company duly established and validly existing under the laws of the PRC and with its registered address at No.6 Jiuxing Avenue, High and New Technology Zone, Chengdu (the "**Company**").

The Buyer, the Sellers and the Company may hereinafter be referred to collectively as the "**Parties**" and each individually as a "**Party**."

RECITALS

WHEREAS, as of the date of this Agreement, the Sellers collectively own 100% of the equity interest of the Company and the Founder, through his control of the Sellers, has de facto control of the Company;

WHEREAS, the Seller has established GUO YUN LTD., a limited liability company in the British Virgin Islands (the "**BVIco**"), which is 82% owned by CLOUD UP LIMITED. START SAGE LIMITED, who holds 18% of the BVIco has entered into an agreement with GOLDEN TRIDENT INVESTMENT LIMITED to transfer 18% of its equity interest in BVIco to GOLDEN TRIDENT INVESTMENT LIMITED. The BVIco is owned by the Sellers as to the same percentage of shareholding of each Seller in the Company as of the date hereof;

WHEREAS, the Buyer intends to indirectly acquire control over the Company by purchasing certain number of ordinary shares of the BVIco, which in the aggregate will be representing 50% of the total issued and outstanding share capital of the BVIco (the "**Sale Shares**"), from the Sellers (the "**Transaction**") on the condition, among others as set forth herein below, that the Sellers have completed (or cause to be completed) a series of reorganization steps in accordance with this Agreement and other Transaction Documents (as defined herein), and the Sellers are willing to effect the Transaction.

NOW, THEREFORE, in consideration of the foregoing, the representations, warranties, covenants and agreements set forth in this Agreement, and other good and valuable consideration, the adequacy and receipt of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I
DEFINITIONS AND INTERPRETATION

Section 1.1 Definitions.

"**Accounts**" means, collectively, the Financial Statements and the Management Accounts.

"**Affiliate**" means, in relation to a particular company or a person, a company, its holding company or Subsidiary, or any Subsidiary of its holding company or person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the company or person specified.

"**Agreement**" has the meaning ascribed thereto in the Preamble.

"**Anti-Corruption Laws**" means any anti-bribery or anti-corruption Law of any jurisdiction in which a particular company or person performs business, or of PRC, or of the United States, or of the United Kingdom, including without limitation, the PRC Criminal Law, the PRC Anti-Unfair Competition Law, the Foreign Corrupt Practices Act of 1977, as amended ("**FCPA**"), the U.K. Bribery Act of 2010, and where applicable, legislation enacted by member states and signatories implementing the OECD Convention Combating Bribery of Foreign Officials.

"**Approvals and Filings**" means such approvals, authorizations, consents, licenses, Permits, orders or waivers by, exemptions from, notices to, or registrations or filings with, a Governmental Authority or another third party as required to be obtained or procured pursuant to the transactions contemplated by this Agreement or the other Transaction Documents, including the Reorganization.

"**Balance Sheet Date**" means the last day of the month immediately preceding the month in which this Agreement is duly executed by the Parties.

"**Business**" means all community broadband access business and related activities currently carried out by the Target Group, or to be carried out by the Target Group after the Closing Date, as the case may be.

"**Buyer**" has the meaning ascribed thereto in the Preamble.

"**Buyer Indemnitees**" has the meaning ascribed thereto in Section 10.2.

"**Circular 75 Security Holder**" means any holder of any Equity Security of any Target Group Company, which holder is a "Domestic Resident" as defined in SAFE Rules and Regulations and is subject to any of the registration or reporting requirements of SAFE Rules and Regulations.

"**Claim Notice**" has the ascribed thereto in Section 10.4.

"**Closing**" has the meaning ascribed thereto in Section 3.1.

"**Closing Date**" has the meaning ascribed thereto in Section 3.1.

"**Company**" has the meaning ascribed thereto in the Preamble.

"**Confidential Information**" has the meaning ascribed thereto in Section 8.6(a).

"**Constitutional Documents**" means with respect to a person, the constitutional documents of such person, which may include, as applicable, memorandum and articles of association, by-laws and joint venture contracts.

"**Contract**" means any contract, agreement, lease, licensing arrangement, commitment, understanding, franchise, warranty, guaranty, mortgage, note, bond, option, warrant, right or other instrument or consensual obligation, whether written or oral and whether express or implied.

"**Default**" means an occurrence which constitutes a material breach, violation or contravention of, or default under, any Contract, Law, Governmental Order, or any term or provision thereof, or other commitment, and, where applicable, after the expiration of any grace period provided thereunder without such breach, violation, contravention or default being cured within such period.

"**Designated Account**" means, with respect to a Seller, a bank account notified to the Buyer in writing by such Seller not later than five (5) business days before Closing.

"**Disclosure Schedule**" means each disclosure schedule to be delivered to the Buyer pursuant to Section 8.3.

"**Dispute**" shall mean any dispute, controversy or claim arising out of or relating to this Agreement, its interpretation, validity, performance, enforceability, breach or termination.

"**Dispute Notice**" has the meaning ascribed thereto in Section 12.3(a).

"**Due Diligence Documents**" has the meaning ascribed thereto in Section 5.6.

"**Employee Benefit Plan**" means each share purchase, equity, severance, employment or individual consulting, change of control, bonus, incentive or deferred compensation, employee loan, employee pension plan, medical insurance, life insurance, retirement plan, program, agreement or arrangement and each other employee benefit plan, program, policy, Contract under which any current or former employee, director or individual consultant of any Target Group Company has any right to benefits and which is maintained or sponsored by, or contributed to by any Target Group Company or under which any Target Group Company has any liability.

"**Encumbrances**" means with respect to any asset or property (including any security), any mortgage, judgment lien, materialman's lien, mechanic's lien, other lien (statutory or otherwise), charge, security interest, pledge, hypothecation, encroachment, easement, title defect, title retention agreement, voting trust agreement, right of pre-emption, right of first refusal, claim, option, forfeiture, penalty, equity, adverse interest or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing. The term "**Encumber**" shall have meanings correlative to the foregoing.

"**Environmental Law**" means any applicable Law or Governmental Order relating to the prevention of harm to or protection of the environment, including, without limitation, (i) emissions, discharges, releases or threatened releases of any Hazardous Materials into land, soil, ambient air, water and atmosphere, (ii) the generation, treatment, storage, transportation, disposal or other handling of any Hazardous Materials, and (iii) the health and safety of persons (including employees) as such matters relate to Hazardous Materials.

"**Equity Securities**" means, with respect to a person, any shares, share capital, registered capital, ownership interest, equity interest, or other equity securities of such person, and any option, warrant, or right to subscribe for, acquire or purchase any of the foregoing, or any other security or instrument convertible into or exercisable or exchangeable for any of the foregoing, or any equity appreciation, phantom equity, equity plans (including all options and other awards of equity securities authorized under equity plans, whether or not issued, granted or vested) or similar rights with respect to such person, or any Contract of any kind for the purchase or acquisition from such person of any of the foregoing, either directly or indirectly.

"**Fair Market Value**" means, the value of VNET Shares determined as follows:

(a) If the VNET Shares are listed on one or more established stock exchanges or national market systems, including without limitation, The New York Stock Exchange and The Nasdaq Stock Market, its Fair Market Value shall be the average closing sales price for such VNET Shares as adjusted by ADS-ordinary share ratio (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the shares are listed over a twenty-day trading period ended on the date prior to the Financial Statements Date of the applicable year during which the Sellers exercise the Put Option(s); or

(b) In the absence of an established market for the VNET Shares of the type described in (a), above, the Fair Market Value thereof shall be determined by the Board of Director of the Buyer in good faith and in its discretion by reference to an independent valuation of the VNET Shares.

"**Financial Statements**" means the audited consolidated financial statements of the Target Group for the fiscal year ended December 31, 2013, each comprising of a balance sheet, a profit and loss statement and a cash flow statement (together with all related notes and schedules thereto) prepared in accordance with PRC GAAP applied consistently.

"**Financial Statements Date**" means, in a given fiscal year, the date that the Target Group receives the executed version of the audit report accompanying the audited consolidated financial statements of the Target Group for the preceding fiscal year, from the auditor of the Target Group, but in no event later than 90 days after the end of such preceding fiscal year.

"**Government Official**" includes, without limitation, all officers or employees of a government department, agency or instrumentality; permitting agencies; custom officials; political party officials; candidates for political office; officials of public international organizations (e.g., the Red Cross); employees or affiliates of an enterprise that is owned, sponsored, or controlled by any government—such as a health care facility, bank, utility, oil company, university or research institute; and any other position as defined by applicable Anti-Corruption Laws.

"**Governmental Authority**" means any national, central, federal, state, provincial, municipal, autonomous region or local government, including any political subdivision thereof and any department, ministry, agency, commission, bureau, court, tribunal, entity, instrumentality, authority or other body thereof exercising executive, judicial, fiscal, legislative, regulatory, taxing or administrative functions of or pertaining to government.

"**Governmental Order**" means any order, writ, judgment, injunction, decree, ruling, assessment, stipulation or determination entered or issued by any competent Governmental Authority, or a final arbitration award issued by an arbitral tribunal of competent jurisdiction.

"**Hazardous Materials**" means any material, substance or condition that is defined as "hazardous" by any Environmental Law or is subject to regulation under any Environmental Law, including all pollutants, contaminants, hazardous or special wastes, radioactive materials and any other infectious, carcinogenic, ignitable, corrosive, reactive, toxic, bioaccumulative/persistent organic or otherwise hazardous substances or materials (whether solids, liquids or gases).

"**HKIAC**" shall mean the Hong Kong International Arbitration Centre.

"**Indebtedness**" of any person means, without duplication, (i) the principal, accreted value, unpaid interest, prepayment, breakage and redemption costs, premiums or penalties, unpaid fees or expenses and other monetary obligations in respect of (A) indebtedness of such person for borrowed money and (B) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such person is responsible or liable; (ii) all obligations (contingent or otherwise) of such person issued or assumed as the deferred purchase price of property or services, all conditional sale obligations of such person and all obligations of such person

under any title retention agreement, including, without limitation, trade accounts payables incurred in the ordinary course of business and salaries and related social benefits payable; (iii) all capitalized lease obligations; (iv) all obligations and Liabilities payable upon termination of interest rate protection agreements, foreign currency exchange agreements or other interest rate or exchange rate hedging or swap arrangements; (v) all obligations of the type referred to in clauses (i) through (iv) of any persons the payment of which such person is responsible or liable, directly or indirectly, as obligor, guarantor, surety or otherwise; (vi) all obligations of the type referred to in clauses (i) through (v) of other persons secured by any Encumbrances on any property or asset of such person (whether or not such obligation is assumed by such person); (vii) current income Tax Liabilities; and (viii) all unsettled related-party balances, if such related party balance is a payable from a Target Group Company to an Affiliate that is not part of the Target Group.

"**Indemnified Party**" shall have the meaning set forth in Section 10.4.

"**Indemnifying Party**" shall have the meaning set forth in Section 10.4.

"**Indemnification Period**" shall have the meaning set forth in Section 10.1.

"**Insurance Policies**" means each current policy of insurance taken out in respect of the Target Group Companies.

"**Intellectual Property**" means all intellectual property and industrial property rights and rights in confidential information of every kind and description throughout the world, including all U.S. and foreign (i) patents, patent applications, invention disclosures, and all related continuations, continuations-in-part, divisionals, reissues, re-examinations, substitutions, and extensions thereof ("**Patents**"), (ii) trademarks, service marks, names, corporate names, trade names, domain names, logos, slogans, trade dress, design rights, and other similar designations of source or origin, together with the goodwill symbolized by any of the foregoing ("**Trademarks**"), (iii) copyrights and copyrightable subject matter ("**Copyrights**"), (iv) rights in computer programs (whether in source code, object code, or other form), algorithms, databases, compilations and data, technology supporting the foregoing, and all documentation, including user manuals and training materials, related to any of the foregoing ("**Software**"), (v) trade secrets and all other confidential information, ideas, know-how, inventions, proprietary processes, formulae, models, and methodologies ("**Trade Secrets**"), (vi) moral rights and rights of attribution and integrity, (vii) all rights in the foregoing and in other similar intangible assets, (viii) all applications and registrations, and any renewals, extensions and reversions, for the foregoing, and (ix) all rights and remedies against past, present, and future infringement, misappropriation, or other violation thereof.

"**Jiuding**" means, collectively, Suzhou Tianwei Zhongshan Jiuding Investment Center (LP), Xiamen Hongtai Jiuding Equity Partnership (LP) and Beijing Hanguang Jiuding Investment Center (LP), and GOLDEN TRIDENT INVESTMENT LIMITED, a British Virgin Islands company under common control with the three partnership enterprise as aforementioned.

"**Key Employees**" mean the persons listed on Schedule III hereto.

"**Law**" means any central, federal, state, provincial, municipal, local or foreign laws, treaties, constitutions, statutes, codes, judicial decisions, judgments, rules, regulations, ordinances, circulars, administrative measures, edicts, interpretations, Governmental Orders or other pronouncement of or enacted, adopted, promulgated or applied by any Governmental Authority having the effect of law.

"**Liabilities**" mean any debt, liability or obligation (whether direct or indirect, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due), and includes all costs, expenses and Taxes relating thereto.

"**Long Stop Date**" means the date falling two (2) months from the date of execution of this Agreement, or any later date as may be extended by express written agreement of the Buyer and the Sellers.

"**Losses**" means Liabilities, losses, damages, claims, demands, payments, fines, awards, judgments, penalties and related costs and expenses, including, without limitation, diminution in value, interests, Taxes and reasonable attorneys' fees, court costs and expenses of litigation or arbitration, in each case (excluding any indirect, consequential or punitive losses); and for the avoidance of doubt, any amount of Losses to any Target Group Company shall be deemed to result in and attribute to the Buyer an amount of Losses that is equal to the amount of Losses to the relevant Target Group Company.

"**Management Accounts**" has the meaning ascribed thereto in Section 6.8.

"**Material Adverse Effect**" means, in relation to any person, any event, occurrence, fact, condition, circumstance, change or effect that, individually or in the aggregate with all other events, occurrences, facts, conditions, circumstances, changes or effects: (a) is materially adverse to the business, operations, assets, Liabilities, employee relationships, client, investor or service provider relationships, prospects, results of operations or conditions (financial or otherwise) of such person; or (b) will materially and adversely affect the ability of the Party in question to perform its obligations hereunder or to consummate the transactions contemplated herein.

"**Material Contract**" has the meaning ascribed there to in Section 6.17(a).

"**Money Laundering Laws**" has the meaning ascribed thereto in Section 5.7(c).

"**Ordinary Shares**" means ordinary shares of the BVIco.

"**Parties**" has the meaning ascribed thereto in the Preamble.

"**Permits**" means all licenses, permits, approvals, consents, authorizations, certificates, grants, concessions or the like by a Governmental Authority.

"**Post-Transaction Ultimate Holdco AOA**" means the restated and amended BVIco's articles of association effective from the Closing Date.

"**PRC**" means the People's Republic of China, excluding, for the sole purpose of this Agreement, Hong Kong, Macau and Taiwan.

"**PRC GAAP**" means generally accepted accounting standards issued by the Ministry of Finance of the People's Republic of China.

"**Proceedings**" means any lawsuit, arbitration, mediation or other proceedings before any court, arbitrator, mediator or other Governmental Authority, whether criminal, civil, administrative, investigative or otherwise.

"**Put Shares**" means the Ordinary Shares owned by each of the Sellers, through their respective Seller SPV, as of the date immediately prior to the Closing on which the Exercise Notice is delivered.

"**Representatives**" of a person means the directors, officers, employees, advisors, consultants, controllers, representatives and agents of such person.

"**RMB**" means the legal currency of the PRC.

"**SAFE**" means the State Administration of Foreign Exchange.

"**SAFE Rules and Regulations**" means the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Reverse Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies issued by SAFE on October 21, 2005 and any other guidelines, implementing rules, reporting and registration requirements issued by SAFE.

"**Sellers**" has the meaning ascribed thereto in the Preamble.

"**Seller SPV**" means CLOUD UP LIMITED and GOLDEN TRIDENT INVESTMENT LIMITED, two special purpose vehicles duly established in British Virgin Islands by the Sellers. The BVIco is owned by the Sellers, through the two Seller SPVs, as to the same percentage of shareholding of each Seller in the Company as of the date hereof.

"**Subsidiary**" of a person means any other person of which such first person (either alone or through or together with any other Subsidiary) directly or indirectly (a) owns more than fifty percent (50%) of the Equity Securities, (b) is generally entitled to appoint a majority of the board of directors or comparable governing body, or (c) otherwise has control.

"**Target Group**" means, collectively, the BVIco, the Company, each Subsidiary of the Company listed on Schedule II hereto, any other Subsidiary of any of the foregoing in existence as of the date hereof or formed hereafter, and any other entity whose financial statements are consolidated with those of the BVIco or the Company in accordance with generally accepted accounting principles in the United States and are recorded on the books of the BVIco or the Company for financial reporting purposes; and a "**Target Group Company**" means each of them individually.

"**Target Group Indemnitees**" has the meaning ascribed thereto in Section 10.3.

"**Tax**" means all taxes and administrative charges (including but not limited to income tax, business tax, value added tax, customs and stamp duty) and any relevant interests and penalties imposed by any Governmental Authority in accordance with applicable Law.

"**Tax Returns**" means any return, report, information return or other document (including schedules, any related or supporting information, or amendment thereof) filed or required to be filed with any Governmental Authority in connection with the determination, assessment or collection of any Tax or the administration of any Laws relating to Tax.

"**Third Party Claim**" shall have the meaning set forth in Section 10.4.

"**Transaction Documents**" means, collectively, (i) this Agreement, (ii) Post-Transaction Ultimate Holdco AOA, (iii) Ultimate Holdco SHA, (iv) the share purchase agreement relating to the sale of equity interests in the Company, dated as of the date hereof, by and among the Sellers, the Company and Langfang Xunchi Computer Data Processing Co., Ltd. (the "**Onshore SPA**"), (v) the articles of association of the Company to be adopted at or prior to Closing.

"**Transfer**" means the direct or indirect offer, sale, lease, donation, assignment (as collateral or otherwise), mortgage, pledge, grant, hypothecation, encumbrance, gift, bequest or transfer or disposition of any interest (legal or beneficial) in any security (including the transfer of any person that owns such security or transfer by reorganization, merger, sale of substantially all of the assets or by operation of law).

"**US$**" or "**US Dollars**" means the legal currency of the USA.

"**U.S. Economic Sanctions**" has the meaning ascribed thereto in Section 5.7(b).

"**Ultimate Holdco SHA**" shall mean certain shareholders' agreement to be entered into as of the Closing Date by and among the Buyer, the Sellers (excluding Jiuding) or Seller SPV, and the BVIco, which shall be on terms reasonably acceptable to the Buyer and the Sellers and reflecting the provisions in Article IX hereof.

"**VNET Shares**" means the Buyer's Class A ordinary shares, par value US$0.00001 per share.

Section 1.2 Rules of Interpretation. For purposes of this Agreement, except where the context otherwise requires:

(a) The term "**person**" includes any natural person, firm, association, partnership, corporation, limited liability company, limited liability partnership, general partnership, joint venture, trust, unincorporated organization or other legal entity, including entities established by Contract or Laws that have a separate legal identity, or any Government Authority or other entity, in its own or any representative capacity, and shall include any successor (by merger or otherwise) of any of the foregoing.

(b) The term "**control**", when used with respect to any given person, means the power or authority, whether exercised or not, to direct or cause the direction of the business, management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by Contract or otherwise; *provided* that such power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such person or power to control the composition of a majority of the board of directors or partners of such person. The terms "**controlled**" and "**controlling**" have meanings correlative to the foregoing.

(c) References to a Party include its successors and permitted assignees in accordance with Section 12.10.

(d) The term "**third party**" means any person other than the Parties.

(e) The term "**business day**" means any day on which licensed banks in the PRC, Hong Kong and New York are open for business, excluding any Saturday, Sunday and legal holidays in the PRC, Hong Kong or New York.

(f) References to "**days**" other than "business days" mean calendar days (if, however, an action or obligation is due to be undertaken by or on a day other than a business day, i.e., a Saturday, Sunday or public holiday in the PRC, Hong Kong or New York, then that action or obligation will be deemed to be due on the next following business day).

(g) When introducing a series of items, the terms "**include**", "**including**" and "**includes**" are not intended to limit the more general description that precedes the items listed.

(h) The terms "**hereof**", "**herein**", "**hereby**", "**hereunder**" and the like refer to this Agreement as a whole and not to any specific section, article or clause.

(i) Any reference to Preambles, Recitals, Articles, Sections, Items, Paragraphs, Exhibits, Annexes or Schedules shall mean the relevant preambles, recitals, articles, sections, items, paragraphs, exhibits, annexes or schedules of this Agreement, unless the context otherwise requires.

(j) The table of contents and the headings of the Articles and Sections are included for convenience of reference only and are not intended to affect the meaning of the operative provisions to which they relate.

(k) References to any central, federal, state, provincial, municipal, local or foreign law or enactment includes that enactment as amended, replaced or re-enacted and any subordinate legislation, regulations, rules, measures and guidelines made or promulgated under it, unless the context requires otherwise.

(l) Unless specifically stated otherwise, a Contract, certificate or any other document includes all exhibits, appendices, schedules and annexes attached thereto.

(m) All pronouns contained herein and any variations thereof shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identity of the parties may require.

(n) Time is of the essence of every respect of this Agreement.

(o) The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.

(p) The Parties intend that each representation, warranty, and covenant contained herein shall have independent significance.

ARTICLE II
SALE AND PURCHASE OF SALE SHARES

Section 2.1 Sale and Purchase of the Sale Shares.

(a) Subject to the terms and conditions of this Agreement, each of the Sellers hereby agrees, jointly and severally, to sell, transfer and assign to the Buyer, and the Buyer hereby agrees to purchase and accept from such Seller, at Closing, certain number of Ordinary Shares which will be representing the percentage of shareholding of the BVIco as set forth opposite such Seller's name under the column "Percentage of Shareholding of BVIco" on Schedule I hereto, and all rights, title, interests and benefits and attached thereto under the Company's articles of association, pursuant to applicable Laws, free and clear from any and all Encumbrances.

(b) The aggregate purchase price for the Sale Shares shall be US Dollars in an amount equivalent to RMB 589,048,406.02. It is confirmed by the Parties that such aggregate purchase price will not include the price payable by TNET for purchase of 50% shares of the Target Group under the Onshore SPA.

Section 2.2 No Distribution Prior to Closing. Unless otherwise disclosed to the Buyer, the Buyer and each of the Sellers hereby confirm and agree that none of the Sellers shall claim for the distribution or payment of any profits, proceeds, cash, dividends, interests, Indebtedness or property which have been accrued by any Target Group Company on or prior to the Closing Date (or which otherwise relate to any periods prior to Closing, whether or not accrued), regardless of whether any such profits, proceeds, cash, dividends, interests, Indebtedness or property have been declared for distribution or payment (unless such distribution or payment has been otherwise approved by the Buyer in writing in advance), excluding profits disclosed under dividends payable of the Company's financial statements as of the end of 2013.

ARTICLE III
CLOSING

Section 3.1 Prepayment

(a) Buyer will pay RMB250,000,000 or equivalent U.S. dollars (the "**Prepayment**") as part of the purchase price payable by the Buyer to the Sellers, to accounts designated by the Founder and Jiuding. RMB106,871,145 (US$17,113,074) shall be paid to the following account of the Founder, and RMB143,128,855 (US$22,918,952) shall be paid to the following account of Jiuding:

Account of Founder:
Beneficiary Bank: China Minsheng Bank Corp Ltd Hong Kong Branch
(SWIFT: MSBCHKHH)
Beneficiary: Li Jia,
Account No.: 680011181-814 (USD) 680011181-801 (HKD) 680011181-899 (RMB)

Account of Jiuding
Beneficiary Bank: SILICON VALLEY BANK
Account Name: Golden Trident Investment Limited
Account No.: 3301134860

(b) The Found will deliver, or cause delivery of, the following documents, each in the form and substance acceptable to the Buyer, upon payment of the Prepayment:

(i) The register of members of the Company reflecting TNET as the holder of 50.00000% shares of the Company, which register of members will be maintained by the Buyer until the Closing;

(ii) The resolutions adopted at the shareholder's meeting appointing the person nominated by the Buyer as director of the Company;

(iii) The legal opinion issued by qualified PRC law firms designated by the Founder, evidencing the legality and effectiveness of the deliverables under Section 3.1b(i) and (ii);

(iv) The letter of guarantee issued by the Founder for performance of the obligations under this Agreement in favor of the Buyer and TNET; and

(v) The Equity Pledge Agreement between Chengdu Guotao Cultural Communication Co., Ltd. and TNET.

(c) Jiuding hereby irrevocably agrees and acknowledges that the equity interest of the Company held by Jiuding has been transferred to TNET and 18% equity interest in BVIco held by Jiuding will be transferred in full in this Transaction. If Closing occurs, the part of Prepayment paid to Jiuding shall be treated as the full consideration payable to Jiuding for transfer of its equity interest in BVIco in full (the difference between the amount paid to the account designated by Jiuding under Section 3.1(a) and the share transfer price for Jiuding's share ownership as set forth in Schedule I in the amount of RMB68,928,571.44 shall be paid by the Buyer directly to the Founder's account pursuant to Jiuding's instruction, as otherwise agreed between Jiuding and the other shareholders of the Company)

Section 3.2 Closing. Subject to all of the conditions set forth in Article IV having been satisfied (save to the extent waived in accordance with this Agreement), the closing of the Transaction ("**Closing**") shall take place on the earliest practicable date within ten (10) business days after the date on which the last of the conditions set forth in Article IV has been satisfied or waived (other than those conditions that by their nature are to be satisfied at Closing) when all (but not some only) of the steps and actions set forth in Section 3.3 and Section 3.4 shall be taken and completed simultaneously (the date on which Closing actually occurs shall be

referred to as the "**Closing Date**"), *provided*, *however*, that (i) in no event shall the Closing Date be later than the Long Stop Date and (ii) the Closing Date shall be a business day. Closing shall take place in Beijing or such other location as the Parties may expressly agree in writing.

Section 3.3 Buyer's Obligations. Subject to applicable Law and the satisfaction (save to the extent waived by the Buyer in accordance with this Agreement) of each of the conditions set forth in Section 4.1 and Section 4.2, the Buyer shall, at Closing,

(a) remit to each of the Sellers the amount in US Dollars as set forth opposite such Seller's name under the column "Purchase Price" in Schedule I, by wire transfer of immediately available funds to such Seller's Designated Account; and

(b) deliver to the Sellers (excluding Jiuding) the original Ultimate Holdco SHA, duly executed by the Buyer.

Section 3.4 Sellers' Obligations. Subject to the satisfaction (save to the extent waived by each of the Sellers in accordance with this Agreement) of each of the conditions set forth in Section 4.1 and Section 4.3, at Closing, the Sellers (excluding Jiuding) shall deliver, or cause to be delivered, to the Buyer all of the following documents or instruments, each in form and substance to the Buyer's satisfaction:

(a) a duly executed certificate from an authorized officer of the Seller certifying that the Sellers and their respective Seller SPV have duly complete all of the material steps of the reorganization within the Reorganization Period pursuant to this Agreement (the "**Reorganization**");

(b) original instruments of transfer with respect to the Sale Shares, duly executed by each of the Sellers;

(c) original share certificates representing the Sale Shares;

(d) for the transfer of one ordinary share ("Nominal Share") by Seller SPV to Shenchen, a PRC natural person (ID Card No. 110108196807271450), (i) instrument of transfer with respect to the Nominal Share duly signed by the Seller SPV (excluding Jiuding); and (ii) original share certificate representing the Nominal Share;

(e) a copy of the register of members of the BVIco dated as of the Closing Date and certified by the BVIco's registered office provider in the British Virgin Islands, which reflects the transfer of the Sale Shares from the Sellers to the Buyer and gives effect to the Buyer's acquisition of the Sale Shares;

(f) a copy of the register of directors of the BVIco dated as of the Closing Date and certified by the BVIco's registered office provider in the British Virgin Islands, which reflects the resignation pursuant to this Agreement of the directors of the BVIco designated by the Sellers, if applicable, and gives effect to the new directors nominated by the Buyer;

(g) a copy of the written proof that the Post-Transaction Ultimate Holdco AOA has been filed with the Government Authorities of the British Virgin Islands by the Company's registered office provider;

(h) written resignation of the applicable Target Group Companies' legal representatives, directors, general managers and other executive officers, as set forth in Schedule IV attached hereto and any other executive officers designated by the Sellers from their respective offices with the applicable Target Group Companies, in each case in form satisfactory to the Buyer, duly executed and effective immediately upon Closing and containing a waiver of all claims against the applicable Target Group Company;

(i) copies of all applications, registration forms, instruments and other documents required under the Law of the PRC to be filed with relevant Governmental Authorities in the PRC for the purposes of giving effect to and duly recording the change of the applicable Target Group Companies' legal representatives, chairmen, directors, supervisors and/or general managers to such persons designated by the Buyer, duly executed by the Company and/or the Sellers, as applicable, or their respective authorized Representatives;

(j) the original Ultimate Holdco SHA, duly executed by the Sellers; and

(k) duly executed confidentiality and non-compete agreements between each Key Employee, on one side, and the entity designated by the Buyer, on the other side, on the terms reasonably acceptable to the Buyers.

ARTICLE IV
CONDITIONS PRECEDENT TO CLOSING

Section 4.1 Conditions Precedent to Obligations of All Parties. The respective obligations of all Parties to proceed with Closing and perform their respective obligations under Article III are conditional upon and subject to the satisfaction, on or prior to the Long Stop Date, of each of the following conditions:

(a) there shall not be in effect any Law that renders illegal, prevents or prohibits the consummation of the transactions contemplated hereby or by the other Transaction Documents; and

(b) there shall not be in effect any Governmental Order prohibiting the consummation of the transactions contemplated hereby or by the other Transaction Documents, or restraining any Party from consummating the transactions contemplated hereby or by the other Transaction Documents.

Section 4.2 Conditions Precedent to the Obligations of the Buyer. The obligations of the Buyer to proceed with Closing and perform its obligations under Section 3.2 are conditional upon and subject to the satisfaction, or the express written waiver by the Buyer, on or prior to the Long Stop Date of each of the following conditions:

(a) the Reorganization (which may be assisted by the Buyer as necessary) having been duly and timely completed in accordance with the Transaction Documents; and the Sellers having delivered to the Buyers a written certificate duly signed by an authorized officer of the Seller, dated as of the Closing Date, to the foregoing effect pursuant to Section 3.4(a);

(b) the Sellers having delivered to the Buyer an original counterpart (or certified true copy, if none of the Buyer or its Affiliates is a party to such agreement, document or instrument) of each of the execution versions of the Transaction Documents to which any of the Target Group Company is a party, duly executed by the Seller;

(c) the Sellers having delivered to Buyer 2013 audited report issued by qualified accounting firms designated by the Buyer;

(d) the purchase of the 50% of the equity interest in the Company by TNET from the Sellers having been duly completed in accordance with the Onshore SPA and TNET having been duly recorded by the relevant Governmental Authorities as the shareholder of the Company; and the Buyer has received from the competent Government Authority the Notice for Acceptance of the ISP Business License Change Filing under applicable administrative regulations;

(e) the Sellers having delivered to Buyer a power of attorney issued by Chengdu Everassion Equity Investment Fund Center (LP) authorizing CLOUD UP LIMITED to receive the purchase price on its behalf;

(f) all of the representations and warranties contained in Article V and Article VI being true, accurate and not misleading as of the date of this Agreement and/or as of the Closing Date (as applicable), except to the extent such representations and warranties are expressly stated as of a different point in time, in which case such representations and warranties being true, accurate and not misleading as of such other point in time; and each of the Sellers having delivered to the Buyer a written certificate duly signed by an authorized officer of such Seller, dated as of the Closing Date, to the foregoing effect;

(g) each of the Sellers and the Target Group Companies having performed and complied with all agreements, undertakings, obligations and covenants required by this Agreement to be performed or complied with by such Seller and/or the Target Group Companies, as applicable, on or prior to the Closing Date; and each of the Sellers having delivered to the Buyer a written certificate duly signed by an authorized officer of such Seller, dated as of the Closing Date, to the foregoing effect; and

(h) the Buyer having received each of the closing deliverables set forth in Section 3.4.

Section 4.3 Conditions Precedent to the Obligations of the Sellers. The obligations of the Sellers to proceed with Closing and perform their obligations under Section 3.4 are conditional upon and subject to the satisfaction, or the express written waiver by the Sellers, on or prior to the Long Stop Date of each of the following conditions:

(a) all of the representations and warranties contained in Article VII being true, accurate and not misleading as of the date of this Agreement and/or as of the Closing Date (as applicable), except to the extent such representations and warranties are expressly stated as of a different point in time, in which case such representations and warranties being true, accurate and not misleading in all material respects as of such other point in time; and the Buyer having delivered to each of the Sellers a written certificate duly signed by an authorized officer of the Buyer, dated as of the Closing Date, to the foregoing effect; and

(b) the Buyer having performed and complied with all agreements, undertakings, obligations and covenants required by this Agreement to be performed or complied with by the Buyer on or prior to the Closing Date; and the Buyer having delivered to each of the Sellers a written certificate duly signed by an authorized officer of the Buyer, dated as of the Closing Date, to the foregoing effect.

ARTICLE V
REPRESENTATIONS AND WARRANTIES RELATING TO THE SELLERS

The Sellers, severally and not jointly, represent and warrant to the Buyer that each of the following statements is true, accurate and not misleading as of the date hereof and will be true, accurate and not misleading as of the Closing Date (except for those representations or warranties that are expressly stated as of a different point in time):

Section 5.1 Organization and Good Standing. Each of the Sellers is a company limited by shares duly established, validly existing and in good standing under the laws of the PRC.

Section 5.2 Power and Authority; Binding Effect. Each of the Sellers has the requisite capacity and authority under its Constitutional Documents and applicable Law to execute and deliver this Agreement, to perform its obligations under this Agreement and to consummate the transactions contemplated herein in accordance with this Agreement. The execution and delivery of this Agreement by each of the Sellers,

performance by each of the Sellers of its obligations under this Agreement and the consummation of the transactions contemplated herein have each been duly authorized by all of such Seller's requite corporate actions, including, without limitation, due authorization by such Seller's shareholders. Upon due execution by the Parties, this Agreement constitutes a valid, binding and enforceable legal obligation of each of the Sellers, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization or similar Laws relating to creditors' rights generally and by equitable principles.

Section 5.3 No Violation; Third-Party Consents and Approvals.

(a) Neither the execution and delivery of this Agreement by each of the Sellers nor its performance of its obligations under this Agreement will violate or breach, or otherwise constitute or give rise to a Default under (i) any applicable Law or Governmental Order, (ii) the Constitutional Documents of such Seller, or (iii) any Contract, commitment, or other obligation to which such Seller or any Target Group Company is a party or by which such Seller, any Target Group Company or any of their assets are bound.

(b) No approval, authorization, consent, license, Permit, order or waiver by, exemption from, notice to, or registration or filing with, any Governmental Authority or any other third party is required to be obtained or made by or with respect to any Seller, any Target Group Company, or any Seller's other Affiliates in connection with the execution, delivery or performance by any Seller of this Agreement or the consummation of the transactions contemplated herein, or in order to preclude any termination, amendment, cancellation or acceleration of or Default under any Contract.

Section 5.4 Ownership of Sale Shares. Immediately following the establishment of the BVIco, each of the Sellers, through their respective Seller SPV, will be the sole record and beneficial holder of all of the Ordinary Shares, the number of which is representing the "Percentage of Shareholding of the BVIco" set forth opposite such Seller's name on Schedule I hereto, free and clear from any Encumbrance. The Sellers collectively have the sole legal and beneficial ownership of all of the issued and outstanding Ordinary Shares, including the Sale Shares, free and clear from any Encumbrance. No person other than the Sellers has any interest in, or any entitlement or claim to, any of the Ordinary Shares. Except for this Agreement, there are no Contracts, arrangements, warrants, options, puts, calls, rights or other commitments or understanding of any character to which any Seller or any Seller SPV is a party or which any Seller or its assets are bound that relates to the sale, purchase, redemption, conversion exchange, registration, voting or transfer of any of the Sale Shares. Each of the Sellers and their respective Seller SPV have the requisite power and authority to sell, transfer, assign and deliver all of the Sale Shares in accordance with this Agreement and that such delivery will convey to the Buyer good and valid title to all of the Sale Shares free and clear from any Encumbrance

Section 5.5 Solvency and No Winding-up. No Governmental Order has been made or Proceedings commenced or resolutions passed or steps taken by a person for the winding-up or dissolution of or ending the corporate existence of any Seller or any Seller SPV. No circumstance which may reasonably be expected to result in such Governmental Order, Proceedings, resolutions or steps has arisen. No liquidator, receiver, custodian, sequestrator, manager or anyone in a similar capacity has been appointed in respect of the business or any asset of any Seller or any Seller SPV. No circumstance which may reasonable be expected to result in such appointment has arisen.

Section 5.6 Quality of Information. All books, records, Contracts, receipts, Permits and other documents that the Sellers have, either directly or through their Representatives or Affiliates, provided to the Buyer in connection with the transactions contemplated hereby, including, without limitation, to facilitate the Buyer's legal, financial, commercial, Tax, technical or environmental due diligence on the Target Group Companies (collectively, the "**Due Diligence Documents**"), are either originals or true and complete copies of the originals of such books, records, Contracts, receipts, Permits or documents. All Due Diligence Documents are true and accurate, and no Due Diligence Document contains any omission, misleading or false statement, information or material.

Section 5.7 Ethical Practices

(a) Neither any Seller nor any of its principals, owners, officers, directors, or agents has promised to make, on behalf of such Seller and in connection with the Transaction, any payment (i) to or for the use or benefit of any Government Official; (ii) to any other person either for an advance or reimbursement, if it knows or has reason to know that any part of such payment will be directly or indirectly given or paid by such other person, or will reimburse such other person for payments previously made, to any Government Official; or (iii) to any other person or entity, to obtain or keep business or to secure other improper advantages, the payment of which would violate applicable Anti-Corruption Laws.

(b) neither any Seller nor any of its principals, owners, officers, directors, agents nor other persons associated with, or acting on behalf of, any Seller is subject to any sanction administered by the Office of Foreign Assets Control of the United States Treasury Department ("**U.S. Economic Sanctions**") and does not and will not make any sales to or engage in business activities with or for the benefit of, and will not use any amounts payable under the proposed agreement/relationship for the purposes of financing the activities of, any persons and countries that are subject to U.S. Economic Sanctions, including any "Specially Designated Nationals and Blocked Persons" as prescribed thereunder.

(c) The operations of each of the Sellers have been conducted at all times in compliance with all money laundering-related laws of jurisdictions where such Seller conducts business or owns assets, and any related or similar law issued, administered or enforced by any government authority (collectively, the "**Money Laundering Laws**"). No proceeding by or before any government authority involving any Seller with respect to the Money Laundering Laws is pending or is threatened.

Section 5.8 No Litigation. There are no Proceedings pending or threatened against or affecting any Seller that relate to this Agreement or any other Transaction Documents or the transactions contemplated hereby or thereby.

Section 5.9 Financial Capacity. Each of the Sellers has the financial capacity to pay and perform all of its obligations under this Agreement (including its obligations under Article X (Indemnification).

Section 5.10 Brokers and Finders. Neither any Seller nor any of its Affiliates has entered into any Contract or otherwise has any arrangement or understanding with any broker, investment banker or financial advisor in connection with this Agreement or the transactions contemplated hereby that would entitle such broker, investment banker or financial advisor to any broker's, finder's or financial advisor's fee, brokerage or commission that would be payable by the Buyer or any Target Group Company.

ARTICLE VI
REPRESENTATIONS AND WARRANTIES RELATING TO THE TARGET GROUP

The Founder, the Sellers (Jiuding and Chengdu Everassion Equity Investment Fund Center (LP), severally not jointly, represents and warrants only with respect to Section 6.3) and the Company, jointly and severally, represents and warrants to the Buyer that each of the following statements is true, accurate and not misleading as of the date hereof and will be true, accurate and not misleading as of the Closing Date (except for those representations or warranties that are expressly stated as of a different point in time):

Section 6.1 Organization and Good Standing.

(a) The Company is a limited liability company duly established, validly existing and in good standing under the laws of the PRC. The Company has obtained all requisite approvals from, and completed all necessary filings and/or registrations with, relevant Governmental Authorities with respect to any and all changes

to its registered capital, paid-in capital, total investment, business scope, equity holders, legal representatives, board members and/or supervisors, including but not limited to any registrations with the relevant local Administration of Industry and Commerce. The Company has all requisite power and authority to own, lease and operate its properties, rights and assets, to carry on its business as now conducted and as proposed to be conducted, and to perform each of its obligations hereunder and under the other Transaction Documents to which it is a party. The Company is duly qualified or licensed to do business, and is in good standing (equivalent status in the relevant jurisdiction) under the Laws of each jurisdiction in which it owns or leases real property and in each jurisdiction in which its conducts business.

(b) As of the Closing Date, each Target Group Company (other than the Company) is duly organized, incorporated or established and validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the Law of the jurisdiction of its organization, incorporation or establishment. Each Target Group Company has all requisite power and authority to own, lease and operate its properties, rights and assets, to carry on its business as now conducted and as proposed to be conducted, and to perform each of its obligations hereunder and under the other Transaction Documents to which it is a party. Each Target Group Company is duly qualified or licensed to do business, and is in good standing (equivalent status in the relevant jurisdiction) under the Laws of each jurisdiction in which it owns or leases real property and in each jurisdiction in which it conducts business.

(c) None of the Target Group Companies is in, nor shall the conduct of its business as currently conducted result in, any violation, breach or default of any term of Constitutional Documents of any Target Group Company.

Section 6.2 Capitalization; Subsidiaries.

(a) As of Closing, all of the issued and outstanding Ordinary Shares are duly authorized, validly issued, fully paid and non-assessable and were not issued in violation of any purchase or call option, right of first refusal, subscription right, preemptive right or any similar right.

(b) Section 6.2(b) of the Disclosure Schedule sets forth complete and accurate information regarding the name, the outstanding share capital or the paid-up registered capital, the business scope, the registered office, the date of establishment, the valid duration, and the identities and shareholding percentage of the shareholders of each Target Group Company (excluding the BVIco) and any Person in which any Target Group Company holds any Equity Securities. None of the Target Group Companies has any Subsidiaries, nor do any of them beneficially own or control, directly or indirectly, solely or shared, any interest in any other corporation, partnership, trust, joint venture, association or other entity, or maintain any offices or branches. None of the Group Companies has any outstanding obligations to provide working capital to, or make any investment (in the form of a loan, capital contribution or otherwise) in, any Person.

(c) Other than this Agreement, there is no existing option, warrant, call, put, right (including preemptive rights) or Contract of any character relating to or requiring, and there are no securities of any Target Group Company outstanding which upon conversion or exchange would require, the issuance, sale, purchase, redemption, conversion, exchange, registration, voting or transfer of any shares, other equity interests or other voting securities of any Target Group Company or other securities convertible into, exchangeable for or evidencing the right to subscribe for or purchase shares of capital stock, other equity interests or other voting securities of any Target Group Company.

Section 6.3 Due Authorization; Capacity. All corporate action on the part of each Target Group Company and, as applicable, their respective officers, directors and shareholders necessary for the authorization, execution and delivery of, and the performance of all of their obligations under, this Agreement and the other Transaction Documents to which such Target Group Company is a party has been taken or will be taken prior to or at Closing. Each of this Agreement and the other Transaction Documents to which a Target Group Company is

a party is or will, when executed and delivered by such Target Group Company, and assuming that this Agreement and each other Transaction Document constitutes a valid and binding obligation of each other party thereto, constitute valid and binding obligations of such Target Group Company, enforceable against such Target Group Company, in accordance with its terms, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors' rights generally and to general equitable principles.

Section 6.4 No Conflicts. Neither the execution, delivery or performance of this Agreement or the other Transaction Documents to which any Target Group Company is a party, nor the performance or consummation of the transactions contemplated hereby or thereby by such Target Group Company will (i) conflict with or result in a breach or violation of such Target Group Company's Constitutional Documents, (ii) conflict with or result in a breach or violation in any respect of any Law applicable to such Target Group Company or any Approvals and Filings held by any Target Group Company, (iii) conflict with or result in a breach, acceleration, modification or violation in any respect of, or constitute a default under, any Contract, (v) result in the creation of an Encumbrance upon any assets, rights or properties of such Target Group Company, or (vi) give rise to any rights of first refusal, rights of first offer, co-sale rights, preemptive rights or other similar rights on the part of any person.

Section 6.5 Title to Properties and Assets.

(a) Each Target Group Company has good and marketable title to, or a legal and valid right to use, all properties and assets (whether tangible or intangible) that it purports to own or that it uses, free and clear of any Encumbrance. Such properties and assets collectively represent all properties and assets necessary for the conduct of the business of the Target Group Companies as now conducted and as proposed to be conducted, including the Business. None of the Target Group Companies owns any real property.

(b) All current leases and subleases of property and assets entered into by a Target Group Company are in full force and effect, valid and effective in accordance with their terms, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors' rights generally and to general equitable principles. Each Target Group Company is in compliance with such leases and subleases, and such Target Group Company holds valid leasehold interests in the leased or subleased property and assets subject thereto, free of any Encumbrance, or claims of any person other than the lessors of such property and assets. None of the Target Group Companies owns, holds, is obligated under or is a party to, any option, right of first refusal or other contractual right to purchase, acquire, sell, assign or dispose of any real estate or any portion thereof or interest therein.

(c) The conduct of the businesses of the Target Group (including the products and services of the Target Group) as currently conducted, and as conducted in the past, does not infringe, misappropriate, or otherwise violate, and has not infringed, misappropriated, or otherwise violated, any third person's Intellectual Property rights, and there is no such claim asserted or threatened, and there has been no such claim asserted or threatened in the past, against any Target Group Company.

(d) No person is infringing, misappropriating, or otherwise violating any Intellectual Property owned by the Target Group Companies.

(e) No current or former partner, director, stockholder, officer, or employee of any Target Group Company will, after giving effect to the transactions contemplated hereby, own, license, or retain any proprietary rights in any of the Intellectual Property owned, used, or held for use by any Target Group Company.

Section 6.6 Solvency and No Winding-up. No Governmental Order has been made or Proceedings commenced or resolutions passed or steps taken by a person for the winding-up or dissolution of or ending the corporate existence of any Target Group Company. No circumstance which may reasonably be expected to result

in such Governmental Order, Proceedings, resolutions or steps has arisen. No liquidator, receiver, custodian, sequestrator, manager or anyone in a similar capacity has been appointed in respect of the business or any asset of any Target Group Company. No circumstance which may reasonable be expected to result in such appoint has arisen.

Section 6.7 No Other Assets or Business. As of the Closing Date:

(a) The BVIco will have no material asset and will not own or control, directly or indirectly, any shares, other equity interests or securities convertible into or exchangeable for any equity interests, or any voting rights in any person that is not a Target Group Company. The Company will not have been engaged in any business.

(b) The Company and its Subsidiaries are engaged primarily in the Business and has no other material activities.

Section 6.8 Accounts.

(a) As of the date of this Agreement, the Sellers and the Company shall have delivered to the Buyer a true accurate and complete copy of the unaudited consolidated management accounts of the Target Group for the period commencing on January 1, 2013 and ending on the Balance Sheet Date, comprising of balance sheet(s), profit and loss statement(s) and cash flow statement(s) (the "**Management Accounts**").

(b) The Accounts were prepared from and in accordance with the books and records of the Target Group in accordance with PRC GAAP applied consistently. The Accounts present a true and fair view of the financial condition and results of operations of the Target Group as at the dates thereof or for the financial periods concerned (as applicable) and are not misleading.

(c) All books of account and other financial records from which the Accounts were prepared are true, accurate and complete, have been prepared and maintained in reasonable detail, and accurately and fairly reflect the transactions in connection with the Target Group Companies. The books of account and other records of the Target Group have been prepared to record all corporate actions of the equity holders and board of directors of each Target Group Company.

(d) Each Target Group Company has good and marketable title to all assets set forth on the balance sheets of the Management Accounts.

(e) Each Target Group Company maintains and will continue to maintain a standard system of accounting established and administered in accordance with PRC GAAP to satisfy the inspection and examination by the relevant Government Authority in the PRC.

Section 6.9 Absence of Certain Changes.

(a) Since the Balance Sheet Date, there has not been a Material Adverse Effect.

(b) Since the Balance Sheet Date, each Target Group Company has conducted their businesses in the ordinary course consistent with past practices and there has not been:

(i) any change in the contingent obligations of any Target Group Company by way of guarantee, endorsement, indemnity, warranty or otherwise, individually in excess of RMB500,000 or in excess of RMB1,000,000 in the aggregate;

(ii) any damage, destruction or loss of any property or asset of any Target Group Company, whether or not covered by insurance;

(iii) any waiver by any Target Group Company of a valuable right or claim or cancellation or waiver of a debt;

(iv) any satisfaction or discharge of any Encumbrance or payment of any obligation by any Target Group Company;

(v) any change, amendment to or termination of a Material Contract or arrangement by which any Target Group Company or any assets or properties of any Target Group Company is bound or subject;

(vi) any transactions with any of directors or employees, or any members of their families of any Target Group Company or any entity controlled by any of such individuals;

(vii) any entry into arrangements or any plans to enter into arrangements to (A) terminate, establish, adopt, enter into, make any new awards of benefits under, amend or otherwise modify any Employee Benefit Plan, or increase the salary, wage, bonus or other compensation of any directors, officers, employees or individual consultants of any Target Group Company; (B) increase the coverage or benefits available under any severance pay, termination pay, vacation pay, salary continuation for disability, sick leave, deferred compensation, bonus or other incentive compensation, insurance, pension or other Employee Benefit Plan; (C) grant any equity or equity-based award; (D) accelerate the payment, right to payment or vesting of any compensation or benefits, including any outstanding equity-based awards, other than as expressly provided in this Agreement or the other Transaction Documents; (E) hire any executive employees; or (F) loan or advance any money or property to any current or former employee or director;

(viii) any resignation or termination of any Key Employee;

(ix) any disposition, transfer, expiration or lapse of assets of any Target Group Company, including any license, assignment or transfer of any Intellectual Property of any Target Group Company;

(x) any mortgage, pledge, transfer of a security interest in, or Encumbrance created by any Target Group Company, with respect to any of such Target Group Company's properties or assets, except for Encumbrance for Taxes not yet due or payable;

(xi) any debt, obligation, or liability incurred, assumed or guaranteed by any Target Group Company individually in excess of RMB500,000 or in excess of RMB1,000,000 in the aggregate;

(xii) any declaration, setting aside or payment of any dividend or other distribution in respect of any Target Group Company's Equity Securities or registered capital, or any direct or indirect redemption, purchase or other acquisition by any Target Group Company of any Equity Securities of any Target Group Company;

(xiii) any capital expenditures made by any Target Group Company individually in excess of RMB500,000 or in excess of RMB1,000,000 in the aggregate;

(xiv) any acquisitions of material assets by any Target Group Company;

(xv) any acquisitions of Equity Securities of any person or the whole or any substantial part of the undertaking, assets or business of any other person or entering into any joint venture or partnership with any other person, by any Target Group Company;

(xvi) any formation of any Subsidiary by any Target Group Company;

(xvii) any issuances or sales of Equity Securities of any Target Group Company or any share splits, reclassifications, share dividends, share combinations or other recapitalizations of any Equity Securities of any Target Group Company;

(xviii) any merger, consolidation, recapitalization, reorganization, share exchange, liquidation or winding up or similar transactions involving any Target Group Company;

(xix) any change in accounting policy or methods or Tax elections of any Target Group Company; or

(xx) any agreement or commitment by any Target Group Company to do any of the items described in this Section 6.9.

Section 6.10 No Undisclosed Liabilities.

(a) As of the date of this Agreement, except as and to the extent set forth on the Balance Sheet Date that forms part of the Management Accounts (including any notes thereto), the Target Group has no Liabilities.

(b) As of the Closing Date, the Target Group will not have any Liabilities other than such Liabilities as may be incurred by the Target Group between the Balance Sheet Date and the Closing Date in the ordinary course of business consistent with past practice that are not prohibited by this Agreement and are not, in the aggregate, material to the Target Group as a whole.

(c) As of the Closing Date, there will be no outstanding guarantee, surety, security or indemnity provided by any Target Group Company for or in respect of the payment of any money or the performance of any obligation by any person, and there will be no outstanding loan advanced by any Target Group Company to any person. As of the Closing Date, no event will have occurred in relation to any Target Group Company which would entitle any third party (with or without the giving of notice or the lapse of time or the fulfillment of any condition) to call for the repayment of any Indebtedness by the Target Group Company concerned prior to its stated maturity.

Section 6.11 Taxes.

(a) All Tax Returns required to be filed with any Tax administration authorities with respect to any Target Group Company, or any of its income, properties or operations have been duly and timely filed in accordance with applicable Law and are true, accurate and complete.

(b) Any and all Taxes attributable to a Target Group Company that are or were due and payable (whether or not shown on their Tax Returns) have been fully and timely paid in accordance with applicable law.

(c) No Target Group Company will as of the Closing Date have any Liability for Taxes other than in respect of the current taxable year, and adequate provisions for any and all of such Taxes have been reflected on the Management Accounts in accordance with PRC GAAP applied consistently.

(d) Each Target Group Company has duly deducted, withheld or collected any and all Taxes that it is required under applicable Law to deduct, withhold or collect and has duly and timely paid to the relevant Tax authorities any and all such Taxes deducted, withheld or collected.

(e) None of the Target Group Companies or any of the assets of the Target Group is subject to, and no Target Group Company or any of its Affiliates has received any notice of, any ongoing, pending or threatened Proceedings, audits, examinations or investigations by any Governmental Authority relating to Taxes or is subject to any Encumbrance for Taxes. There is no Governmental Order issued in relation to Taxes of any Target Group Company that has not been complied with. No Target Group Company is expected to be in a dispute in relation to Tax Return, any Tax assessment or payment which would reasonably be expected to affect any Target Group Company.

(f) Each Target Group Company has duly complied with all reporting and record-keeping requirements with respect to Taxes stipulated under applicable Law and has retained, to the extent applicable, all Tax Returns, Tax payment certificates or similar evidence of payment (including all PRC tax invoices for all revenues, capital expenditures and all assets), Tax calculations, Tax planning memoranda, and related correspondences with, filings with, submissions to and notices from any Tax authorities.

(g) None of the Target Group Companies has any pending Tax liability in any jurisdiction other than their respective places of incorporation.

(h) No Target Group Company is a party to, or is bound by, or has any obligation under, any Tax allocation or sharing agreement or similar Contract or arrangement or any agreement that obligates it to make any payment computed by reference to Taxes that is or is reasonably expected to be incompliant with applicable Laws.

(i) No Target Group Company will be required to include amounts in income, or exclude items of deduction, in a taxable period beginning after the Closing Date as a result of a change in method of accounting occurring prior to the Closing Date. The transactions contemplated under this Agreement or the other Transaction Documents to which a Target Group Company is a party are not in violation of any applicable Law regarding Tax, and will not result in any Tax exemption, reduction holiday or rebate being cancelled or terminated or trigger any Tax liability for the Target Group Companies.

Section 6.12 Compliance with Law; Approvals.

(a) Each Target Group Company has, at all times, complied with the requirements of applicable Law pertaining to itself, its business and its assets.

(b) All relevant approval, registration and filing requirements under applicable Law have been complied with in establishing each of the Target Group Companies.

(c) There are no Proceedings pending or threatened against any Target Group Company or any employee, agent or any other person associated with or acting for or on behalf of any Target Group Company alleging a violation of any applicable Laws (including any Anti-Corruption Law).

(d) None of the Target Group Companies or any employee, agent or any other person associated with or acting for or on behalf of the Target Group Companies has violated any Anti-Corruption Law regardless of form, whether in money, property, or services (i) to obtain favorable treatment in securing business, (ii) to pay for favorable treatment for business secured, (iii) to obtain special concessions or for special concessions already obtained, for or in respect of such Target Group Company.

(e) Each Target Group Company has all Approvals that are necessary or material for the conduct of its business as currently conducted, and each Target Group Company can obtain, without undue burden or expense, any similar Approval for the conduct of its business as proposed to be conducted. None of the Target Group Companies is in default under any of such Approvals.

Section 6.13 Environmental Matters. Each Target Group Company is in compliance with Environmental Law, and each Target Group Company has obtained or made, as applicable, all necessary Permits required under the Environmental Law or by the competent Governmental Authority, if any, in order for the continual conduct by it of its business and operations as currently conducted, and there has been and is no breach of any of the Environmental Law or any environmental Permit.

Section 6.14 Insurance.

(a) Each Target Group Company has satisfied all mandatory insurance requirements under applicable Law. Each Target Group Company has in full force and effect, insurance coverage of the same types and at the same coverage levels as other similarly situated companies.

(b) All of the Insurance Policies are valid and effective. All information furnished to the insurer(s) thereunder in obtaining or renewing the Insurance Policies were true and correct and any change in such information required to be given were correctly and duly given. All premiums due in respect of the Insurance Policies have been duly paid in full. Nothing has occurred or been done or omitted by any Target Group Company or any of its Affiliates whereby any of the Insurance Policies has or may become void or voidable. No notice from the insurer(s) that any of the Insurance Policies may become void or voidable or otherwise ineffective has been issued. No Target Group Company has waived any rights under any of the Insurance Policies.

(c) As of the date of this Agreement, no claim under any of the Insurance Policies or any previous policies held by any Target Group Company is outstanding either by the insurer or the insured thereunder.

(d) All expenses, Liabilities and costs in respect of the Insurance Policies in connection with the Target Group Companies have been duly reflected in the Management Accounts in accordance with PRC GAAP applied consistently.

Section 6.15 Employee and Labor Matters.

(a) There is no strike, walkout, lockout, work stoppage or other similar event organized by any employees of or personnel affiliated with any Target Group Company.

(b) Each Target Group Company has complied with all applicable Laws and Contracts to which it is a party or by which it or its assets are bound that relates to labor or employment matters, including, but not limited to, those related to workplace safety, remuneration, compensation, working hours, overtime payment and withholding of Taxes and other sums as required by the appropriate Governmental Authorities. There are no existing, pending or threatened Proceedings, disputes or claims (other than claims for compensation or benefits in the ordinary course of business) between any Target Group Company and any of employee thereof (including, but not limited to, those relating to employee benefits or work-related injuries or medical conditions suffered by any of its employees) and there are no circumstances subsisting that would reasonably be expected to give rise to any such Proceedings, disputes or claims.

(c) Each Target Group Company has completed all social insurance registrations required under applicable Law with the competent labor and social security authorities. Each Target Group Company has made all mandatory contributions in full to the relevant employee social security funds, unemployment insurance funds, medical insurance funds, pension funds and public housing funds for all of its employees in accordance with applicable Law.

(d) No Target Group Company will as of the Closing Date have any outstanding Liability toward any of its employees, whether arising under Contract, pursuant to applicable Law or otherwise. Any payments or other benefits an employee of a Target Group Company may be entitled to as a result of or in connection with the execution of this Agreement or the Transaction Documents by the Sellers or the Target Group Companies and/or the performance of their obligations hereunder and thereunder (including, but not limited to, any pay-outs, severance or termination payments, or other benefits) will have been paid and discharged in full prior to the Closing Date.

Section 6.16 Proceedings. No Target Group Company is engaged in any ongoing Proceedings, whether as claimant, defendant or otherwise, and there are no Proceedings pending or threatened against any Target Group Company and there are no circumstances which may reasonably be expected to result in any Proceedings involving any Target Group Company. No Target Group Company is in Default of any Governmental Order. There is no unfulfilled or unsatisfied Governmental Order against any Target Group Company.

Section 6.17 Contracts.

(a) The Disclosure Schedule contains a complete and accurate list of all Contracts to which any Target Group Company is bound that (A) involve payments in excess of RMB500,000, (B) relates to the voting and any other rights or obligations of a shareholder of any Target Group Company, (C) relates to the merger, consolidation, reorganization or any similar transaction with respect to any Target Group Company, (D) relate to any liquidation or dissolution of any Target Group Company, or (E) relates to the acquisition, issuance or transfer of any securities of any Target Group Company (the "**Material Contracts**", and each a "**Material Contract**").

(b) There are no Contracts of any Target Group Company containing covenants that in any way purport to restrict the business activity of any Target Group Company, or limit in any respect the freedom of any Target Group Company to engage in any line of business that it is currently engaged in, to compete in any respect with any entity or to obligate in any respect any Target Group Company to share, license or develop any product or technology.

(c) With respect to each Contract to which a Target Group Company is a party as of Closing: (i) the Contract is a valid and binding obligation on each of the parties thereto, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization or similar Laws relating to creditors' rights generally and by equitable principles; (ii) there is no breach, non-performance or Default (with or without notice, lapse of time or both) of the terms thereof on the part of any of the parties thereto which has not been cured; (iii) no party to such Contract has exercised any termination rights with respect or has given notice of any dispute with respect thereto; and (iv) no rescission, avoidance, termination or similar event in relation to such Contract has occurred and no fact or circumstance has arisen which may reasonably be expected to give rise to any cause or ground for such rescission, avoidance, termination or similar event.

Section 6.18 Interested Party Transactions. No Seller or other officer or director of a Target Group Company or any Affiliate of such person (each an "**Interested Party**" and collectively, "**Interested Parties**") has any agreement (whether oral or written), understanding, proposed transaction with, or is indebted to, any Target Group Company, nor is any Target Group Company indebted (or committed) to make loans or extend or guarantee credit) to any Interested Party (other than for accrued salaries, reimbursable expenses or other standard employee benefits payable in the ordinary course of business). No Interested Party has any direct or indirect ownership interest in any person with which a Target Group Company is affiliated or with which a Target Group Company has a business relationship, or any person that competes with a Target Group Company. No Interested Party has had, either directly or indirectly, any interest in: (a) any person which purchases from or sells, licenses or furnishes to a Target Group Company any goods, property, intellectual or other property rights or services; or (b) any Contract to which a Target Group Company is a party or by which it may be bound or affected.

Section 6.19 Ethical Practices.

(a) Each Target Group Company warrants and represents that it has not taken and will not take any action that would constitute a violation, or implicate the Buyer in a violation, of any Anti-Corruption Law.

(b) No Government Official is associated with, or owns an interest, whether direct or indirect, in any Target Group Company, or has any legal or beneficial interest in the Transaction contemplated hereunder, or any payments to be made by the Buyer to the Sellers in connection with the Transaction.

(c) Neither the Target Group Companies nor any of their principals, owners, officers, directors, agents nor other persons associated with, or acting on behalf of, the Target Group Companies is subject to any U.S. Economic Sanction and does not and will not make any sales to or engage in business activities with or for the benefit of, and will not use any amounts payable under the proposed agreement/relationship for the purposes of financing the activities of, any persons and countries that are subject to U.S. Economic Sanctions, including any "Specially Designated Nationals and Blocked Persons" as prescribed thereunder.

(d) The operations of the Target Group have been conducted at all times in compliance with all Money Laundering Laws. No proceeding by or before any government authority involving any Target Group Company with respect to the Money Laundering Laws is pending or is threatened.

Section 6.20 Minute Books. The minute books of each Target Group Company which have been made available to the Buyer contain a complete summary of all meetings and actions taken by directors and shareholders or owners of such Target Group Company, since the time of formation of such Target Group Company, and reflect all transactions referred to in such minutes accurately.

Section 6.21 Financial Advisor/Broker Fees. There is no investment bank or other financial advisor or finder or broker that has been retained by, or is authorized to act, directly or indirectly, on behalf, of any Target Group Company or any Affiliates of any Target Group Company, who may be paid or owed any brokerage, placement, finder or other fees or commissions relating to the transactions contemplated under this Agreement or any other Transaction Document.

Section 6.22 Obligations of Management. Each of the Key Employees is currently working on a full-time basis for the Target Group. None of the Key Employees is planning to work on less than a full time basis at the Target Group in the future. None of the Key Employees, directly or indirectly, owns, manages, is engaged in, operates, controls, works for, consults with, renders services for, does business with, maintains any interest in (proprietary, financial or otherwise) or participates in the ownership, management, operation, or control of, any business, whether in corporate, proprietorship or partnership form or otherwise, that is related to the Business or otherwise competes with any Target Group Company.

Section 6.23 Reorganization.

(a) As of the Closing Date, all steps and actions necessary to effect and carry out the Reorganization will have been duly completed in accordance with Section 8.1 and Section 8.2 or as otherwise expressly agreed among the Parties and in compliance with applicable Laws and Governmental Orders, and all necessary Permits will have been duly obtained.

(b) All expenses, costs, Liabilities and Taxes that are directly attributable to the consummation of the steps of the Reorganization or otherwise arising therefrom, including, without limitation, costs with regards to any assignment or transfer of assets or equity interest, fees payable to any financial or other advisors and fees payable to any Governmental Authority in connection with the Reorganization, will have been duly paid or fully funded by the Sellers as of the Closing Date.

ARTICLE VII
REPRESENTATIONS AND WARRANTIES RELATING TO THE BUYER

The Buyer represents and warrants to the Sellers that each of the following statements is true, accurate and not misleading as of the date hereof and will be true, accurate and not misleading as of the Closing Date (except for those representations or warranties that are expressly stated as of a different point in time):

Section 7.1 Organization and Good Standing. The Buyer is an exempt company duly established, validly existing and in good standing under the laws of the Cayman Islands.

Section 7.2 Power and Authority; Binding Effect. The Buyer has the requisite capacity and authority under its Constitutional Documents and applicable Law to execute and deliver this Agreement, to perform its obligations under this Agreement and to consummate the transactions contemplated herein in accordance with this Agreement. The execution and delivery of this Agreement by the Buyer, performance by the Buyer of its respective obligations under this Agreement and the consummation of the transactions contemplated herein have each been duly authorized by the Buyer's requite corporate actions. Upon due execution by the Parties, this Agreement constitutes a valid, binding and enforceable legal obligation of the Buyer, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization or similar Laws relating to creditors' rights generally and by equitable principles.

Section 7.3 No Violation; Third Party Consents and Approvals.

(a) Neither the execution and delivery of this Agreement by the Buyer nor the performance of its respective obligations under this Agreement will violate or breach, or otherwise constitute or give rise to (with the giving of notice or passage of time or both) a Default under (i) any applicable Law or Governmental Order, (ii) the Constitutional Documents of the Buyer, or (iii) any Contract, commitment, or other obligation to which the Buyer is a party or by which the Buyer or its assets are bound.

(b) No approval, authorization, consent, license, Permit, order or waiver by, exemption from, notice to, or registration or filing with, any Governmental Authority or any other third party is required to be obtained or made by or with respect to the Buyer in connection with the execution, delivery or performance by the Buyer of this Agreement or the consummation of the transactions contemplated herein.

ARTICLE VIII
COVENANTS

Section 8.1 Reorganization Period. The Sellers shall, and shall cause each of the Target Group Companies to, as soon as possible and no later than the end of one (1) month after the due execution this Agreement, or other commencement time as the Sellers and the Buyer mutually agree in writing (the "**Reorganization Period**"), duly complete all of the steps of the Reorganization in accordance with Section 8.2.

Section 8.2 Reorganization. Within the Reorganization Period:

(a) each Seller shall duly establish a Seller SPV;

(b) the Sellers shall, through their respective SPV to jointly establish the BVIco and maintain the valid existence and good standing of each of the Seller SPVs and the BVIco in their respective jurisdictions;

(c) the Seller shall cause the BVIco not to, and ensure that it will not, own any business or assets whatsoever other than provided in this Agreement or other Transaction Documents; and

(d) the Sellers shall provide the Buyer with timely updates of the establishment, management and operations of each of the Seller SPVs and the BVIco, and consult amicably with the Buyer in relation to the foregoing requirements and conditions, so as to ensure transparency on the process of the Reorganization.

Section 8.3 Disclosure Schedule. The Sellers and the Company shall jointly deliver to the Buyer (i) a Disclosure Schedule within two (2) weeks after the date hereof, and (ii) a bring-down Disclosure Schedule no earlier than three (3) calendar days prior to the Closing Date, both of which shall set forth the information required in, and qualify as exceptions to, the representations and warranties set forth in Article VI.

Section 8.4 Guaranty by the Founder. The Founder hereby covenants and guarantees unconditionally and irrevocably that it will cause each of the Buyers (including Jiuding) to perform all of the obligations under the Transaction Documents.

Section 8.5 Internal Control. Each Target Group Company shall, and the Sellers shall procure each Target Group Company to, use its reasonable best efforts to implement and maintain a system of internal controls meeting the requirements of the Securities and Exchange Commission and the Sarbanes-Oxley Act of 2002, as amended, as soon as reasonably practicable following the date hereof. Each Target Group Company shall keep the Buyer informed of its efforts to implement such procedures and provide the Buyer with the results of any assessments as to the effectiveness of such controls.

Section 8.6 Confidentiality.

(a) The Parties shall treat as strictly confidential the existence and terms of the Transaction Documents and all information received or obtained as a result of entering into or performing this Agreement or other Transaction Documents or the transactions contemplated hereby and thereby ("**Confidential Information**").

(b) The Parties must not disclose any Confidential Information to any third party without the prior written consent of the other Parties, except for disclosures:

(i) to its professional advisors for the purposes of consummating the Transaction contemplated herein, subject to the condition that such advisors are informed of the confidential nature of the Confidential Information and agree to abide by the same confidentiality obligations as the disclosing Party;

(ii) in compliance of its reporting or disclosure obligations, or those of its shareholders', under applicable Law or the rules of any applicable securities and stock exchange;

(iii) to competent Governmental Authorities in jurisdictions which a Party is connected with;

(iv) to allow the defense or exercise of any right of any Party hereto.

Section 8.7 Filings, Authorizations and Consents.

(a) The Sellers shall, and the Sellers shall cause the Target Group and each Circular 75 Security Holder (if any) to, as promptly as practicable, make all requisite filings, applications and registration, and obtain requisite approvals, authorizations and consents, in connection with the matters and transactions (including the Reorganization) contemplated by this Agreement or the other Transaction Documents, including promptly making all filings with all relevant Governmental Authorities under applicable Law, promptly providing all information requested or required in connection therewith, and promptly responding to all inquiries, and cooperate with each other in connection therewith. The Sellers shall, and shall cause the Target Group, and each Circular 75 Security Holder (if any) to, furnish to the Buyer all such information and assistance as may reasonably be required in connection with all such foregoing filings, application and registrations.

(b) The Sellers and the Company shall cause each Circular 75 Security Holder (if any) to timely and fully comply with all requirements of PRC Governmental Authorities with respect to the transactions contemplated under this Agreement or the other Transaction Documents (including all reporting obligations imposed by, and all consents, approvals and permits required by SAFE under the SAFE Rules and Regulations, and by other Governmental Authorities in connection therewith), as applicable.

Section 8.8 Press Release and Publicity No Party shall issue any press release or make any public announcement relating to the subject matter or any content of this Agreement without the prior written approval of the other Parties; *provided*, *however*, each Party and/or its Affiliates may make any public disclosure it believes in good faith is required by applicable Law or any stock exchange, in which case the disclosing Party shall make disclosures only to such extent as legally required based on its assessment in good faith.

Section 8.9 Access to Business Records. From the date hereof to the Closing Date, the Sellers shall, and shall cause each of the Target Group Companies to:

(a) promptly provide any duly authorized Representatives and advisors of the Buyer free and full access to all of the premises, assets, debts, accounts, books and records of each Target Group Company and shall permit such Representatives and advisors of the Buyer to make abstracts from, or take copies of, such accounts, books, records or other documentation and the opportunity to discuss the business, management, operations and financial status of the Target Group Companies with the respective employees, auditors and other advisors of the Target Group Companies; and

(b) cause the Representatives and advisors of the Sellers and the Target Group Companies to fully cooperate with, and promptly furnish any information requested in advance by, the Buyer and its duly authorized Representatives and advisors in connection with such investigation and examination.

Section 8.10 Conduct of Business. From the date hereof to the Closing Date, the Sellers shall cause each of the Target Group Companies to:

(a) maintain, in good faith, the existing relationships with the suppliers, customers, employees, creditors, banks and any other persons having business dealings with any Target Group Company;

(b) keep available the services of the Key Employees, other executive officers and consultants of the Target Group Companies;

(c) maintain its fixed assets in the same conditions as their respective conditions as of the date hereof (except for normal wear and tear during the ordinary course of business), including, without limitation, (i) all equipment, fixtures and fittings used by the Target Group Companies in the Business, (ii) all office equipment, fixtures and fittings in the offices of the Target Group Companies, and (iii) any and all vehicles owned or rented by the Target Group Companies;

(d) maintain at all times the appropriate Approvals and Filings and Permits required to conduct the Business and any other businesses it conducted at any given time, and shall not permit any Target Group Company to conduct any business for which it does not have the appropriate Approvals and Filings or Permits.

(e) not (i) amend its respective Constitutional Documents other than amendments required pursuant to this Agreement; (ii) split, combine or reclassify its outstanding share capital; or (iii) repurchase, redeem or otherwise acquire any shares of its share capital or any securities convertible into or exchangeable or exercisable for any shares of its share capital;

(f) not declare or pay any dividends on or make other distributions in respect of any of its respective share capital;

(g) with respect to any present or former, director, officer or employee of the Target Group Companies, not (i) enter into any employment or severance agreements or arrangements (except as may be required by the terms of any employment agreements existing on the date hereof or by applicable Law), (ii) increase compensation or benefits (except for increases in salary or hourly wage rates, in the ordinary course of business consistent with past practice), (iii) loan or advance any money or other property, or (iv) establish, adopt, enter into, amend or terminate any Employee Benefit Plan or any plan, agreement, program, policy, fund or other arrangement that would be an Employee Benefit Plan if it were in existence as of the date of this Agreement;

(h) not issue, sell, or dispose of any shares of, or securities convertible into or exchangeable or exercisable for, or options, warrants, calls, commitments or rights of any kind to acquire, any shares of its share capital, other than any issuance, sale or disposal, solely between the Company and the Buyer;

(i) not incur any Indebtedness other than in the ordinary course of business;

(j) not make any commitments for or make capital expenditures in excess of RMB1,000,000 in the aggregate;

(k) not sell, assign, lease, license, allow to expire or lapse, encumber or otherwise dispose of any material property, other than pursuant to the relevant Transaction Documents;

(l) not cancel or compromise any debt or claim in excess of US$50,000 in the aggregate or waive or release any right;

(m) not assume, guarantee, endorse or otherwise become liable or responsible (whether directly, contingently or otherwise) for the obligations of any other person or make any loan, advance or capital contribution to or investment in any person other than in the ordinary course of business;

(n) not change its accounting practices, except as required by PRC GAAP;

(o) not settle or compromise any litigation, or release, dismiss or otherwise dispose of any claim or arbitration;

(p) operate in compliance with all applicable Laws;

(q) keep all account, books and records (including, among other things, all invoices that are validly issued and acceptable to PRC Governmental Authorities for claims of tax deductions or Tax filings) in connection with the Target Group Companies and/or the conduct of the Business of the Target Group Companies in compliance with applicable Laws and in a manner consistent with the historical practice in the ordinary course of business of the Target Group Companies; and

(r) except as otherwise provided in (a) to (q), conduct the Business in the ordinary course consistent with its usual practice immediately before the execution of this Agreement.

Section 8.11 Continuing Disclosure. From the date hereof to the Closing Date, the Sellers shall, as soon as practicable, fully and accurately disclose to the Buyer any event, circumstance or matter that would reasonably be expected to (i) cause a Material Adverse Effect on any of the Target Group Companies' assets, business, operations or financial condition, or (ii) otherwise constitute a breach of, or be inconsistent with, any of the representations or warranties made by the Sellers or any Target Group Company in Article V and Article VI.

Section 8.12 Taxes, Fees and Expenses.

(a) Each of the Sellers agrees to make all filings and registrations with Governmental Authorities required by applicable law or regulation to be made by such Seller or any Affiliate or beneficial owner of such Seller in connection with the transactions contemplated by this Agreement or the other Transaction Documents.

(b) Each of the Sellers and the Company acknowledges, covenants and agrees that the Buyer shall have no obligation to pay or withhold from such Seller, the Company or any Affiliate or beneficial owner of such Seller or the Company, any tax of any nature that is required by applicable Law to be paid by such Seller, the Company or any Affiliate or beneficial owner of such Seller or the Company, arising out of the transactions contemplated by this Agreement or the other Transaction Documents.

(c) Each of the Sellers and the Company acknowledges, covenants and agrees to pay any Tax of any nature that is required by applicable Law to be paid by such Seller or the Company arising out of the transactions contemplated by this Agreement or the other Transaction Documents.

(d) Except as otherwise provided hereunder or agreed expressly among the Parties, each Party shall be solely responsible for all Taxes accruing to such Party arising from this Agreement or the other Transaction Documents, under all applicable Law.

(e) The Parties agree that any compensation, consideration or other funds provided by the Buyer to the Sellers hereunder are for the sole benefit of the Sellers and shall not be transferred or assigned to any other person without the Buyer's prior written consent. The Sellers are not entitled to make any payments to any person on behalf of the Buyer.

(f) Notwithstanding anything in this Agreement to the contrary, the Sellers and the Company will cooperate as and to the extent reasonably requested by another such Party, in connection with the filing of any Tax Returns and in any threatened or actual proceeding with respect to Tax. Such cooperation shall include the retention and (upon request) the provision of records.

(g) Except as otherwise expressly provided hereunder, whether or not Closing occurs, the Parties shall be responsible for all of their respective costs and expenses incurred in connection with this Agreement and the Transaction, including any fees and expenses of brokers, finders, counsel, advisors, experts or other agents, in each case, incidental to or in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement or the other Transaction Documents (whether payable prior to, at or after the Closing Date).

Section 8.13 Exclusivity. In consideration of the substantive amount of time and resources required by the matters contemplated herein, the Sellers (concurrently acting on behalf of themselves and all of their Affiliates) shall not meet, negotiate, discuss or enter into any contract, arrangement, memo or proposal, with any third party with respect to the transactions contemplated by this Agreement or the other Transaction Documents or any other related matters before the Long Stop Date.

Section 8.14 Financial Capacity. Each of the Sellers (excluding Jiuding), jointly and severally, acknowledges, agrees and covenants to the Buyer that all funds necessary for such Seller to fulfill its obligations under this Agreement and the other Transaction Documents shall be available to such Seller for so long as such obligations shall remain in effect in accordance with the terms of this Agreement. The Buyer confirms, agrees and covenants to each of the Sellers that all of the funds necessary for the Buyer to perform its obligations under this Agreement and any other Transaction Documents will be available to the Buyer during the term of such obligation, and the Buyer will pay any and all purchase price pursuant to the terms of this Agreement and any other Transaction Documents.

Section 8.15 Grant of Options. Each of the Sellers (excluding Jiuding), jointly and severally, acknowledges, agrees and covenants to the Buyer with respect to the vested options under the option pool constituting 5% of the total issued and outstanding shares of the Company by two Sellers holding such 5% shares:

(a) The purchase price corresponding to such 5% shares shall be used to pay to the employees in the option pool that have been granted or will be granted options;

(b) Provide a detailed share incentive plan (including names of employees and number of incentive shares) to the Buyer prior to September 30, 2014;

(c) Provide a complete payment record to the Buyer prior to November 30, 2014, showing that employees in the 5% option pool have received their corresponding purchase price.

ARTICLE IX
ADDITIONAL AGREEMENTS

Section 9.1 Call Options.

(a) The Sellers (Sellers under this Article IX shall not include Jiuding and Chengdu Everassion Equity Investment Fund Center (LP)) shall have the right and option to require the Buyer to purchase from each Seller SPV (Seller SPV under this Article IX shall not include GOLDEN TRIDENT INVESTMENT LIMITED), in whole and not or in part, by delivering an irrevocable notice ("**Exercise Notice**") signed by all the shareholders then holding shares of the Company (other than the Buyer) to the Buyer within ninety (90) calendar days following the Financial Statements Date in each year of 2015, 2016 and 2017, as applicable (each an "**Exercise Period**"), the Buyer shall have the obligation to purchase the Put Shares held by each Seller SPV as set forth in the Exercise Notice and pursuant to the terms and conditions hereunder; *provided, however*, that the Exercise Notice will be delivered only once in each year of 2015, 2016 and 2017:

(i) 28% of the number of Put Shares held by each Seller SPV in 2015 ("**Option I**");

(ii) 11% of the number of Put Shares held by each Seller SPV in 2016 ("**Option II**"); and

(iii) the remaining Put Shares held by each Seller SPV in 2017 ("**Option III**", together with Option I and Option II, the "**Call Options**") *plus* the number of Put Shares subject to Option I and Option II (for so long as neither Option I nor Option II has been exercised).

(b) The Buyer shall have the discretion to exercise all of its Call Options in 2017, but in no event shall the Call Options be exercised on or after April 30, 2017.

(c) The closing of the transaction pursuant to each exercise of the Call Option(s) shall be conditioned upon the closing of the purchase of the same percentage of equity interest in the Company by TNET from the Sellers in accordance with the Onshore SPA and each of the conditions set forth in Section 4.1 and Section 4.2 of this Agreement having been met or waived by the Buyer as of the closing date of each exercise of the Call Option.

(d) The purchase price of the Ordinary Shares subject to the Call Options shall be calculated pursuant to the applicable formula set forth in EXHIBIT I attached hereto and subject to the terms and conditions hereof.

(e) The purchase price may be paid in cash or by VNET Shares based on Fair Market Value of such VNET Shares, or by the combination of both, which shall be determined:

(i) by the Sellers jointly upon the Sellers' exercise of Option I in 2015; *provided, however*, that in no event shall the number of VNET Shares paid to the Sellers, in the aggregate, exceed 10% of the total issued and outstanding VNET Shares as of the date on which the Exercise Notice is delivered in 2015;

(ii) by the Purchaser upon the Sellers' exercise of Option II in 2016 or Option III in 2017; or

(iii) by the Purchaser upon the Sellers' exercise of all Call Options in 2017.

Section 9.2 Transfer Restrictions.

(a) Without the prior written consent of the Buyer, each Seller agrees that it shall not Transfer any Equity Securities of the Company, and shall procure its Seller SPV not to, Transfer any Equity Securities of the BVIco, or any right, title or interest therein or thereto from the Closing Date till the expiration of the Call Option pursuant to Section 9.1(b).

(b) Any attempt to Transfer any Equity Securities of the BVIco in violation of the terms of this Agreement shall be null and void *ab initio* and no right, title or interest therein or thereto shall be Transferred to the purported transferee. The BVIco will not give, and will not permit the BVIco's transfer agent to give, any effect to such attempted Transfer on its records.

(c) Each Seller acknowledges and agrees that from the Closing Date till the expiration of the Call Option pursuant to Section 9.1(b), the Buyer shall have the right to Transfer any Equity Securities it holds in the Company to any third party that is the Buyer's Affiliates.

Section 9.3 Right of First Refusal.

(a) Each of the Sellers hereby unconditionally and irrevocably grants to the Buyer the right (the "**Right of First Refusal**"), but not the obligation, to purchase within three (3) years after Closing all or any portion of the Ordinary Shares which become the subject of one or more bona fide offers to purchase all or any portion of such Ordinary Shares (the "**Transfer Shares**") which such Seller proposes to accept (a "**Selling Shareholder**"), at the same price and on the same terms and conditions contained in such bona fide offer (collectively, the "**Purchase Offer**"), upon the expiration of the Put Option pursuant to Section 9.1(a).

(b) Should any Selling Shareholder propose to accept a Purchase Offer from any person to purchase any Transfer Shares from such Selling Shareholder (other than to an Affiliate of such Selling Shareholder), the Selling Shareholder shall promptly deliver a notice the BVIco and to the Buyer not later than sixty (60) calendar days prior to the consummation of the transaction contemplated by the Purchase Offer. The notice shall state the terms and conditions of such Purchase Offer including, without limitation, the number of the Transfer Shares proposed to be sold or transferred, the nature of such sale or transfer, the consideration to be paid, and the name and address of each prospective purchaser or transferee. To exercise its Right of First Refusal, the Buyer must deliver a notice of exercise to the Selling Shareholder within fifteen (15) days after the delivery of the notice by the Selling Shareholder, stating the number of Transfer Shares that it elects to purchase.

(c) The closing of the transactions pursuant to the exercise of the Right of First Refusal shall be on a date not more than ten (10) business days after the delivery of the notice by the Buyer or upon such other date as the Buyer and the Selling Shareholder may agree.

Section 9.4 Board Composition.

(a) The board of the BVIco (the "**Board**") shall, form and after Closing, consist of seven (7) directors. The Buyer shall have the right to designate four (4) directors to the Board, which shall include the chairman of the Board designated by the Buyer.

(b) Each of the Sellers agrees that, if at any time it is then entitled to vote for the election of directors to the Board, it shall vote all of its Ordinary Shares that are entitled to vote or execute proxies or written consents, as the case may be, and take all other necessary action in order to ensure that the composition of the Board is as set forth in this Section 9.4.

Section 9.5 Listing. The Parties shall use its commercially reasonable efforts to cause the shares of the BVIco or of any other Target Group Company to be listed on a recognized stock exchange within sixty (60) months after Closing.

Section 9.6 Information Rights. From and after Closing, the Company shall deliver to the Buyer:

(a) as soon as available after the end of each month (but in no event later than 15 days after the end of each month), copies of management accounts;

(b) as soon as available after the end of each fiscal quarter (but in no event later than 15 days after the end of each fiscal quarter), copies of:

(i) unaudited consolidated balance sheets of the Target Group as at the end of such quarter, and

(ii) unaudited consolidated statements of income, shareholders' equity and cash flows of the Target Group, for such quarter and for the portion of such fiscal year to date and the prior fiscal year ending with such quarter;

in each case separately prepared in accordance with PRC GAAP and US GAAP applicable to periodic financial statements generally;

(c) as soon as available after the end of each fiscal year of the Company (but in no event later than 90 days after the end of each fiscal year), copies of:

(i) audited consolidated balance sheets of the Group as at the end of such year, and

(ii) audited consolidated statements of income, shareholders' equity and cash flows of the Group for such year,

in each case, prepared in accordance with US GAAP and accompanied by an opinion thereon of an auditor jointly designated by the Buyer and the Company, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the Persons being reported upon and their results of operations and cash flows and have been prepared in conformity with US GAAP; and

(d) in no event later than 15 days prior to the end of each fiscal year, a comprehensive draft annual budget forecasting the Target Group's revenues, expenses and cash position on a monthly basis for the upcoming fiscal year for consideration by the Board.

ARTICLE X
INDEMNIFICATION

Section 10.1 Survival and Indemnification Periods.

(a) Each of the representations and warranties set forth in Article V and Article VI and Article VII shall survive Closing;

(b) All covenants and agreements of the Buyer, Sellers and the Company contained in this Agreement will survive until fully performed or fulfilled, unless and to the extent only that non-compliance with such covenants or agreements is waived in writing by the Party or Parties entitled to the benefit of such performance in accordance with this Agreement; and

(c) Sellers' indemnification obligations as set forth in Section 10.2 and Section 10.3 and the Buyer's indemnifications obligations as set forth in Section 10.4 shall remain in full force and effect.

The duration by which a representation, warranty, covenant or agreement survives Closing pursuant to this Section 10.1 shall be the "**Indemnification Period**" with respect to such representation, warranty, covenant or agreement.

Section 10.2 General Indemnification by the Sellers of Buyer Indemnitees. Each of the Sellers hereby agrees to indemnify and hold the Buyer and its Affiliates and Representatives (collectively, the "**Buyer Indemnitees**") harmless from and against any and all Losses resulting from or arising in connection with:

(a) any failure of any of the representations or warranties contained in Article V or Article VI to be true, accurate and not misleading; and/or

(b) any breach of any of the covenants, undertakings or agreements hereunder on the part of any Seller.

Jiuding hereby agrees to indemnify and hold the Buyer Indemnitees harmless from any and all Losses resulting from or arising in connection with Section 10.2 (c) and (d) below:

(c) any failure of any of the representations or warranties contained in Article V (excluding Section 5.6 and 5.10) to be true, accurate and not misleading; and/or

(d) any breach of any of the covenants, undertakings or agreements hereunder by Jiuding.

Section 10.3 Specific Indemnification by the Sellers. To the extent that any of the following is attributable to any Seller's Default, the Sellers (excluding Jiuding), jointly and severally, hereby agree to indemnify and hold each Target Group Company and its Affiliates and Representatives (collectively, the "**Target Group Indemnitees**") or each of the Buyer Indemnitees, as applicable, harmless from and against:

(a) any and all Losses or Liabilities (including, but not limited to, any penalties imposed by a Governmental Authority and any demolition expenses and related costs, whether voluntarily incurred or as required by any Governmental Order) resulting from or arising in connection with any failure by any Target Group Company to obtain any Permit required under applicable Law with respect to the Business;

(b) any and all Tax Liabilities incurred by any of the Target Group Indemnitees resulting from or by reference to any income, profits or gains earned, accrued or received on or before the Closing Date, the execution of any Contract or other instrument on or before the Closing Date, or any transaction, loan or funding arrangements, event or matter that occurred on or before the Closing Date, whether alone or in conjunction with other circumstances and whether or not such Tax is chargeable against or attributable to any other person;

(c) any and all Tax Liabilities incurred by any of the Target Group Indemnitees resulting from, attributable to or arising in connection with any failure by any Seller, any Target Group Company, or any Seller's other Affiliates to duly comply with their Tax reporting, filing or payment obligations under applicable Law, or any asset valuation criteria or requirements under applicable Law in connection with any transaction, or event or matter that occurred or existed on or before the Closing Date, including, but not limited to, the Reorganization and all other transactions contemplated hereby;

(d) any and all Losses or Liabilities incurred by any of the Target Group Indemnitees or the Buyer Indemnitees resulting from or arising in connection with any actual or alleged contravention of or non-compliance with any applicable Law, Governmental Order or the terms and conditions of any Permit by any Seller, any Target Group Company or any Seller's other Affiliates on or before the Closing Date;

(e) any and all Losses or Liabilities incurred by the Target Group Indemnitees in respect of any Target Group Company's payment obligations of mandatory social security insurance, unemployment insurance, medical insurance, pension, welfare benefits or public housing fund, salary, statutory compensation or subsidy or any bonus or other incentive compensation owed to or in connection with current or former directors, officers, employees or independent contractors to the extent arising or otherwise relating to the Target Group's activities prior to Closing.

Section 10.4 General Indemnification by the Buyer of Seller Indemnitees. The Buyers hereby agrees to indemnify and hold each of the Sellers and their respective Affiliates and Representatives (collectively, the "**Seller Indemnitees**") harmless from and against any and all Losses resulting from or arising in connection with:

(a) any failure of any of the representations or warranties contained in Article VII to be true, accurate and not misleading ; and/or

(b) any breach of any of the covenants, undertakings or agreements hereunder on the part of the Buyer.

Section 10.5 Indemnification Procedures. Any person seeking indemnification under this Article X (an "**Indemnified Party**") for itself or for any Buyer Indemnitee or Target Group Indemnitee, as the case may be, shall, promptly after its awareness of the cause of that indemnification, give the Party or Parties from whom indemnification is being sought (an "**Indemnifying Party**") a written notice (a "**Claim Notice**") of any event or matter which such Indemnified Party has determined to or could reasonably be expected to give rise to a right of indemnification under this Article X (including a pending or threatened claim or demand asserted by a third party (including any Governmental Authority) against the Indemnified Party or the Company, such claim being a "**Third Party Claim**"), stating in reasonable detail, to the extent available, the nature of the claim, the facts and circumstances with respect to the subject matter of such claim, and containing a reference to the provisions of this Agreement in respect of which such right of indemnification is claimed or arises; *provided*, *however*, that the failure to provide such notice shall not release the Indemnifying Party from any of its obligations under this Article X except to the extent the Indemnifying Party is prejudiced by such failure. With respect to any recovery or indemnification sought by an Indemnified Party from the Indemnifying Party that does not involve a Third Party Claim, if the Indemnifying Party does not, within thirty (30) days from its receipt of the Claim Notice, deliver a Dispute Notice to the Indemnified Party in accordance with Section 12.3 disputing such claim, the Indemnifying Party shall be deemed to have accepted and agreed with such claim. If the Indemnifying Party has, within thirty (30) days from its receipt of the Claim Notice, delivered a Dispute Notice to the Indemnified Party in accordance with Section 12.3(a), then the Indemnifying Party and the Indemnified Party shall proceed in accordance with Section 12.3.

Section 10.6 Buyer's Discretion. In the event that the Target Group suffers any Loss that gives rise to or otherwise entitles the Buyer or any Target Group Company to any indemnification by the Sellers hereunder, the Buyer shall have the right to direct the Sellers to either (a) indemnify the applicable Target Group Companies

for the entire amount of the Loss suffered by the Target Group or (b) indemnify the Buyer (or, at the Buyer's discretion, a designee of the Buyer) for the proportion of the Loss that is attributable to the Buyer. The Buyer shall have the right to claim indemnification from the Sellers on behalf of any Target Group Indemnitee. For the avoidance of doubt, in no event shall the indemnification by any Seller hereunder shall affect the Buyer's percentage of shareholding in the BVIco or the Company as of immediately prior to such indemnification.

ARTICLE XI
TERMINATION

Section 11.1 Termination of Agreement. This Agreement may be terminated at any time prior to the Closing Date as follows:

(a) by mutual written consent of each Seller and the Buyer;

(b) by either the Sellers (as a group) or the Buyer if Closing shall have not occurred on or before the Long Stop Date or is not capable of being completed by such date; *provided, however*, that the right to terminate this Agreement under this provision shall not be available to such Party if the material breach by such Party of this Agreement shall have been the principal cause of the failure of Closing to occur on or prior to such date;

(c) by either the Sellers (as a group) or the Buyer if there shall be a Law in effect making illegal the consummation of the transactions contemplated hereby or by the other Transaction Documents, or there shall be a final and non-appealable Governmental Order in effect prohibiting the consummation of the transactions contemplated hereby or by the other Transaction Documents (which, for the avoidance of doubt, shall always include the Reorganization); *provided, however*, that the right to terminate this Agreement under this provision shall not be available to such Party if the material breach by such Party of this Agreement shall have been the principal cause of such Law or Governmental Order;

(d) by the Buyer if there shall have been (i) a material breach of any of the representations and warranties of any Seller or any Target Group Company set forth in this Agreement or the other Transaction Documents, (ii) a material breach of any of the covenants or agreements on the part of any Seller or any Target Group Company set forth in this Agreement or the other Transaction Documents, or (iii) any information set forth in each Disclosure Schedule delivered to the Buyer pursuant to Section 8.3 that, to the actual knowledge of the Buyer as of the date hereof, constitutes an exception to the representations and warranties of any Target Group Company set forth in this Agreement in excess of RMB500,000 in value; *provided, however*, the Buyer shall not have the right to terminate this Agreement pursuant to this provision if the Buyer shall have materially breached or failed to perform any of its representations, warranties or covenants set forth in this Agreement or the other Transaction Documents; or

(e) by the Sellers (as a group) if there shall have been (i) a material breach of any of the representations and warranties of the Buyer set forth in this Agreement or the other Transaction Documents, or (ii) a material breach of any of the covenants or agreements on the part of the Buyer set forth in this Agreement or the other Transaction Documents; *provided, however*, the Sellers shall not have the right to terminate this Agreement pursuant to this provision if any Seller shall have materially breached or failed to perform any of their representations, warranties or covenants set forth in this Agreement or the other Transaction Documents.

Section 11.2 Effect of Termination.

(a) In the event of termination of this Agreement by a Party pursuant to Section 11.1, written notice thereof shall forthwith be given by the terminating Party to the other Parties, and this Agreement shall thereupon terminate and become void and have no effect, and the transactions contemplated hereby shall be

abandoned without further action by the Parties and there shall be no liability on the part of the Sellers or the Buyer; *provided*, that no such termination shall (i) relieve any Party from liability for fraud or any willful or intentional breach of any provision of this Agreement prior to such termination, or (ii) relieve any Party of its obligations under Section 8.6 (Confidentiality), Section 8.8 (Press Release and Publicity), Section 8.12 (Taxes, Fees and Expenses), this Article XI (Termination) or Article XII (Miscellaneous).

(b) Notwithstanding anything to the contrary in this Agreement and so long as Closing occurs, the Parties hereby agree and acknowledge that the provisions under Article IX (Additional Agreements) shall survive till the effectiveness of the Ultimate Holdco SHA.

ARTICLE XII
MISCELLANEOUS

Section 12.1 Severability. If any provision of this Agreement is determined to be unlawful, invalid or unenforceable in any respect under the Law of any jurisdiction, then such provision shall be deemed to be severed by the Law of such jurisdiction from this Agreement and replaced by a lawful, valid and enforceable provision which carries out, as closely as possible, the intention of the Parties and preserves the economic purpose contemplated by this Agreement and, in such case, each and every other provision of this Agreement shall remain in full force and effect under the Law in that jurisdiction. No such severance shall affect or impair the legality, validity or enforceability under the Law of any other jurisdiction of that or any other provision of this Agreement.

Section 12.2 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Hong Kong without reference to its conflict of laws rules.

Section 12.3 Dispute Resolution. If any Dispute arises among the Parties in connection, then the Parties shall resolve such Dispute as follows:

(a) Dispute Notice. One Party may at any time deliver to each other Party a written dispute notice describing briefly the matters to be resolved following the dispute resolution mechanism set forth in this Section 12.3 (a "**Dispute Notice**"). The Dispute Notice shall be made in compliance with Section 12.4 and also specify, among other things, the provision or provisions of this Agreement applicable to the subject matter of the Dispute and the facts or circumstances in connection with the subject matter of the Dispute.

(b) Informal Negotiations. The Parties shall, upon the delivery of a Dispute Notice, cause their respective Representatives to meet and seek to resolve the Dispute cordially through informal negotiations.

(c) Dispute Resolution Procedures. If Representatives of the Parties fail to resolve the Dispute within sixty (60) days after the delivery of the Dispute Notice through informal negotiations in accordance with Section 12.3(b), then any Party may submit the Dispute to arbitration in Hong Kong under the auspices of the HKIAC. The arbitral tribunal shall consist of three (3) arbitrators. The Buyer shall appoint one (1) arbitrator, the Sellers shall jointly appoint one (1) arbitrator, and the third arbitrator shall be jointly appointed by the two party-appointed arbitrators. The arbitration proceedings shall be conducted in Chinese and in English and the arbitrators shall be fluent in both Chinese and English. The arbitral tribunal shall apply the UNCITRAL Arbitration Rules as administered by the HKIAC in force at the time of the arbitration. Each party to the arbitration proceedings shall cooperate with each other party in making full disclosure of and providing complete access to all information and documents requested by such other party in connection with such arbitration proceedings, subject only to any confidentiality obligations binding on such party. The award of the arbitral tribunal shall be final and binding upon all parties to the arbitration proceedings, and the prevailing party or parties may apply to any court or courts of competent jurisdiction for enforcement of such award over the party against which the award has been rendered, or over the assets of the party against which such award has been

rendered, wherever such assets may be located. By agreeing to arbitration, the Parties do not intend to deprive any court of competent jurisdiction of the authority to issue a pre-arbitral injunction to maintain the status quo or prevent irreparable harm, pre-arbitral attachment, or other order in interim or conservatory measure pending arbitration, and any Party shall be entitled to seek preliminary injunctive relief from any court of competent jurisdiction pending the constitution of the arbitral tribunal. The Parties agree that they shall, to the greatest practicable extent, continue to perform the terms of this Agreement during the pendency of any dispute resolution process or related judicial or administrative proceeding. Any arbitration hereunder shall be confidential, and the Parties and their agents agree not to disclose to any third party the existence or status of the arbitration and all information made known and documents produced in the arbitration not otherwise in the public domain, and all awards arising from the arbitration, except and to the extent that disclosure is required by applicable Law or is required to protect or pursue a legal right.

Section 12.4 Notices. All notices, requests and other communications under this Agreement shall be in writing and shall be deemed to have been duly given at the time of receipt if delivered by hand or via reputable international express courier (e.g., DHL), charges pre-paid:

If to the Sellers:

Address: No. 4, Liming Lane, Chengdu, Sichuan

Attention: Huang Rui, Xu Lang

If to the Buyer:

Address: PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands

Attention: Han Han

If to the Company:

Address: No. 4, Liming Lane, Chengdu, Sichuan

Attention: Huang Rui, Xu Lang

Any Party may change its notice address above to a different address by giving the other Parties a written notice of such change pursuant to this provision.

Section 12.5 Effectiveness. This Agreement shall come into effect upon being duly executed by an authorized representative of each Party.

Section 12.6 Amendment. This Agreement may be amended, modified or supplemented only by a written mutual agreement executed and delivered by all the Parties. Except as otherwise provided in this Agreement, any failure of any Party to comply with any obligation, covenant, agreement or condition herein may be waived by the Party entitled to the benefits thereof only by a written instrument signed by the Party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

Section 12.7 Waiver. Any Party may at any time waive the compliance or performance by the other Party or Parties with any undertakings, covenants, obligations or conditions contained herein that are for the benefits of the Party granting such waiver, but only by written instrument executed by the Party granting such waiver. No such waiver, *provided*, *however*, shall be deemed to constitute a waiver of any such undertaking, covenant, obligation or condition in any other circumstance or a waiver of any other undertaking, covenant, obligation or condition. Any failure to exercise or any delay in exercising any of its rights, powers or remedies by a Party pursuant to this Agreement shall not operate as a waiver or variation of that or any other right, power or remedy or such Party.

Section 12.8 Survival. All representations and warranties and covenants of the Parties shall survive Closing.

Section 12.9 Entire Agreement. This Agreement, together with any other agreements and/or instruments made by the Parties in conjunction with this Agreement (including the Onshore SPA made by TNET and each of the Sellers) constitutes the entire agreement between the Parties with respect to the transaction contemplated under this Agreement and supersedes all prior agreements and understandings between the Parties with respect to such subject matter. Specifically, if this Agreement becomes void, terminates or expires, the Onshore Agreement between TNET and each of the Sellers will automatically become void, terminate or expire.

Section 12.10 Successors and Assignment. This Agreement shall be binding upon and inure to the benefit of the successors of the Parties. No assignment of any right or obligation hereunder by any Party is permitted without the prior express written consent of each other Party.

Section 12.11 No Third-Party Beneficiaries. Except as otherwise expressly provided in this Agreement, neither this Agreement nor any provisions set forth in this Agreement is intended to, or shall, create any rights in or confer any benefits upon any third party, including any employee of the Company.

Section 12.12 Language. This Agreement shall be executed in both Chinese and English versions, both being equally valid and enforceable. In the event of any discrepancy between these two versions, the Chinese version shall prevail.

Section 12.13 Counterparts. More than one counterpart of this Agreement may be executed by the Parties hereto, and each fully executed counterpart shall be deemed an original rather than a duplicate. Several counterparts of this Agreement may be executed by the Parties respectively, and all counterparts collectively constitute one and the same executed document.

(The remainder of this page is intentionally left blank; execution page to follow.)

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their respective authorized representatives on the date first above written.

BUYER

21VIANET GROUP, INC.

Signature: /s/ Sheng Chen
Name: Sheng Chen
Title: Chairman and Chief Executive Officer

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their respective authorized representatives on the date first above written.

FOUNDER

Li Jia

By: /s/ Li Jia

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their respective authorized representatives on the date first above written.

/s/ Chengdu Guotao Cultural Communication Co., Ltd.

/s/ Chengdu Guotao Network Technology Co., Ltd.

/s/ Chengdu Chuantao Investment (LP)

/s/ Suzhou Tianwei Zhongshan Jiuding Investment Center (LP)

/s/ Xiamen Hongtai Jiuding Equity Partnership (LP)

/s/ Beijing Hanguang Jiuding Investment Center (LP)

/s/ Chengdu Everassion Equity Investment Fund Center (LP)

/s/ Chengdu Zhongtao Investment Partnership (LP)

/s/ Chengdu Hetao Investment Partnership (LP)

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their respective authorized representatives on the date first above written.

COMPANY

/s/ Sichuan Aipu Network Co., Ltd.

SCHEDULE I
SALE SHARES AND PURCHASE PRICE

Seller	Seller SPV	Equity Interest in BVIco	Percentage in BVIco representing Sale Shares	Purchase Price (RMB)
Chengdu Guotao Cultural Communication Co., Ltd.	CLOUD UP LIMITED	36.90%	0%	0
Chengdu Guotao Network Technology Co., Ltd.		22.55%	9.45%	111,330,148.74
Chengdu Chuantao Investment Partnership (LP)		15.05%	15.05%	177,303,570.21
Chengdu Everassion Equity Investment Fund Center (LP)		2.50%	2.50%	29,452,420.30
Chengdu Zhongtao Investment Partnership (LP)		2.50%	2.50%	29,452,420.30
Chengdu Hetao Investment Partnership (LP)		2.5%	2.5%	29,452,420.30
Suzhou Tianwei Zhongshan Jiuding Investment Center (LP)	GOLDEN TRIDENT INVESTMENT LIMITED	18%	18%	212,057,426.17
Xiamen Hongtai Jiuding Equity Partnership (LP)				
Beijing Hanguang Jiuding Investment Center (LP)				

Note: if any Seller receives purchase price (excluding prepayment) using a US account, the exchange rate shall be based on the average of RMB currency buying/selling rate published by Bank of China (Hong Kong) Co., Ltd. at 12:00 a.m. on its website on the date of payment.

SCHEDULE II
SUBSIDIARIES OF THE COMPANY

Yunnan Aipu Network Technology Co., Ltd.

Chongqing Jianqiao Aipu Network Co., Ltd.

Wuhan New Aipu Network Co., Ltd.

Hunan Aipu Network Co., Ltd.

Guangzhou Aipu Broadband Network Co., Ltd.

Guangxi Ai Jia Pu Network Technology Co., Ltd.

Chengdu Yuntao Investment Co., Ltd.

Sichuan Yuntao Information Co., Ltd.

SCHEDULE III
KEY EMPLOYEES

SCHEDULE IV
LIST OF TARGET GROUP DIRECTORS AND EXECUTIVE OFFICERS TO RESIGN

Li Shiyong, Li Xiangui, Lian Xu

EXHIBIT I
CALCULATION FORMULA

Exhibit 4.35

CHENGDU GUOTAO CULTURAL COMMUNICATION CO., LTD.

CHENGDU GUOTAO NETWORK TECHNOLOGY CO., LTD.

CHENGDU CHUANTAO INVESTMENT LIMITED PARTNERSHIP ENTERPRISE

SUZHOU TIANWEI ZHONGSHAN JIUDING INVESTMENT CENTER (LP)

XIAMEN HONGTAI JIUDING EQUITY PARTNERSHIP (LP)

BEIJING HANGUANG JIUDING INVESTMENT CENTER (LP)

CHENGDU EVERASSION EQUITY INVESTMENT FUND CENTER (LP)

CHENGDU ZHONGTAO INVESTMENT PARTNERSHIP (LP)

CHENGDU HETAO INVESTMENT PARTNERSHIP (LP)

MR. JIA LI

LANGFANG XUNCHI COMPUTER DATA PROCESSING CO., LTD.

INVESTMENT AGREEMENT

REGARDING

50% OF THE SHARES OF

SICHUAN AIPU NETWORK CO., LTD.

DATE: May 30, 2014

Table of Contents

This Investment Agreement (this "**Agreement**") is executed on May 30, 2014 by and among:

1. Langfang Xunchi Computer Data Processing Co., Ltd., a limited liability company organized and validly existing under the laws of the People's Republic of China (the "**PRC**") (Business License No.: 131001000018253), with its registered office situated at Commercial Building 3, Yangguang Jiahe Community, Langfang Development Zone (Hereinafter referred to as "**Party A**" or the "**Purchaser**");

2. Sichuan Aipu Network Co., Ltd., a limited liability company organized and validly existing under the laws of the PRC (Business License No.: 510109000021417), with its registered office situated at No.6 Jiuxing Avenue, Hi-Tech District, Chengdu City (Hereinafter referred to as the "**Target Company**");

3. Chengdu Guotao Cultural Communication Co., Ltd., a limited liability company organized and validly existing under the laws of the PRC (Business License No.: 510109000099679), with its registered office situated at No.2 Huansan Lane, Xiaojiahe, Hi-Tech District, Chengdu City and shareholder of the Target Company, holding 36.9% of the shares of the Target Company (Hereinafter referred to as "**Party B**");

4. Chengdu Guotao Network Technology Co., Ltd., a limited liability company organized and validly existing under the laws of the PRC (Business License No.: 510106000098125), with its registered office situated at No.1 South 3rd Lane, Fuqin Street, Fuqin Community, Jinniu District, Chengdu City and shareholder of the Target Company, holding 22.55% of the shares of the Target Company (Hereinafter referred to as "**Party C**");

5. Chengdu Chuantao Investment Partnership (LP), a partnership organized and validly existing under the laws of the PRC (Business License No.: 510109000234540), with its registered office situated at 1st Floor, Building 10, No.16 Southern Section 4, Second Ring Road, Xiaojiahe, Hi-Tech District, Chengdu City and shareholder of the Target Company, holding 15.05% of the shares of the Target Company (Hereinafter referred to as "**Party D**");

6. Suzhou Tianwei Zhongshan Jiuding Investment Center (LP), a partnership organized and validly existing under the laws of the PRC (Business License No.: 320594000189881), with its registered office situated at Room 1105, Building 6, SIPCTD Mansion, No.181 Cuiyuan Road, Suzhou Industrial Park and shareholder of the Target Company, holding 10.56% of the shares of the Target Company (Hereinafter referred to as "**Party E**");

7. Xiamen Hongtai Jiuding Equity Partnership (LP), a partnership organized and validly existing under the laws of the PRC (Business License No.: 320203320000979), with its registered office situated at No. 16 West, Room 3A, No. 57 Hubin South Road, Siming District, Xiamen City and shareholder of the Target Company, holding 6.11% of the shares of the Target Company (Hereinafter referred to as "**Party F**");

8. Beijing Hanguang Jiuding Investment Center (LP), a partnership organized and validly existing under the laws of the PRC (Business License No.: 110102013523053), with its registered office situated at F615 Winland International Finance Center, No.7 Financial Street, Xicheng District, Beijing and shareholder of the Target Company, holding 1.33% of the shares of the Target Company (Hereinafter referred to as "**Party G**");

9. Chengdu Everassion Equity Investment Fund Center (LP), a partnership organized and validly existing under the laws of the PRC (Business License No.: 510106000218506), with its registered office situated at No. 3, 1st Floor, Youth (College Students) Pioneer Park, No.2 Xingsheng West Road, Hi-tech Industrial Development Zone, Jinniu District, Chengdu City and shareholder of the Target Company, holding 2.5% of the shares of the Target Company (Hereinafter referred to as "**Party H**");

10. Chengdu Zhongtao Investment Partnership (LP), a partnership organized and validly existing under the laws of the PRC (Business License No.: 510109000243578), with its registered office situated at 1st Floor, Building 6, No. 43 Xiaojiahe Middle Road, Hi-Tech District, Chengdu City and shareholder of the Target Company, holding 2.5% of the shares of the Target Company (Hereinafter referred to as "**Party I**");

11. Chengdu Hetao Investment Partnership (LP), a partnership organized and validly existing under the laws of the PRC (Business License No.: 510109000243586), with its registered office situated at 1st Floor, Building 4, No. 5 Xiaojiahe Main Street, Hi-Tech District, Chengdu City and shareholder of the Target Company, holding 2.5% of the shares of the Target Company (Hereinafter referred to as "**Party J**");

12. Mr. Jia LI, natural person of the PRC, with ID Number of 510102197210156119, is the actual controller of the Target Company (The "**Actual Controller**")

The aforesaid Party A, Party B, Party C, Party D, Party E, Party F, Party G, Party H, Party I, Party J and the Actual Controller are referred to collectively as the "**Parties**" and individually as a "**Party**"; Party B, Party C, Party D, Party E, Party F, Party G, Party H, Party I, Party J are collectively referred to as the "**Existing Shareholders**" or the "**Transferors**".

WHEREAS

1. The Target Company is a professional provider of Internet Service Provision ("**ISP**"), Customer Premises Network ("**CPN**") and value-added telecommunication services (especially broadband application);

2. Party A wishes to purchase 50% of the shares of the Target Company from the Existing Shareholders; The Existing Shareholders wish to transfer 50% of the shares of the Target Company to Party A.

NOW, THEREFORE, through friendly negotiation, the Parties agree as follows:

SECTION 1 DEFINITION

Except otherwise provided herein, for the purpose of this Agreement,

Xunchi	refers to Langfang Xunchi Computer Data Processing Co., Ltd.;
Target Company	refers to Sichuan Aipu Network Co., Ltd.;
Index A	refers to the indexes of net income and net profits corresponding to the Target Company's main businesses, including but not limited to ISP, CPN, value-added telecommunication services (especially broadband application);
Index B	refers to the related business indexes corresponding to the Target Company's main businesses, including but not limited to ISP, CPN, value-added telecommunication services (especially broadband application);
Net Income	equals to the gross income under US GAAP minus business tax and additional tax;
Net Profit	is the profit retention of the company (total profit under US GAAP minus income tax), also known as after-tax profit;
ARPU Value	is an index for measuring the business income of the telecom operators. The ARPU Value herein refers to the average ARPU value of the year to be assessed, from January to December; the ARPU Value is calculated by (aggregate fee income per month - total giveaway per month)/total hours spend by the paid users in the corresponding month;
EBITDA	means the earnings before interest, taxes, depreciation and amortization under US GAAP;

Working Day	refers to any day except Saturdays, Sundays and statutory holidays of the PRC;
PRC	refers to the People's Republic of China and for the purpose of this Agreement only, excluding Hong Kong, Macaw and Taiwan;
US GAAP	refers to the Generally Accepted Accounting Principles of the USA;
SOX	refers to the Sarbanes–Oxley Act of the USA;
Affiliates	with respect to a specific company or person, refers to any company (including its holding company or subsidiary and any subsidiary of its holding company) which directly or through one or more agents indirectly controls the aforesaid company or person, as well as any company (including its holding company or subsidiary, or any subsidiary of its holding company) controlled by such company or person or by the controller of such company or person;
Closing Date	refers to the 30th of June, 2014 or the date of the actual payment of the purchase consideration within 10 business days after the complete satisfaction (or exemption according to this Agreement) of the closing conditions set forth in Section 2 hereunder, whichever is later.
Jiuding	refers to Suzhou Tianwei Zhongshan Jiuding Investment Center (LP), Xiamen Hongtai Jiuding Equity Partnership (LP) and Beijing Hanguang Jiuding Investment Center (LP) collectively.

SECTION 2 CLOSING CONDITIONS

The parties agree that the closing conditions shall include, but not limited to:

2.1 Party A shall have completely performed due diligence on business, finance and legal aspects of the Target Company and shall have reached satisfactory results in such due diligence;

2.2 The Target Company, the Existing Shareholders and the Actual Controller shall have obtained all internal or external approvals, ratifications or authorizations necessary to execute and conclude the transaction hereunder (this "**Transaction**"); the Target Company and its Existing Shareholders shall also have provided Party A the shareholder meeting resolution confirming that the shareholders agree to transfer the 50% of the shares of the Target Company they owned as well as all requisite consents or exemptions (if necessary) made by other right holders for executing or concluding this Transaction and shall agree on the transfer proposal specified below.

Name of Shareholder	Original Number of Shares (Shares)	Original Share Proportion (%)	Transfer Price (RMB)	Number of Shares Transferred (Shares)	Proportion of Shares Transferred (%)	Post Transfer Share Proportion (%)
Chengdu Guotao Cultural Communication Co., Ltd.	36,531,000	36.90	0	0	0	36.90
Chengdu Guotao Network Technology Co., Ltd.	22,324,500	22.55	20,969,851.27	9,355,500	9.45	13.10
Chengdu Chuantao Investment Partnership (LP)	14,899,500	15.05	33,396,429.79	14,899,500	15.05	0
Suzhou Tianwei Zhongshan Jiuding Investment Center (LP)	10,454,400	10.56	23,432,976.65	10,454,400	10.56	0

Name of Shareholder	Original Number of Shares (Shares)	Original Share Proportion (%)	Transfer Price (RMB)	Number of Shares Transferred (Shares)	Proportion of Shares Transferred (%)	Post Transfer Share Proportion (%)
Xiamen Hongtai Jiuding Equity Partnership (LP)	6,046,920	6.11	13,553,846.72	6,046,920	6.11	0
Beijing Hanguang Jiuding Investment Center (LP)	1,318,680	1.33	2,955,750.46	1,318,680	1.33	0
Chengdu Hetao Investment Partnership (LP)	2,475,000	2.50	5,547,579.70	2,475,000	2.50	0
Chengdu Zhongtao Investment Partnership (LP)	2,475,000	2.50	5,547,579.70	2,475,000	2.50	0
Chengdu Everassion Equity Investment Fund Center (LP)	2,475,000	2.50	5,547,579.70	2,475,000	2.50	0
Total	**99,000,000**	**100.00**	**110,951,594.00**	**49,500,000**	**50.00**	**50.00**

2.3 The PRC counsel of the Target Company shall have provided Party A with the legal opinion with respect to the transfer of shares and Party A shall be satisfied with the content of such legal opinion; the Existing Shareholders shall have submit to Party A the 2013 Annual Auditing Report of the Target Company issued by an appropriately qualified accounting firm entrusted by the Existing Shareholders;

2.4 No other enterprise actually controlled by the Existing Shareholders and the Actual Controller has engaged in businesses in competition with the Target Company; Party A shall have received the Deed of Non-competition Undertaking signed by the Existing Shareholders (except Jiuding) , the Actual Controller and the key personal according to the format and content stipulated in Appendix 2 annexed hereto;

2.5 All shareholders of the Target Company shall have signed the resolution regarding the change of the Board of Directors (the number of members appointed by Party A shall made up a majority of the Board of Directors of the Target Company) and other requisite documents, with the content of which Party A shall have been satisfied. The Target Company shall have committed to undertake relevant business registrations and fillings according to applicable PRC laws.

2.6 The Articles of Association of the Target Company shall have been amended and shall have included the paragraphs (1), (2), (3), and (6) of Section 9 herein; Party A shall be satisfied with the amendment or the amended Articles of Association.

2.7 The Target Company shall have prepared the capital contribution certificate for Party A demonstrating the capital amount contributed and the number of shares held by such Party. Such certificate shall indicate company name, registered capital amount, shareholder's name, subscribed capital amount, share proportion, payment date of the capital contribution and issuing date of such certificate. The certificate shall be signed by the legal representative of the Target Company and affixed with the seal of the company.

2.8 All requisite legal documents for the change of the business registration of the Target Company regarding the share transfer have been fully prepared. Such legal documents shall include, except otherwise specified, all documents necessary for the change of business registration with respect to the amendments or the amended Articles of Association and the change of the directors, supervisors and senior management personnel, as well as documents necessary for other relevant business registration items;

2.9 The currently reserved expired options in the employee option pool which totally equals to 5% of the shares of the Target Company shall be published according to the requests of Party A, including but not

limited to informing Party A with respect to the business registration certificate indicating the share proportion occupied by the option pool and list of members who have been granted or are proposed to be granted with options. Such publication shall be truthful, complete and without omission.

2.10 The business assessment index for the years 2014, 2015 and 2016 shall have been approved by Party A;

2.11 The remunerations for directors, supervisor and senior management personnel of the Target Company shall have been approved by Party A;

2.12 There are no laws, regulations, judgment, award, ruling or injunction issued by courts or relevant governmental authorities which may restrict, ban or remove the share purchase hereunder, nor any pending proceedings or arbitrations which may have bad influence on the Existing Shareholders and the Target Company;

2.13 Neither existing nor having occurred such event, fact, condition, change or other situation that has caused or may be reasonably anticipated to cause any serious adverse influence on the Target Company; no changes which may have serious adverse effect to the structure and status of the assets of the Target Company have been taken place.

2.14 The representations, commitments, statements and warranties made herein by the Existing Shareholders, the Target Company and the Actual Controller shall keep truthful, complete and accurate;

2.15 Party A shall have received the Disclosure Checklist as of the Closing Date and shall be satisfied with the content of such checklist;

2.16 All problems found by Party A in the course of the due diligence shall have been appropriately resolved and Party A shall be satisfied with the result.

SECTION 3 PURCHASE PRICE

3.1 The Parties agree that the book value of the net assets dated as of the 31st of May, 2014 after the audit under US GAAP shall be taken as the price of the investment of the 100% of the shares of the Target Company, which, based on the reports provided by the management personnel, shall be preliminarily defined as RMB 221,903,188. Such price provided herein (including the price or consideration of the share investment in phase I and phase II hereunder) shall be subject to other relevant agreements reached by the Parties or their affiliates at the same time or hereafter regarding the subject matter herein.

3.2 When the closing conditions have been fully satisfied or been exempted by Party A, Party A will purchase 50% of the shares of the Target Company held by the Existing Shareholders with a purchase price of RMB 110, 951,594.

3.3 The Parties acknowledge that Party A proposes to purchase 50% of the shares of the Target Company which will be transferred by the Existing Shareholders according to the transfer proposal provided in Section 2.2; After the completion of the transfer, Party A shall hold 50% of the shares of the Target Company and the share proportions held by the Existing Shareholders shall be acknowledged in accordance with the post-transfer share proportions set forth in Section 2.2.

3.4 The Parties agree that the added value of the net assets of the Target Company produced in the transition period between the Base Date and the Closing Date and the accumulated profits of the Target Company which haven't been distributed before the Closing Date (without including the undistributed dividends payable which have been disclosed in the financial statements of the company as of the end of 2013), the equity interests of the shareholders of the Target Company and the profits produced shall be distributed pro rata among all shareholders of the Target Company after the Closing Date.

SECTION 4 TWO PHASES OF THE PURCHASE PROCESS

The transaction collaboratively conducted by the Parties consists of the following two phases:

4.1 Phase I: Purchase of 50% of the shares. Party A will purchase 50% of the shares of the Target Company after the execution of this Agreement in condition that the closing conditions provided have been fully satisfied or been exempted by Party A. The conditions and amount of the payment are set forth in Section 5 herein.

4.2 Phase II: Purchase of the remaining shares

(1) After the completion of the closing hereunder, Party A is obliged to consecutively purchase the remaining 50% of the shares of the Target Company in accordance with the following arrangements upon the sale requirements proposed by the Existing Shareholders based on the term of the graded exercises of rights set forth in the business assessment index, specifically:

(a) Purchase 28% of the shares of the Target Company according to the financial statement of the previous year which has been audited under US GAAP and issued before the 30th April, 2015; purchase 11% of the shares of the Target Company according to the financial statement of the previous year which has been audited under US GAAP and issued before the 30th April, 2016; purchase 11% of the shares of the Target Company according to the financial statement of the previous year which has been audited under US GAAP and issued before the 30th April, 2017.

or (b) Purchase all remaining shares or all shares within 1 month after the completion of the financial statement audited under US GAAP in 2017, in condition that the notice of the exercise of rights has been delivered jointly by the Existing Shareholders to the Purchaser only once within each year of 2015, 2016 and 2017 and the option rights of selling of the Existing Shareholders shall not be exercised in any case after the 30th of April, 2017; additionally, the Existing Shareholders agree not to transfer any equity security or any related rights, properties or interests without prior written consent of Party A after the Closing Date and before the 30th of April, 2017. The Existing Shareholders understand and agree that Party A has the right to transfer the shares it held to any third party upon its sole decision after the Closing Date and before the 30th of April, 2017, provided that the transferee of such transaction shall be an affiliate of Party A;

(2) Purchase consideration of the remaining shares: the purchase consideration shall be counted by RMB as before, The purchase consideration of the remaining shares shall be the net assets audited under US GAAP of each current year of 2014, 2015 and 2016, multiplied by the proportion of share purchase of the corresponding year provided in the aforesaid Section 4.2 (1); and

(3) The purchase consideration of the remaining shares shall be paid in cash. The specific way of payment shall be negotiated and determined by the Parties at the time.

SECTION 5 PAYMENT PROCEDURES AND CONDITIONS

5.1 Upon full satisfaction or exemption of all closing conditions, Party A shall pay the purchasing price of the 50% of the shares according to the following agreement:

5.2 Upon full satisfaction or exemption of all closing conditions, the Target Company shall provide and deliver to Party A the Register of Shareholders of the Target Company that signed by the legal representative and affixed with the company chop which states Party A legally holds 50% of the shares of the Target Company and its name, share numbers and percentage for registration purpose. Since then, Party A shall pay the purchase price as agreed in Paragraph 3.2 to the bank account designated by the Existing Shareholders within 10 calendar days. The purchase price would be paid in RMB.

5.3 If party A does not pay any purchase price to the Existing Shareholders in full amount within the period agreed in Paragraph 5.2, Party A shall pay the damages for the overdue payment at 0.05% per day of the unpaid due amount of the transfer price. The liability of the overdue payment in this Paragraph also applies to the payment of Party A or its affiliates under any related agreements.

SECTION 6 DEPOSIT

6.1 The Existing Shareholders and the Target Company confirm that they have already received the RMB 5 million Yuan of transaction deposit paid by Party A.

6.2 In case Party A is unsatisfied with the result of the due diligence (including but not limited to the due diligence result of 2013 has no less than 20% difference from the data provided by the Target Company, or Parties could not reach a consensus upon significant issues so as to the agreement could be executed, or Party A finds other factors that would influence the Parties' collaboration), the Target Company and the Existing Shareholders shall return the RMB5 million deposit to Party A within 3 Business Days upon receiving the written notice of Party A. This agreement shall be terminated upon the day that Party A delivers the written notice. If Party A does not deliver the written notice to terminate the agreement within 60 days from the start date of the on-site due diligence, Party A would be deemed to be satisfy with the result of the due diligence.

6.3 If Party A does not unilaterally deliver the notice requesting to return the deposit and terminate the agreement, the deposit of RMB 5 million would automatically convert to be the consideration of the equity purchase upon the time agreed in Paragraph 5.2 that Party A shall pay the consideration of the shares.

SECTION 7 LOAN

7.1 After the Base Date of the transaction, in case the Existing Shareholders and/or the Actual Controller make any loan request to Party A, Party A will provide the loans, provided that the borrower pledges the share he possesses at that time to Party A. Upon the loan has been made, Party A and the borrower shall enter into a loan agreement and a share pledge agreement.

7.2 Detailed information relating to the loans shall be subject to the loan agreements or share pledge agreements signed by the Parties.

SECTION 8 TRANSACTION BASE DATE

Except otherwise provided, in relation to the Closing Date, the base date of this Transaction shall be the 31st March, 2014 (the "**Base Date**").

SECTION 9 POST-PURCHASE RIGHTS OF PARTY A

After the purchase of 50% of the shares of the Target Company, Party A shall have the following rights in addition to the rights stipulated in the laws, bylaws and agreements:

(1) Composition of the Board of Directors: The Board of the Directors of the Target Company shall be composed of 7 directors. The Target Company and the Existing Shareholders agree that the majority of members of the Board of the Directors shall be appointed by Party A. The Existing Shareholders understand and agree to cause to effect the term herein.

(2) Restriction on sale of shares to the Existing Shareholders: After 30 April 2017, all Parties shall be entitled to the right of first refusal provided by relevant laws.

(3) Financial statements: the company shall provide Party A with:

(a) Starting from the Base Date, monthly key index and management data of the Company within 15 calendar days after the end of each month;

(b) Starting from the Base Date, quarterly financial statement (both consolidated statement and independent statement from each branches) within 15 calendar days after the end of each quarter, and the management and financial statements shall at least include the income statement, balance sheets and statements of cash flows in accordance with the US GAPP for listed companies;

(c) within 3 months after the end of each fiscal year, the company shall cooperate with a firm of accountants selected by Party A to complete audits;

(d) The Target Company shall approve the financial budget of the next year within 15 calendar days prior to the start of each fiscal year.

(4) Assistance in safeguarding interests: in order to protect the interests of Existing Shareholders and Party A, management of the company shall be conducted in accordance with the Rules of Procedure of the General Meeting of Shareholders, the Rules of Procedure of the Board of Directors, the Rules of Procedure of the Supervisory Board, the Rules of Procedure of the Independent Directors and other existing rules; in addition, the Target Company and the Existing Shareholders agree to assist in amending relevant rules provided reasonable protection of interests of Party A will be secured.

(5) Non-compete: the Existing Shareholders (except Jiuding) shall completely disclose to Party A whether they or their Affiliates are engaged in, no matter directly or indirectly, any business which is in competition with the principal business carried out by the company, and covenant not to take part in any business in the competition with the business carried out by the company within two years after completion of transfer of 100% shares. Furthermore, Party A undertakes not to take part in any business in the competition with the broadband access business carried out by the Target Company in the city of Chengdu, Kunming, Chongqing, Changsha, Wuhan, Nanning, Zhengzhou, Xi'an, Nanjing and Guiyang in any manner after the competition of the closing. The Existing Shareholders (except Jiuding), the Target Company and the Actual Controller agree that if Party A is entitled to any portion of remaining shares after the assessment of the Target Company for the years of 2014, 2015 and 2016 pursuant to the aforementioned Section 4.2(1), the Party A shall not be subject to the restriction under this Section 9(5) upon obtaining such shares.

(6) Party A has the right to designate 2 senior financial management personals as the financial management personals of the Target Company and the Target Company and the Actual Controller shall coordinate.

(7) After the Closing Date, Party A is entitled to recommend interns to the Target Company to serve in the Target Company, the salary, welfare of such employees shall be arranged according to applicable laws and regulations and be assumed solely by Party A. Party A shall cause such employees to obey all management regulations and rules of the Target Company without influencing daily operation of the Target Company. To ensure the stable and rapid development of the Target Company after the Closing Date, the Existing Shareholders understand and agree to, in good faith, mutually procure the newly established Board of Directors to formulate the plan for such employees' working based on real situations. The Existing Shareholders agree that the number of the aforesaid interns can be up to 15%-20% of the aggregate existing employees of the Target Company.

SECTION 10 THE US SARBANNES-OXLEY ACT

To comply with the legal requirements on corporate governance of listed companies, the Existing Shareholder (except Jiuding) and the Target Company must undertake that all shareholders of the Target Company shall cooperate with and assist Party A in post-acquisition integration and adjustment with respect to the Target

Company in accordance with the U.S. Sarbanes–Oxley Act within a reasonably practicable time after Party A acquires 50% shares of the Target Company, in order to satisfy relevant requirements on corporate governance and information disclosure under the Sarbanes–Oxley Act:

10.1 All shareholders of the Target Company (except Jiuding) shall cooperate fully with Party A's internal audit team and its internal control advisor in the performance of internal control testing and diagnosis. If any internal control flaws are identified, the senior management and the Actual Controller shall cooperate fully in fixing the flaws and shall continuously adopt and implement corrective measures to ensure that no material internal control flaws will be identified at the annual audit.

10.2 The SOX internal controls include without limitation the following:

(1) Corporate controls. For example: integrity and ethical values, management perception and management style, organizational structure and responsibilities allocation, financial reporting capability; authorization and accountability, human resources, policies and procedures, information in financial reporting, risk and internal controls, and so on.

(2) IT system-related internal controls. For example: IT control environment, systems development, program changes, access control to programs and data, computer maintenance;

(3) Fund management process. For example: consolidated fund management, bank account management, inventory management, cash management, management of important receipts and certificates, account balance management, loan management, etc.;

(4) Revenue and revenue receipts process. For example: consolidated sales management, sales contract management and implementation, order management, billing management, revenue recognition, invoicing and management of receivables;

(5) Costs and payment process. For example, consolidated cost control, mode of procurement and procurement contract management, delivery and service acceptance control, cost control, reimbursement control and payment management;

(6) Asset management process. For example: management of acceptance for asset procurement, goods management, construction management, depreciation and amortization management, control on disposition of assets;

(7) Tax management processes. For example: business tax or value-added tax control, personal income tax control, corporate income tax control, and so on;

(8) Financial period closing and financial reporting procedures. For example: accounting handbook or financial accounting systems, accounting items setting and maintenance, transaction record and financial management, financial closing process, and consolidation of financial statements and their disclosures;

(9) Human resources management processes. For example: corporate culture and environment control, employee recruitment and employee arrival and departure management, compensation and benefits management, bonus policies management, and so on.

SECTION 11 REPRESENTATIONS AND WARRANTIES

11.1 Representations and Warranties of the Transferors

Except as disclosed in the Letter of Disclosure, the Transferors represent and warranty as follows (save that Jiuding will be only subject to the representations and warranties made in paragraphs (1) to (4) below):

(1) The Target Company is a body corporate duly incorporated and effectively existing under the laws and regulations of the PRC with good standing who owns all corporate and legal rights necessary for carrying out its business activities as well as assuming joint liabilities with respect to the assets under its operation and management;

(2) The Transferors own both the legal and beneficial interests in the shares of the Target Company in accordance with the law, and the shares of the Target Company are not subject to any security, pledge, lien, option, claim, preemption right or any other forms of encumbrances. The Transferors have the right to sign this Agreement and transfer to the Purchaser its shares in the Target Company.

(3) The Transferors' execution, delivery and performance of this Agreement do not and will not violate any existing laws, regulations, rules, permits, authorizations, orders, writs, judgments, injunctions, directions, decisions or rulings applicable to the Transferors or the Target Company, or any provisions in the Target Company's business license, and do not constitute a breach or default of any agreement or rule;

(4) The Transferors have obtained all approvals, permits and authorizations necessary for the share transfer, and have the right to transfer to the Purchaser the shares of the Target Company in accordance with relevant laws and regulations and also the conditions stipulated in this Agreement.

(5) As of the Closing Date of this Agreement, there is no pending litigation, arbitration or other legal procedures, nor any judgment or court orders which are to be enforced, against the Target Company.

(6) As of the Closing Date of this Agreement, the Target Company has good, valid and transferable title to all properties and assets (whether tangible or intangible) it allegedly owns, and none of those properties and assets is subject to any encumbrances.

(7) As of the Closing Date of this Agreement, the Target Company has no undisclosed liabilities or any other kinds of obligations (including contingent liabilities). The Transferors alone shall be liable for and shall bear all such liabilities or obligations, if there is any.

(8) As of the Closing Date of this Agreement, the Target Company has no outstanding tax obligations under any applicable laws and regulations including the national tax law and accounting law, and has not been penalized for any violations.

(9) As of the Closing Date of this Agreement, the Target Company has not provided to any other parties any form of guarantees including without limitation any undertaking, collateral, pledge or other form of guarantees involving any third party rights.

(10) Within 6 months after the execution of Agreement, the Existing Shareholders shall procure the Target Company to apply for and obtain all qualifications and licenses necessary for business operation, and complete all necessary procedures including corporate amendments and record-filing in accordance with the laws, regulations and policies of the state.

11.2 Representations and Warranties of the Purchaser

(1) The Purchaser's execution, delivery and performance of this Agreement do not and will not violate any existing laws, regulations, rules, permits, authorizations, orders, writs, judgments, injunctions, directions, decisions or rulings applicable to the Purchaser, or any provisions in the Purchaser's business license, and do not constitute a breach or default of any agreement or rule.

(2) The Purchaser has obtained all approvals, permits, licenses and authorizations necessary for the share transfer, and is entitled to acquire from the Transferors the shares of the Target Company pursuant to relevant laws and regulations and in accordance with the conditions stipulated in this Agreement.

(3) The Purchaser shall pay to the Transferors for the transfer of all shares in the Target Company in accordance with the payment amount, payment time and method of payment stipulated in the Agreement.

SECTION 12 JOINT AND SEVERAL LIABILITY

The Existing Shareholders of the Target Company (with the exception of Jiuding) shall bear unconditional joint and several liabilities for the target company's contingent debts unstated in the Disclosure Schedule, which incurred before the Closing Date of this Equity Purchase Truncation. Once such contingent debts were converted into real liabilities after the investment, the Existing Shareholders shall bear full liabilities, and such debts has nothing to do with Party A. Where the aforesaid debts caused damages to Party A, the Existing Shareholders are responsible for full compensation to Party A, and Party A is entitled to deduct corresponding consideration in the payable share purchase price.

SECTION 13 CHANGE OF BUSINESS REGISTRATION

The Target Company shall complete all changes of business registration relating to this Agreement, with respect to which, the Parties shall assist and cooperate in case of necessary.

SECTION 14 TAXES AND FEES

The Parties should bear their own cost of taxes and fees with respect to negotiations, drafting documents, and the transfer of shares.

SECTION 15 NOTICE

15.1 Forms of Notice

Any notice or other communication (the "**Notice**") hereunder or related to this Agreement shall be:

(1) in written form;

(2) written in Chinese; and

(3) delivered through personal delivery, post mail, reputable express companies or fax to the address or fax number specified in paragraph (4) of Section 16.2 of this Agreement.

15.2 Effective delivery

Unless otherwise being proved that the notice has been received at an earlier time, the dates on such notices shall be deemed to have been given shall be determined as follows:

(1) Notices given by personal delivery shall be deemed effectively given on the date of the notice been delivered on the address stipulated in this Article 15.2(4).

(2) Notice sent by DHL or equivalent courier, shall be deemed effectively given on the seventh day after they were sent by courier service;

(3) Notice sent by facsimile transmission shall be deemed effectively given on the date of the confirmation of sender's fax machine.

(4) Address and fax number

Party	Mailing Address	Fax Number	Specified Recipient
Party A	Building M5, No.1 Jiuxianqiao East Road, Chaoyang District, Beijing	(010) 8456 4234	Liwei YANG
Party B	No.2 Huansan Lane, Xiaojiahe, Hi-Tech District, Chengdu City	(028) 6181 3600	Lang XU, Rui HUANG
Party C	No.1 South 3rd Lane, Fuqin Street, Fuqin Community, Jinniu District, Chengdu City	(028) 6181 3600	Lang XU, Rui HUANG
Party D	1st Floor, Building 10, No.16 Southern Section 4, Second Ring Road, Xiaojiahe, Hi-Tech District, Chengdu City	(028) 6181 3600	Lang XU, Rui HUANG
Party E	Room 1105, Building 6, SIPCTD Mansion, No.181 Cuiyuan Road, Suzhou Industrial Park	(010) 6322 1188	Xu LIAN
Party F	No. 16 West, Room 3A, No. 57 Hubin South Road, Siming District, Xiamen City	(010) 6322 1188	Xu LIAN
Party G	F615 Winland International Finance Center, No.7 Financial Street, Xicheng District, Beijing	(010) 6322 1188	Xu LIAN
Party H	No. 3, 1st Floor, Youth (College Students) Pioneer Park, No.2 Xingsheng West Road, Hi-tech Industrial Development Zone, Jinniu District, Chengdu City	(028) 8628 5983	Luntao HE
Party I	1st Floor, Building 6, No. 43 Xiaojiahe Middle Road, Hi-Tech District, Chengdu City	(028) 6181 3600	Lang XU, Rui HUANG
Party J	1st Floor, Building 4, No. 5 Xiaojiahe Main Street, Hi-Tech District, Chengdu City	(028) 6181 3600	Lang XU, Rui HUANG

SECTION 16 NON-ASSIGNMENT

Under the terms of this Agreement, neither party may assign any of its rights or obligations hereunder to any third party without unanimous consent of the other parties.

SECTION 17 TERM

This Agreement is entered into effect as of the date of execution by and among the Parties and will be terminated upon completion of all subject matters hereunder.

SECTION 18 TERMINATION

Party A may terminate this Agreement and other related agreements under any of the following circumstances:

18.1 The dissatisfaction of Party A with the results of due diligence (including but not limited to the results of 2013 financial due diligence and the over 20% discrepancy of date provided by the Target Company, or the Parties cannot arrive consensus on material issues resulting the failure of execution of the relevant document or continue to perform the Agreement, or any other factors that have leverage on the cooperation among the Parties;

18.2 The Target Company cannot provide legal opinions regarding this Agreement or any other formal transaction documents to the satisfaction of Party A;

18.3 The closing conditions set forth in Section 2 herein are not satisfied, except being exempted by Party A;

18.4 Any Parties except Party A materially breaches this Agreement including but not limited to any material breach of the statements, covenants, representations and warranties herein;

18.5 Any government authority or any other competent authority issues an order or otherwise prohibiting the proposed share acquisition;

18.6 The key employees of the Target Company fail to execute the Deed of Non-competition Undertaking to the satisfaction of Party A.

The Existing Shareholders shall have the right to terminate this Agreement and other relevant agreements under any of the following circumstances:

18.7 Party A fails to make the prepayment provided in the other agreements other than this Agreement entered by and among the Parties herein and their Affiliates more than thirty days;

18.8 Any government authority or any other competent authority issues an order or otherwise prohibiting the proposed share acquisition; Once upon the termination of the Agreement, all the terms provided herein void ab initio except Section 18, 19, 20, 21 and 22. The Parties shall ensure that the issues provided in the void section shall be in the status quo ante, including but not limited to repay the entire loan to Party A within three days after termination and Party A shall provide necessary assistance of cancellation of pledge of shares.

SECTION 19 CONFIDENTIALITY

19.1 All terms of this Agreement and this Agreement itself are for confidential information. Parties hereto shall not disclose such confidential information to any third party, with the exception of the senior staff, directors, employees, deputy and professional consultant related to the relevant projects which this Agreement involves, provided that it is necessary for such personnel to know this Agreement and related information; If, subject to the requirements of law, Parties hereto shall disclose the information of this Agreement to government, public or shareholders, or shall submit this Agreement to relevant institution for filing, then such disclosure is an exception.

19.2 The legal effect of this section shall remain, regardless of any alteration, cancellation or termination of this agreement.

SECTION 20 APPLICABLE LAWS AND JURISDICTION

20.1 Applicable Laws

This Agreement shall be subject to the laws of the PRC.

20.2 Negotiation

Each party shall make reasonable efforts in order to resolve any possible disputes arised from or related to this Agreement (including any disputes relating to the existence, effectiveness, termination or invalidation hereto), such negotiation shall be commenced immediately when a party send written notice requesting such negotiation to another party.

20.3 Arbitration

In the event that the satisfactory resolution through unofficial negotiation is not reached within sixty (60) days in accordance with Section 12.3(b), either party may submit the dispute to Hong Kong International Arbitration Centre (HKIAC) by arbitration in Hong Kong. There shall be three (3) arbitrators on the tribunal. Each Party shall appoint one arbitrator and the third arbitrator shall be jointly appointed by both appointed arbitrators. The arbitration proceedings shall be conducted in Mandarin and English. The tribunal shall apply the then effective "UNCITRAL Arbitration Rules" enforced by HKIAC. Each party of the arbitration proceedings shall be cooperative and shall fully disclose and allow other parties to have access to the required information and material relating to such proceedings, but any confidential obligation shall be bind only to the parties hereto. Any arbitral award by the tribunal shall be final and binding to each party hereto, the prevailing party/parties may apply for the compulsory enforcement to the defeated party or his asset (no matter where the asset is located) from one or more courts with jurisdiction. The consent of arbitration shall not represent the parties hereto wish that any court with jurisdiction shall forfeiture its power to issue the pre-arbitration preliminary injunction, pre-arbitration seizure of property or to take any other temporary measure or action during the arbitration to main the status quo or prevent the irreversible damages, and each party shall be entitled to apply for the preliminary injunction to the court with jurisdiction during the period when the tribunal has yet been formed. The parties agree to use their best efforts to exercise their rights and fulfill their obligations under this Agreement dispute any ongoing dispute resolution, judicial or administrative proceeding. Any arbitration related to this Agreement shall be confidential, and each party and the agent respectively agree not to disclose the existence, status, any award or non-public information and material known or incurred during the arbitration to any third party, except any disclosure required by law or in order to protect or seek any legitimate right.

20.4 Effectiveness of this Agreement during the Arbitration

In the course of any arbitration proceedings in accordance with this agreement, in addition to arbitration matters, this agreement shall remain fully and effectively in all aspects hereof, and each Party shall continue to perform its obligations under this agreement (except in respect of implications of the matter in dispute) exercise of its rights under this agreement.

SECTION 21 MISCELLANEOUS

21.1 Amendments

Any amendments to this Agreement shall be made in written form and shall enter into effect upon execution by the Parties.

21.2 Failure to exercise or delay in exercise

Failure to exercise or delay in exercising any right conferred by this agreement or by law or remedy which does not prejudice or constitute a waiver of such right or remedy, nor does it prejudice or constitute a waiver of any other right or remedy. To this agreement or the legal provisions of the single or partial exercise of a right would not preclude further exercise of that right or remedy, or impede the exercise of the other rights or remedies.

21.3 Non-exclusive relief

Each party's rights and remedies under this agreement are cumulative, and shall not exclude statutory rights and remedies .

21.4 Continuing Binding Effect

This Agreement shall be binding upon any successors of each of the Parties.

21.5 Severability

The invalidity, illegal or unenforceability of any provisions herein shall not affect the effectiveness of other provisions of this Agreement.

21.6 This Agreement is made in twenty-two (22) copies of equal legal effect, each of Party A, Party B. Party C, Party D, Party E, Party F, Party G, Party H, Party I holds two (2) copies, and each of the actually controller and the Company shall have one (1) copies. All appendix of this Agreement shall have the equal binding effect as the main context of this Agreement.

SECTION 22 ENTIRE AGREEMENT

This Agreement and any other related agreement which the Parties may be reached and executed simultaneously or later together constitute the entire agreement of the parties on the subject matter of this agreement, and replace the parties in entering into this agreement before any agreement on the subject matter of this agreement. According to this provision, if the conflict between the agreement and is subject to this agreement, unless otherwise specified in the relevant articles of the agreement ranks above the relevant provisions of this agreement.

SECTION 23 EFFECTIVENESS

This Agreement shall be effective upon the execution of the Parties and the Company seal affixed.

(The remainder of this page is intentionally left blank; execution page to follow.)

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their respective authorized representatives on the date first above written.

/s/ Langfang Xunchi Computer Data Processing Co., Ltd.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their respective authorized representatives on the date first above written.

/s/ Chengdu Guotao Cultural Communication Co., Ltd.

/s/ Chengdu Guotao Network Technology Co., Ltd.

/s/ Chengdu Chuantao Investment Partnership (LP)

/s/ Suzhou Tianwei Zhongshan Jiuding Investment Center (LP)

/s/ Xiamen Hongtai Jiuding Equity Partnership (LP)

/s/ Beijing Hanguang Jiuding Investment Center (LP)

/s/ Chengdu Everassion Equity Investment Fund Center (LP)

/s/ Chengdu Zhongtao Investment Partnership (LP)

/s/ Chengdu Hetao Investment Partnership (LP)

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their respective authorized representatives on the date first above written.

COMPANY

/s/ Sichuan Aipu Network Co., Ltd.

Appendix 1: Assessment Indexes

Appendix 2: Deed of Non-competition Undertaking

[ ] 2014

To: Langfang Xunchi Computer Data Processing Co., Ltd.

Covenanter:

Name: [ ] (ID card No.: [ ])

Position: [ ] (Actual Controller, officer, key personnel)

WHEREAS:

Langfang Xunchi Computer Data Processing Co., Ltd. as the purchasing party ("**Purchaser**"), and Chengdu Guotao Cultural Communication Co., Ltd., Chengdu Guotao Network Technology Co., Ltd., Chengdu Chuantao Investment Partnership (LP), Suzhou Tianwei Zhongshan Jiuding Investment Center (LP), Xiamen Hongtai Jiuding Equity Partnership (LP), Beijing Hanguang Jiuding Investment Center (LP), Chengdu Everassion Equity Investment Fund Center (LP), Chengdu Zhongtao Investment Partnership (LP), Chengdu Hetao Investment Partnership (LP) as the transferring party ("**Transferors**"), the Purchaser and the Transferors have entered into a Share Purchase Agreement ("**SPA**") on [ ] 2014. According to the SPA, Purchaser intends to purchase 50% of the shares ("**Share Transfer**") in Sichuan Aipu Network Co., Ltd ("**Target Company**"). As a condition precedent to the closing of the Share Transfer, the Covenanter is obligated to sign this Deed of Non-competition Undertaking ("**Deed**").

NOW, THEREFORE, the Covenanter undertakes as follows:

1. Non-compete: The Covenanter undertakes that, for a period of 5 years from the date hereof or during the course of presuming any position or holding any shares in the Target Company, whichever is longer, without the prior written consent of the Purchaser, he/she will not engage in any business or activity that is in competition (including being identical, similar or otherwise in competition with such businesses or products of the company) with the businesses or products of the company (for the purpose of this Agreement, company herein refers to the Target Company) during the aforesaid period in any form, regardless of whether he/she still presumes any position in the Target Company, including without limitation: (i) engaging in any competing business, either on his/her own account or through other organizations; or (ii) investing in any individual or organization that engages in competing businesses; or (iii) being employed by competitors (referring to any individual, company, partnership, joint venture or any other organization that engages in competing businesses), on long-term or temporary basis, either full-time or part-time; or (iv) investing in any other entity that engages in competing businesses; or (v) acting as the agent, representative, director, supervisor, management, consultant or in any other capacity for competitors.

2. Non-solicitation of employees, clients and suppliers: The Covenanter undertakes that, for a period of 5 years from the date hereof or during the course of presuming any position or holding any shares in the Target Company, whichever is longer, without the prior written consent of the Purchaser, regardless of whether he/she still presumes any position in the Target Company, he/she will not (i) solicit or attempt to solicit, on behalf of employee or any other individual or organization, anyone working for the company to leave the company; or (ii) seek interests for any employee or third party in any form within the territory of China (including Taiwan, Macau and Hong Kong Special Administrative Region) taking advantage of

the company's business opportunities; or (iii) solicit, transfer or attempt to transfer any business from the company (or any Affiliate of the company that may be established) for any employee or third party; or (iv) solicit or entice any client or supplier of the company, or attempt to solicit or entice any client or supplier of the company, to terminate or change their business relationship with the company.

3. In the event of violation of the aforesaid undertakings by the Covenanter, the Purchaser is entitled to request termination of infringement and compensation of liquidated damages amounting to RMB5million. The payment of the aforesaid liquidated damages will not release the Covenanter from its obligation to continue perform this Deed.

IN WITNESS THEREOF, the parties herein have caused this Deed to be signed by themselves or their duly authorized representatives as of the date first indicated above.

Covenanter:

Appendix 3: Representations and Warranties of the Existing Shareholders and the Target Company

As of the date of execution of this Agreement, the representations and warranties below are true, complete, accurate and not misleading (with respect to item 1, 2, 3, 4, 6 for Jiuding):

1. Chengdu Guotao Cultural Communication Co., Ltd., Chengdu Guotao Network Technology Co., Ltd., Chengdu Chuantao Investment Partnership (LP), Suzhou Tianwei Zhongshan Jiuding Investment Center (LP), Xiamen Hongtai Jiuding Equity Partnership (LP), Beijing Hanguang Jiuding Investment Center (LP), Chengdu Everassion Equity Investment Fund Center (LP), Chengdu Zhongtao Investment Partnership (LP), Chengdu Hetao Investment Partnership (LP) ("**Existing Shareholders**") are Chinese legal persons or partnerships with full civil capacity, and have the right and capacity to execute this Agreement and perform all obligations hereof.

2. Authorization. The Existing Shareholders and the Target Company have obtained sufficient authorization, including without limitation any necessary third party consent or authorization, for the execution of this Agreement, performance of all obligations under this Agreement and completion of all transactions under this Agreement. This Agreement is legally binding on the Existing Shareholders, the Target Company and the Actual Controller.

3. Conflict. The execution and performance of this Agreement is neither in violation of or in conflict with the Articles of Association or other constitutional rules or any terms of constitutional documents of the Target Company, nor contravene with any compulsory PRC laws and regulations or any rules, notices, opinions, awards, or judgments that are applicable to the Target Company. The execution and performance of this Agreement by the Existing Shareholders, the Target Company and the Actual Controller will not violate any agreements, contracts, memorandum of understanding, letter of intent or any other document of any nature that are made with any third party.

4. Valid existence of the Target Company: The Target Company has contributed its registered capital in full amounts in accordance with its Articles of Association, its Capital Verification Report and Business License for Corporate Legal Entity ("**Incorporation Documents**"), satisfies requirements of PRC laws and regulations without unpaid payable capital contributions. All Incorporation Documents have been approved and adopted in time, and are valid and enforceable under PRC laws and regulations. The business scope sets forth in the Incorporation Documents satisfies requirements of PRC laws and regulations. The conduct of all operation activities set forth in the Incorporation Documents complies with PRC laws and regulations.

5. The Target Company has applied for and obtained all licenses, permits, qualifications and approvals that are required for the conduct of operation activities under PRC laws and regulations; and all such licenses, permits, qualifications and approvals are validly existing. The Target Company has passed all annual examinations conducted by relevant authorized government authorities over the licenses, permits, qualifications and approvals of the Target Company.

6. Shares. The shares held by each Seller in the Target Company is free from any mortgage, pledge, other security interests, encumbrances, claims or disputes.

7. External investments. The main business of the Target Company is Internet Service Provider (ISP), Client Premise Network (CPN) and broadband application value-added telecommunications service. The Target Company has no other investments and business entities other than the disclosed subsidiaries.

8. Affiliates. The Target Company has no other Affiliate other than the Affiliates disclosed in the Letter of Disclosure. The Target Company and its Affiliates has no other affiliated transactions other than the disclosed transaction; existing affiliated transactions comply with relevant PRC laws and regulations, and meet with relevant auditing and accounting standards; all rights and interests in the aforesaid transactions are lawfully obtained and owned.

9. Financial reports. The following documents provided by the Target Company to Xunchi in writing have reflected the operation and financial status of the Target Company during relevant periods or as of relevant benchmark dates in a true, complete and accurate manner, free from any significant omission or significantly misleading representation: the financial reports of the Target Company as of the benchmark date that are issued in accordance with PRC laws and the PRC accounting standards. All auditing accounts and management accounts (including without limitation transfer accounts) are formulated in accordance with relevant financial and accounting systems under PRC laws and in consideration of the specific circumstances of the Target Company, and have fairly reflected the financial and operation status of the Target Company as of relevant accounting dates. The financial records and materials of the Target Company fully comply with requirements of PRC laws and regulations and PRC accounting standards.

10. Non-disclosed debts. All debts of the Target Company have been reflected in its balance sheet except for the following: (1) debts disclosed in the Letter of Disclosure; (2) debts incurred after the balance sheet date due to regular businesses of the Target Company that are not prohibited under this Agreement and have no material adverse effect on any shareholder of the Target Company or the Target Company. The Target Company has no binding warranties or securities for others, and has no binding mortgages, pledges and other securities that are placed on its assets. The Target Company has no outstanding debts.

11. No change. From the transaction benchmark date to the date of execution of this Agreement, without the prior written consent of Xunchi, the Target Company may not:

11.1 Repay debts early outside the scope of regular businesses;

11.2 Provide security to others, place any mortgages, pledges and other security interests on its property;

11.3 Waive any creditor’s right against others or any right of claim;

11.4 Amend any existing contract or agreement outside the scope of regular businesses;

11.5 Sustain any losses (whether insured or not), or change its relationship with clients or employees, which loss or change will result in material adverse effect on the Target Company;

11.6 Modify the accounting methods, policies or principles, financial and accounting rules and system of the Target Company other than the adjustment of Target Company accounts in accordance with PRC laws and US GAAP;

11.7 Transfer or permit the use of any intellectual property rights of the Target Company;

11.8 Permit any material change to the business practice or accounting methods, or any material change to the employment policy, rules and systems;

11.9 Sustain any material adverse change to its businesses; or sustain any responsibilities due to transactions outside the scope of regular businesses;

11.10 Adopt any resolution of the shareholders meeting or board meeting that is different from the regular matters discussed at the shareholders’ annual meeting, except for the resolutions that are adopted for the purpose of performing this Agreement;

11.11 Declare, pay, incur, or prepare to declare, pay or incur any dividend, bonus or other forms of shareholder distribution;

11.12 (i) sell, mortgage, pledge, lease, transfer or otherwise dispose assets that are either beyond the scope of regular businesses or with a transaction amount of over RMB50,000 separately or aggregately in one year; (ii) disposing or agreeing to the disposal or acquisition of fixed assets of the Target Company whose value is over RMB50,000, waive possession of Target Company assets whose value is over RMB50,000, enter into any contract that results in fixed assets

expenditure of over RMB50,000, incur any other liability of the Target Company; or (iii) any expenditure or purchase of any tangible or intangible assets whose total amount is over RMB50,000.

11.13 Any act or omission that may lead to any of the foregoing circumstances.

12. Tax. Other than circumstances contained in the Letter of Disclosure, the Target Company has not been found to be in tax arrears, tax evasion or tax dodging, the Target Company has completed all tax registrations under relevant laws and regulations, and paid all taxes payable as is required by all laws and regulations.

13. Assets. The Target Company lawfully owns and uses all fixed and intangible assets that need to be used during current operation, the detailed assets list provided by the Target Company to Xunchi is complete and true. Such assets are free from any mortgage and other security interests, and are free from any encumbrances, petitions, claims and disputes.

14. Real estates. The Target Company has no real estate or relevant rights, interests and encumbrances, or be involved in any petition, claims or disputes.

15. Leased property. The Target Company own the lawful and valid property and land certificate for the properties leased from the landlord, the Lease is lawfully executed and validly existing without being violated by any party, and record filing procedures for the lease has been completed according to law.

16. Contracts. Except for the contracts listed in the Letter of Disclosure, the Existing Shareholders and the Target Company have provided Xunchi with photocopies of some written contracts of the Target Company that are valid and consistent with the originals. The Existing Shareholders, the Target Company and the Actual Controller warrant that all existing and valid contracts of the Target Company are lawful, valid and enforceable, and are executed for the purpose of normal operation without injuring the rights and interests of the Target Company, and that all existing and valid contracts have been duly performed without being violated by the Target Company.

17. Intellectual property rights. All intellectual property rights that are required by the Target Company's business operation and under the Target Company's current written operation plan, including without limitation patents, trademarks, copyrights, proprietary technologies, domain names and trade secrets, have been licensed, and the Target Company has obtained the authorization or license for all business operation activities that involve the intellectual property rights of another party. The Target Company has not infringed any intellectual property rights, trade secrets, proprietary information or other similar rights of another party, there is no pending or contingent claim, dispute or proceedings against the Target Company for any infringement of third party intellectual property rights, trade secrets, proprietary information or other similar rights, and there is no mortgage or other security rights. The trademarks, patents, software copyrights and domain names disclosed by the Target Company have been duly registered according to law, and lawfully and continuously owned by the Target Company.

18. Lawsuits and other legal proceedings. There is no punishment, injunction or order of government authorities that may impose material adverse effect on the Target Company, or may negatively affect the execution, validity and enforceability of this Agreement and the change of shareholding under this Agreement, and there is no completed, pending or potential civil, criminal or administrative action, arbitration or other proceeding or dispute against the Target Company to which the Target Company is a party.

19. Compliance with laws. The businesses currently operated or to be conducted by the Target Company comply with current laws, regulations, rules and administrative provisions promulgated by administrative authorities of the State (collectively "**Laws**"), permit, license, authorization (collectively "**Permits**"), and the Target Company has not committed any violation of Laws or Permits as to pose material adverse effect on the business operation or assets of the Target Company.

20. Employees

20.1 The hiring of employees by the Target Company complies with relevant employment laws and regulations that are applicable to it, the Target Company has entered into employment contracts with some of its employee on time, except for the disclosure in the Letter of Disclosure. The Existing Shareholders acknowledge that if any dispute, controversy, administrative punishments arise out of failure to enter into employment contracts with all employees, the Existing Shareholders shall be liable for compensation and bear all responsibilities therefrom.

20.2 There is no existing or potential employment dispute or controversy between the Target Company and its existing employees or employees it previously employed;

20.3 The Target Company is under no obligation of payment for any payable and unpaid severance pay for termination of employment relationship or any other similar compensation in relation to employment relationship;

20.4 The Target Company has paid and/or withheld pension, unemployment, childbirth, work-related injury and other social insurance premiums that are payable under relevant laws, regulations and agreements for part of its employees. For contents with respect to social insurance premiums disclosed in the Letter of Disclosure, the Existing Shareholders acknowledge that in the event that any dispute, controversy or administrative punishment arises out of failure to pay and/or withhold social insurance for all employees, failure to contribute basic medical insurance for all employees, or inconsistency between the social insurance contribution base and the actual wage, the Existing Shareholders shall be liable for compensation and bear all responsibilities therefrom.

21. Insurance

No insurance has been maintained by the Target Company.

22. Books and Documents of the Target Company

22.1 All documents including the books, record on shareholding change, financial reports and all other Target Company records are maintained in accordance with regular commercial practices and entirely maintained by the Target Company, all major transactions that are relevant to the Target Company's businesses are recorded in an accurate and standard manner;

22.2 As of the Closing Date, documents of the Target Company including the shareholder meeting minutes and the shareholder register of the Target Company have been properly maintained, and all matters that should be recorded in such documents have been completely and accurately recorded;

22.3 As of the balance sheet date: (1) no incident that triggers pre-maturation of the Target Company's debts has occurred; (2) no assets of the Target Company has been disposed of or left the custody of the Target Company, and the Target Company has neither entered into any agreement that will incur any non-current expenditure nor incurred any liability;

22.4 The Target Company has submitted information that is required by competent tax authorities; as of the date of execution of this Agreement, there is no dispute on tax responsibilities or tax benefits of the Target Company between the Target Company and tax authorities;

22.5 The Target Company has maintained financial materials for normal tax record and payment and sufficient materials for approval of tax benefits by relevant government authorities;

22.6 Except for the employee benefit, social and old-age security measures that are required under the *Labor Law of the People's Republic of China* and relevant regulations, the Target Company has no other benefit or security for incumbent, leaving, retired or old-age employees.

23. Information disclosure. All documents, materials and information provided by the Existing Shareholders and the Target Company prior to and subsequent to the execution of this Agreement are true, accurate, free from material and substantial omission and not misleading.

24. Business plan and financial forecast. The detailed business plan and financial forecast for the 12 months following the transaction benchmark date that have been provided or will be provided before the transaction benchmark date by the Existing Shareholders and the Target Company to Xunchi are formulated based on presumptions and estimations that the Existing Shareholders and the Target Company reasonably believe, and will not be materially misleading to Xunchi.

25. The Existing Shareholders have caused all shares held by shareholders other than the Existing Shareholders to be lawfully transferred, the Target Company is not obligated to bear any responsibility, debt, cost, tax or other encumbrances arising out of the said share transfer.

26. The Target Company is the lawful owner and actual operator of undertakings made by the Existing Shareholders, if any fine, compulsory back payment, capital recovery ("**Extra Expenditure**") is imposed by government authorities or other agencies after the purchase, or extra costs or any other direct or indirect economic losses is sustained by the Target Company ("**Economic Losses**"), due to non-compliance of the Target Company prior to the purchase, such Extra Expenditure and Economic Losses shall be borne by the Existing Shareholders, and Xunchi will be entitled to deduct such amounts from its subsequent payments.

27. The Existing Shareholders undertake that, during the term when they are in charge of the Target Company's operation after the purchase, they will conduct businesses in strict compliance with laws, regulations and the new Amendment to the Articles of Association, and may not conduct business in such ways as to violate laws and regulations, or to disguise increased performance, failing which punishments will be imposed in accordance with Xunchi's rules, and earnings from businesses that violate laws and regulations and performance falsely increased will be deducted directly for the purpose of performance review.

Exhibit 4.36

Execution Version

UPWISE INVESTMENTS LIMITED

(as Vendor)

21Vianet Group, Inc.

(as Purchaser)

and

Mr. Lap Man

(for the purpose of clauses 4.7 and 10.8 to 10.14 only)

SHARE SALE AND PURCHASE AGREEMENT

relating to the acquisition of 100% of the issued shares in the capital of

DERMOT HOLDINGS LIMITED

Charltons
易周律師行

12th Floor, Dominion Centre
43-59 Queen's Road East
Hong Kong

I N D E X

THIS AGREEMENT is dated 8th August, 2014

BETWEEN:

(1) **UPWISE INVESTMENTS LIMITED**., whose details and address are set out in Part 1 of Schedule 1 (the "**Vendor**");

(2) **21VIANET GROUP, INC.**, whose details and address are set out in Part 2 of Schedule 1 (the "**Purchaser**"), and

(3) **Mr. Lap Man**, a Hong Kong resident, whose details and address is set out in Part 3 of Schedule 1 to this Agreement ("**Mr Lap Man**").

WHEREAS:

(A) Dermot Holdings Limited (the "**Company**") is a company incorporated under the laws of the British Virgin Islands with company number 1810614. As at the date hereof, particulars of the Company are set out in Schedule 2.

(B) Diyixian.com Limited ("**Diyixian.com**") is a company incorporated under the laws of Hong Kong with company number 0683919. As at the date hereof, particulars of Diyixian.com are set out in Schedule 2.

(C) 深圳第一線通信有限公司(Shenzhen Diyixian Telecom Company Limited)("**SDTCL**") is a company incorporated under the laws of the PRC with Registered Number 440301501124576 and is held 50% by Diyixian.com and 50% by Anlai. As at the date hereof, particulars of the SDTCL are set out in Schedule 2.

(D) The Vendor has agreed to sell and the Purchaser has agreed to acquire the Sale Shares subject to and upon the terms and conditions of this Agreement.

(E) The Vendor has agreed to procure that Anlai enters into the SDTCL SPA with the PRC Purchaser to sell 50% of the share capital of SDTCL to the PRC Purchaser and the Purchaser has agreed to procure the PRC Purchaser to enter into the SDTCL SPA with Anlai.

(F) Concurrently with the execution of this Agreement, the Purchaser and the Vendor have executed a loan agreement (the "**Loan Agreement**"), pursuant to which the Purchaser agrees to extend to the Vendor a three-month term loan in an aggregate amount of RMB100,000,000 (the "**Loan**"). In connection with the Loan Agreement, the Purchaser, the Vendor and the Company have executed an equity mortgage agreement to mortgage 20% of the Vendor's interest in the Company to the Purchaser (the "**Share Mortgage Agreement**").

NOW IT IS HEREBY AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

Definitions

1.1 In this Agreement, including the Recitals, the following expressions, and the expressions defined in the Schedules hereto, shall have the following meanings except where the context otherwise requires:

"**Agreement**"	this agreement as amended from time to time in accordance with clause 13.2.
"**Anlai**"	北京安莱信息通信技术有限公司(Beijing Anlai Information & Communication Technology Company Limited), a company incorporated and registered in the PRC with company number 110102000932221.

"**Applicable Laws**"	with respect to any person or matter, means any and all provisions of any constitution, treaty, statute, law, rules of civil law, common law or equity, legislation, regulation, ordinance, code, rule, judgment, order, decree, conditions of any approvals, requirement, directive, guideline, policy or other governmental restriction or any decision of, or determination by, or any interpretation or administration of any of the foregoing by any governmental, administrative, legislative, regulatory or judicial authority or entity, whether at the national or any local level, whether in effect as at the date of this Agreement or thereafter and in each case as amended from time to time, applicable to such person or matter.
"**Associate**"	shall have the same meaning as in the Listing Rules except that in respect of the Vendor after Completion, it shall exclude the Group Companies.
"**Audited Accounts Date**"	31 December 2013.
"**Audited Accounts**"	the consolidated audited financial statements of the Group (excluding the Company) as at and to 31 December 2013, comprising the balance sheet, profit and loss account together with the notes thereto, the cash flow statement, each of which were prepared in accordance with HK GAAP, and the auditors' and directors' reports.
"**Business Day**"	a day (other than Saturdays, Sundays and such other days where a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above is in force in Hong Kong) on which licensed banks in Hong Kong and the PRC, are open for business throughout their normal business hours.
"**Business**"	the virtual private network business of the Group.
"**BVI**"	British Virgin Islands.
"**Capex Budget**"	means, with respect to the Group Companies, capital expenditure for the month of August 2014 not exceeding HK$1,399,467, capital expenditure for the month of September 2014 not exceeding HK$1,419,503 and capital expenditure for the month of October 2014 not exceeding HK$1,439,538, respectively.
"**Claim**"	any action, dispute, claim, demand, investigation, inquiry, prosecution, litigation or proceeding including (without limitation) any claim under an indemnity or for breach of any of the Vendor Warranties, Tax Warranties or for a breach of this Agreement.
"**Companies Ordinance**"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).
"**Completion**"	completion of the sale and purchase of the Sale Shares and other events in accordance with the provisions of clause 6 and Schedule 6.
"**Completion Date**"	the seventh (7th) Business Day after the date on which the last of the Conditions Precedent have been fulfilled or waived as applicable.
"**Completion Disclosure Letter**"	the letter (or letters) from the Vendor to the Purchaser, including all documents attached or referred to therein, to be delivered prior to Completion in accordance with clause 4.8.
"**Completion Location**"	Charltons, 12th Floor Dominion Centre, 43-59 Queen's Road East, Hong Kong or such other location as agreed between the parties.
"**Completion Payment**"	Cash, in US$, in the amount equivalent to RMB598,500,000, which shall be deducted by the amount received by Anlai under the SDTCL and offset against an amount equal to the principal amount of the Loan.
"**Conditions Precedent**"	those conditions set out in Schedule 3.

"**Consultancy Agreements**"	an agreement other than an agreement relating to a Related Party Transaction, a contract of employment with a Group Company or a service contract between Shanghai Qianjin Network Information Technology (Shanghai) Co., Ltd. and an individual pursuant to which such individual will be seconded by Shanghai Qianjin Network Information Technology (Shanghai) Co., Ltd. to SDTCL, pursuant to which an individual provides services in relation to the business of any Group Company where the annual remuneration is in excess of US$50,000 or local equivalent.
"**Corporate Guarantee**"	includes the following: • a guarantee by Upwise Investments Limited in favour of Hang Seng Bank Limited in connection with the letter of bank facilities entered into by and between Diyixian.com and Hang Seng Bank Limited, dated as of 23 March 2014 (the "**Hang Seng Facility**"); • a guarantee and indemnity by Dyxnet Holdings Limited in favour of IBM China/Hong Kong Limited as set out in the Disclosure Bundle (Part C Document VIII.5) in connection with *inter alia* obligations and debts owed by Diyixian.com Limited; • a guarantee letter by Mr Lap Man in favour of Hang Seng Bank Limited in connection with the Hang Sang Facility; and • a guarantee by Dyxnet Holdings Limited in favour of CIT Finance & Leasing Corporation dated 15 April 2013 as set out in the Disclosure Bundle (Part C Document VIII.4) in connection with *inter alia* obligations and debts owed by SDTCL.
"**Corporate Services Agreement**"	the outsourcing services agreement by and between Dyxnet Corporate Services Limited and Diyixian.com Limited dated 1 January 2014.
"**Data Room**"	each of the documents and the contents therein contained in the electronic data room provided by the Vendor's representative to the Purchaser, a list of such documents being attached to the Disclosure Letter.
"**De Minimis Amount**"	means the sum of US$200,000 (two hundred thousand US$) or local equivalent.
"**Director**"	a director of a Group Company.
"**Disclosed**"	any information fairly disclosed in the Disclosure Material.
"**Disclosure Bundle**"	the bundle of documents (whether in paper or electronic format) annexed to the Disclosure Letter and/or the Completion Disclosure Letter.
"**Disclosure Letter**"	the letter from the Vendor to the Purchaser with the same date as this Agreement that is described as the Disclosure Letter, including all documents attached or referred to therein.
"**Disclosure Material**"	means all information and documentation (and all matters inferred therefrom) disclosed, described, contained in or referred to in this Agreement, the Completion Disclosure Letter, the Disclosure Letter, the Disclosure Bundle and the Data Room and all attachments thereto.
"**Dyx Management**"	means members of the management team of the Group Companies as at the date of this Agreement as nominated by Mr Lap Man and agreed to by the Purchaser and such other persons as nominated by Mr Lap Man and agreed to by the Purchaser from time to time, which shall at all times include Mr Lap Man.

"**Earn-out Consideration**"	the aggregate additional consideration, if any, payable for the Sale Shares as calculated in accordance with paragraph 2 of Schedule 8.
"**Employee**"	any employee of any Group Company whether pursuant to a contract of employment with any Group Company or an arrangement between any Group Company and any human resource service agent such as Shanghai Qianjin Network Information Technology (Shanghai) Co., Ltd..
"**Employment Legislation**"	the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and any other legislation applying in Hong Kong or the PRC affecting contractual or other relations between employers and their employees or workers including, but not limited to, any legislation and any amendment, extension or re-enactment of such legislation.
"**Encumbrance**"	any mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), hypothecation, equities, adverse claims, right to acquire or of pre-emption, third-party right or interest, or other encumbrances, priority or security interest, deferred purchase, title retention, leasing, sale-and-purchase, sale-and-leaseback arrangement over or in any property, assets or rights of whatsoever nature or interest or any agreement for any of same and "**Encumber**" shall be construed accordingly.
"**GAAP**"	means U.S. generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board.
"**Government Agency**"	any government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity.
"**Group Intellectual Property**"	all Intellectual Property Rights that are owned by the Group Companies, or used or held for use by the Group Companies in the Business.
"**Group**"	the Company and each of those companies set out in Schedule 2, and "**Group Company**" shall be construed accordingly.
"**HK$**"	Hong Kong dollar(s), the lawful currency of Hong Kong.
"**Hong Kong**"	the Hong Kong Special Administrative Region of the PRC.
"**Intellectual Property Rights**"	include patents, knowhow, trade secrets and other confidential information, registered designs, copyrights, Internet domain names of any level, design rights, rights in circuit layouts, topography rights, trademarks, service marks, business names, registrations of, applications to register and rights to apply for registration of any of the aforesaid items, rights in the nature of unfair competition rights and rights to sue for passing off.
"**Interest Rate**"	eight (8) per cent above the Hong Kong Inter-bank Offered Rate base rate from time to time.
"**Lease**"	the lease documents under which each Leasehold Property is held.
"**Leasehold Properties**"	the Leasehold Properties set out in Schedule 7 and "**Leasehold Property**" means any one of them or part or parts of any one of them.
"**Liability**"	any liability or obligation (whether actual, contingent or prospective), including for any Loss irrespective of when the acts, events or things giving rise to the liability occurred but excluding liability for any consequential or indirect losses.

"**Liability Cap**"	the amount equivalent to the sum of the Purchase Price under this Agreement and the aggregate purchase price under the SDTCL SPA actually received by the Vendor and/or Anlai.
"**Listing Rules**"	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.
"**Long Stop Date**"	three months from the date of this Agreement.
"**Loss**" or **"Losses"**	all damage, loss, cost and expense, including cost of investigation and defence and reasonable attorney's fees, disbursements and other charges but excluding any liability for consequential or indirect losses.
"**Management Accounts**"	the consolidated unaudited management accounts of the Group for the period from 1 January 2014 to the Management Accounts Date, comprising balance sheet(s), profit and loss statement(s) and cash flow statement(s).
"**Management Accounts Date**"	30 June 2014.
"**Material Asset**"	means the top twenty (20) assets in terms of net book value possessed by the Group Companies.
"**Material Contract**"	an agreement or arrangement, to which a Group Company is a party, which constitutes a: (a) top 20 customer master/individual contract by annual revenue for the current financial year up to 30 June 2014 and specifically excluding order forms or sub-contracts under any master agreements; (b) top 20 suppler master/individual contract by expense for the current financial year up to 30 June 2014 and specifically excluding order forms or sub-contract under the master agreements; (c) contract that contains any covenant that restricts any Group Company from competing in a VPN business with any person or engaging in VPN business in the PRC; or (d) master/individual contract relating to a Related Party Transaction however specifically excluding order forms or sub-contracts under a master agreement.
"**Major Customer**"	a customer of a Group Company who is a party to a Material Contract.
"**Major Supplier**"	a supplier of a Group Company who is a party to a Material Contract.
"**Minimum Claim Amount**"	means the sum equal to US$300,000.
"**parties**"	the named parties to this Agreement and their respective successors, permitted assigns, heirs and personal representatives, and "**party**" means any one of them.
"**PRC Purchaser**"	廊坊迅驰计算机数据处理有限公司 (Langfang Xunchi Computer Data Processing Co., Limited), a limited liability company and registered in the PRC with company number 131001000018253.
"**PRC**"	the People's Republic of China, which for the purpose of this Agreement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan.

"**Pro Forma Accounts**"	the pro forma consolidated profit and loss accounts of the Group for the period ending 31 December 2013 as set out in the Disclosure Bundle (Part A Document VI.E.2).
"**Projected Capex**"	means capital expenditure of the Group Companies during the Earn-out Period (as defined in Schedule 8) in the sum of HK$22,525,615 plus, if any, the aggregate of the Capex Budget not expended by the Group Companies between the date of this Agreement and Completion.
"**Purchase Price**"	means the aggregate of the Completion Payment and the Earn-out Consideration actually paid pursuant to clause 3.1.
"**Purchaser Shares**"	means the Purchaser's Class A ordinary shares with a par value of US$0.00001 per share.
"**Related Party Transaction**"	means any transaction between any Group Company, on the one hand, and any Associate of the Vendor or Mr Lap Man (other than any Group Company), on the other hand, or entered into by any Group Company for the benefit of any Associate of the Vendor or Mr Lap Man (other than any Group Company).
"**Relevant Exchange Rate**"	means the middle rate at 12:00 PM quoted by Bank of China (Hong Kong) for the exchange of RMB and US$ or HK$ and US$, as the case maybe, as of the applicable date.
"**Reorganisation Actions**"	those actions set out at Schedule 3(a).
"**RMB**"	Renminbi, the lawful currency of the PRC.
"**Sale Shares**"	100% of the total issued share capital of the Company immediately before Completion, details of which are set out in Schedule 2.
"**SDTCL Shares**"	the interest in SDTCL held by Anlai representing 50% of the registered and paid in capital of SDTCL.
"**SDTCL SPA**"	a share sale and purchase agreement between the PRC Purchaser (as purchaser) and Anlai (as seller) in respect of the SDTCL Shares dated as of the date hereof.
"**Senior Employee**"	those employees classified by the Group as 'Grade A' and 'Grade B' employees.
"**Straddle Period**"	any taxable year or period of an entity that begins before the Completion Date but ends after the Completion Date.
"**Subsidiary**"	has the meaning ascribed to it in section 15 of the Companies Ordinance.
"**Tax Warranties**"	the Vendor Warranties relating to Taxation set out in paragraph 6 of Schedule 4 and the tax indemnity at clause 8.1(c) and clause 8.1(d).
"**Taxation Authority**"	any taxing or other authority, body or official anywhere in the world competent to administer, impose or collect any Taxation including, without limitation, the Inland Revenue Department and the Customs and Excise Department of Hong Kong.
"**Taxation Relief**"	includes any relief, loss, allowance, exemption, set-off, deduction or credit in computing or against profits or Taxation;

"**Taxation Statute**"	any directive, statute, enactment, law or regulation wherever enacted or issued, coming into force or entered into providing for or imposing any Tax and shall include orders, regulations, instruments, bye-laws or other subordinate legislation made under the relevant statute or statutory provision and any directive, statute, enactment, law, order, regulation or provision which amends, extends, consolidates or replaces the same or which has been amended, extended, consolidated or replaced by the same.
"**Taxation**"	all forms of taxation and statutory, governmental, supra governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies (including withholdings and deductions), anywhere in the world, whenever imposed and however arising (including without limitation contribution to any Mandatory Scheme (as defined in paragraph 24.1 of Schedule 4) and all penalties, fines, charges, costs and interest, together with the cost of removing any charge or other encumbrance, relating thereto and "**Tax**" shall be construed accordingly.
"**Transaction Documents**"	means this Agreement, the SDTCL SPA, the Loan Agreement, the Share Mortgage Agreement and the Option Agreement.
"**US$**"	United States dollar(s), the lawful currency of the United States of America.
"**Vendor Warranties**"	the warranties, representations, indemnities and undertakings given by the Vendor under clause 7, clause 8 and schedule 4 (including the Tax Warranties).

1.2 Unless the contrary intention appears, a reference in this Agreement to:

(a) a clause, Schedule, Annex or Exhibit is a reference to a clause, schedule, annex or exhibit to this Agreement;

(b) a document (including this Agreement) includes any variation or replacement of it;

(c) a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;

(d) a period of time dating from a given day or the day of an act or event, it is to be calculated exclusive of that day;

(e) the words "include", "including" or "such as" are references made on an non-exhaustive and without limitation basis for illustration or emphasis only and when used in introducing an example, shall not operate to limit the meaning of the words to which the example relates to that example or examples of a similar kind;

(f) to any Ordinance, regulation or other statutory provision includes reference to such Ordinance or regulation or provision as modified, consolidated or re-enacted from time to time (except to the extent where any such modification, consolidation or re-enactment increases the liability of the parties hereto under this Agreement);

(g) unless otherwise specified in this Agreement, time is a reference to Hong Kong time;

(h) documents "in the agreed form" are to documents in terms agreed on behalf of the Vendor and the Purchaser and initialed on behalf of each such party for the purposes of identification only;

(i) the "ordinary course of business" means, with respect to a person, the ordinary course of business of such person, consistent with past practice, subject to such changes by such person as are reasonably necessary in light of the then current operating conditions and developments with respect to such person; and

(j) anything (including any amount) is a reference to the whole and each part of it.

1.3 Words denoting the singular include the plural and vice versa, words denoting one gender include both genders and the neuter and words denoting persons include corporations and, in each case, vice versa

1.4 If an act under this Agreement to be done by a party on or by a given day is done after 5.30pm on that day, it is taken to be done on the next day.

1.5 If an event must occur or any rights or obligations under this Agreement shall fall on a stipulated day, which is not a Business Day, then such event shall instead occur or such rights or obligations shall instead fall on the next succeeding Business Day after the stipulated day.

1.6 Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this Agreement.

1.7 The schedules, annexures and exhibits of this Agreement form part of, and shall have effect as if set out in, this Agreement and any reference to this "Agreement" shall be construed accordingly.

1.8 Where Chinese language text appears in this document with an English translation, unless otherwise indicated, such translation is for reference only.

2. SALE AND PURCHASE

2.1 Subject to the terms and conditions of this Agreement, the Vendor as beneficial owner of the Sale Shares shall:

(a) sell the Sale Shares, free from all Encumbrances (except all Encumbrances directly or indirectly relating to the Loan, Loan Agreement and Share Mortgage Agreement) together with all rights of any nature now or hereafter attaching thereto including but not limited to all dividends or distributions which may be paid, declared or made in respect thereof at any time on or after Completion; and

(b) procure that Anlai enters into and performs the SDTCL SPA;

and the Purchaser shall purchase the Sale Shares and procure the PRC Purchaser to enter into and perform the SDTCL SPA.

3. PURCHASE PRICE

3.1 The aggregate consideration for the purchase of the Sale Shares shall consist of:

(a) the Completion Payment payable at Completion in accordance with Schedule 6 subject to adjustment in accordance with clause 3.2; and

(b) the Earn-out Consideration, if any, which shall be calculated and paid in accordance with Schedule 8.

3.2 The Completion Payment shall be decreased by an amount equal to the excess of the cash outflow over the cash inflow (if any) of the Group Companies resulting from the Reorganisation Actions.

4. CONDITIONS PRECEDENT

4.1 Completion is conditional upon each of the Conditions Precedent set out Schedule 3 being satisfied, or waived in accordance with clauses 4.3 to 4.5 (as the case may be), on or before 5:00pm on the Long Stop Date.

4.2 If any of the Conditions Precedent have not been satisfied or waived on or before 5:00pm on the Long Stop Date, then:

(a) the Vendor shall, within five (5) Business Days after the Long Stop Date, repay to the Purchaser the Loan plus any interest payable pursuant to terms of the Loan Agreement; and

(b) this Agreement automatically terminates and each party's rights and obligations under this Agreement cease immediately on termination except that:

(i) each party must continue to comply with clauses 11 (Confidentiality and Announcements), 12 (Notices), 13 (Miscellaneous), 14 (Governing law and Dispute Resolution) and 15 (Appointment of Process Agent); and

(ii) termination of this Agreement does not affect a party's right to claim for a breach of the other party's obligations in relation to this Agreement if that breach occurred before termination and each party must continue to comply with each provision of this Agreement necessary for a party to enforce such a right.

4.3 The Conditions Precedent at paragraphs 2, 4, 5, 6 and 7 of Schedule 3 may only be waived or modified in whole or in part by both the Purchaser and the Vendor at any time on or before 5:00pm on the Long Stop Date.

4.4 The Vendor may, by written notice to the Purchaser, waive or modify compliance with the Conditions Precedent at paragraph 3 (with respect to the Purchaser's covenants) of Schedule 3 in whole or in part at any time on or before 5:00pm on the Long Stop Date.

4.5 The Purchaser may, by written notice to the Vendor, waive or modify compliance with the Conditions Precedent at paragraphs 1, 3 (with respect to the Vendor's covenants), 8 and 9 of Schedule 3 in whole or in part at any time on or before 5:00pm on the Long Stop Date.

4.6 The Vendor shall use all its reasonable endeavours to satisfy or procure the satisfaction of each of the Conditions Precedent (to the extent that such condition relates to the Vendor) not already satisfied or waived as soon as possible before the Long Stop Date. The Purchaser shall use its reasonable endeavours to satisfy or procure the satisfaction of the Conditions Precedent (to the extent that such condition relates to the Purchaser) as soon as possible before the Long Stop Date.

4.7 The Purchaser shall, and undertakes that it shall, and shall procure that the Group shall:

(a) indemnify the Vendor, Dyxnet Holdings Limited and Mr Lap Man and hold the Vendor, Dyxnet Holdings Limited and Mr Lap Man harmless on a full indemnity basis against any and all Losses, Liabilities and expenses incurred, suffered, sustained, resulting from, arising out of or relating to:

(i) any Group Company's failure to make the full and timely payment of any obligations in respect of certain financial facilities which are supported, guaranteed by, or otherwise related to, or secured by, the Corporate Guarantees (a "**Guaranteed Facility**");

(ii) any non-compliance by any Group Company with respect to any obligation under the Guaranteed Facility; and

(iii) any demand, request, Claim, order or the like on the Vendor, Dyxnet Holdings Limited and/or Mr Lap Man under or in relation to the Corporate Guarantees and all costs and expenses incurred thereon;

(b) use its commercial best endeavours to release the Corporate Guarantees as soon as possible but in any case within thirty-six (36) months from the Completion Date;

provided, that, neither the Purchaser nor any Group Company will be liable to the Vendor for such losses, Liabilities and expenses due to gross negligence or wilful misconduct of the Vendor. For the avoidance of doubt, any gross negligence or wilful misconduct of the Vendor shall not have an impact on the rights of Dyxnet Holdings Limited and Mr Lap Man to receive the above indemnity.

4.8 Completion Disclosure Letter

(a) A draft of the Completion Disclosure Letter (or letters) may be provided to the Purchaser at least two Business Days prior to the Completion Date.

(b) The Completion Disclosure Letter shall disclose facts or circumstances that are exceptions to the Vendor Warranties as of Completion.

(c) Having reviewed the facts and circumstances disclosed in the Completion Disclosure Letter:

(i) if the facts and circumstances disclosed in the Completion Disclosure Letter disclose breaches of Vendor Warranties with a value equal to or in excess of US$200,000, the Purchaser may, in its sole discretion, rescind this Agreement by written notice prior to the Completion Date, failing which, such disclosures in the Completion Disclosure Letter shall be deemed Disclosed; or

(ii) if the facts and circumstances disclosed in the Completion Disclosure Letter disclose breaches of Vendor Warranties with a value less than US$200,000 the Purchaser shall not be entitled to rescind this Agreement on the basis of such disclosures and such disclosures shall be deemed Disclosed.

4.9 The Purchaser and Vendor shall enter into the Loan Agreement and Share Mortgage Agreement on the date of this Agreement and it shall be a fundamental condition of this Agreement that the Loan is advanced in accordance with the Loan Agreement. In addition to any other rights and remedies available to it at law, in equity, in contract or otherwise in connection with or arising from the failure of the Purchaser to advance the Loan, the Purchaser shall be entitled to terminate this Agreement immediately upon notice.

5. PRE-COMPLETION ACTIONS

5.1 The Vendor undertakes to procure that, between the date of this Agreement and Completion (the "**Interim Period**"), each Group Company:

(a) shall carry on its business as a going concern in the ordinary and usual course as carried on prior to the date of this Agreement save as required under the provisions of this Agreement (including without limitation the Reorganisation Actions); and

(b) without prejudice to the generality of clause 5.1(a), shall not, without the prior written consent of the Purchaser, undertake any of the actions set out in Schedule 5 save as required under the provisions of this Agreement (including without limitation the Reorganisation Actions).

5.2 At all times during the Interim Period, the Vendor shall promptly provide the Purchaser, its agents and representatives with free and full access to all of the premises, assets, debts, accounts, books and records of the Group, and provide the Purchaser, its agents and representatives with the opportunity to discuss the business, management, operations and financial status of the Group provided always and only to the extent that such access shall not adversely affect the operations of the Group in any respect.

5.3 The Purchaser shall duly authorize the award of its restricted stock units with an aggregate value of RMB31,500,000 under its current in-effective share incentive plan to the Dyx Management at Completion. The number of restricted stock units to be awarded to each Dyx Management shall be determined by the Purchaser and the Vendor jointly and calculated based on the closing trading price of the Purchaser's shares on NASDAQ on the trading date immediately prior to the Completion Date.

5.4 The Vendor shall procure that Anlai:

(a) enters into the SDTCL SPA on or before the date of this Agreement; and

(b) performs its obligations under the SDTCL SPA.

5.5 The Purchaser shall procure that the PRC Purchaser:

(a) enters into the SDTCL SPA on or before the date of this Agreement; and

(b) performs its obligations under the SDTCL SPA.

5.6 On or before receipt of the Loan by the Vendor, the Vendor shall appoint such number of the individuals (the "**Purchaser Directors**") nominated by the Purchaser and agreed by the Vendor as directors of each Group Company such that the Purchaser Directors shall constitute a majority of the directors on the board of directors of each Group Company immediately following the receipt of the Loan.

5.7 The Purchaser shall, indemnify the Vendor and Anlai for any Claim, Liability or Loss suffered by the Vendor and/or Anlai under or in relation to or arising out of any action or inaction of the Purchaser Directors incurred during the period from the appointment effectiveness time of such Purchaser Directors until the earlier of the Completion Date or such Purchaser Directors' resignation.

6. COMPLETION

6.1 Subject to the fulfillment or waiver of the Conditions Precedent, Completion shall take place contemporaneously with the completion of the SDTCL SPA at the Completion Location on the Completion Date.

6.2 On Completion, the Purchaser shall comply with the obligations set out in Part B of Schedule 6 and against the compliance by the Purchaser of such obligations, the Vendor shall comply with the obligations set out in Part A of Schedule 6. The Vendor may waive some or all of the obligations of the Purchaser as set out in Part B of Schedule 6 and the Purchaser may waive some or all of the obligations of the Vendor as set out in Part A of Schedule 6.

6.3 If the Vendor or the Purchaser fails to comply with any of their respective obligations in Schedule 6, the Purchaser, in the case of non-compliance by the Vendor, or the Vendor, in the case of non-compliance by the Purchaser, shall be entitled (in addition to and without prejudice to all other rights or remedies available, including the right to claim damages) by written notice to the other served on the Completion Date:

(a) to terminate this Agreement (other than clauses 11 (Confidentiality and Announcements), 12 (Notices), 13 (Miscellaneous), 14 (Governing law and Dispute Resolution) and 15 (Appointment of Process Agent)) without liability on its part and shall be entitled to claim all damages, Losses and expenses suffered or incurred arising from the default;

(b) to effect Completion so far as practicable having regard (and without prejudice) to the defaults which have occurred; or

(c) to fix a new date for Completion (being not more than 20 Business Days after the agreed date for Completion) in which case the provisions of Schedule 6 shall apply to Completion as so deferred but provided such deferral may only occur once.

6.4 The Vendor shall, and shall procure that Anlai shall, and the Purchaser shall, and shall procure that the PRC Purchaser shall, undertake, covenant and agree that notwithstanding any other provision in this Agreement or the SDTCL SPA:

(a) the Vendor and the Purchaser shall not be required to complete any of the transactions contemplated under this Agreement or the SDTCL SPA unless such agreements are completed contemporaneously;

(b) if this Agreement is terminated for any reason, the parties irrevocably agree (and shall procure Anlai (in the case of the Vendor) and the PRC Purchaser (in the case of the Purchaser) to agree) that the SDTCL SPA shall be terminated with effect from the termination of this Agreement and each party shall procure Anlai (in the case of the Vendor) and the PRC Purchaser (in the case of the Purchaser) to execute such documents and perform such acts and things as either of the Vendor or the Purchaser may reasonably require to terminate the SDTCL SPA;

(c) if the SDTCL SPA is terminated for any reason, the parties irrevocably agree that this Agreement shall be terminated with effect from the termination of the SDTCL SPA and each party shall execute such documents and perform such acts and things as either of the Vendor or the Purchaser may reasonably require to terminate this Agreement; and

(d) if there is any inconsistency between the terms of this Clause 6.4 and any other term in this Agreement or the SDTCL SPA, the provisions of this Clause 6.4 shall prevail.

7. VENDOR WARRANTIES

7.1 Subject to the provisions and limitations contained in clauses 7 and 8, the Vendor warrants to the Purchaser that, except as Disclosed in the Disclosure Material, each of the Vendor Warranties contained in Schedule 4 are true and accurate and not misleading as at the date hereof (unless specified to be given only as at a specific date) and will be so on the Completion Date as if repeated immediately before Completion (unless specified to be given only as at a specific date).

7.2 Each of the Vendor Warranties is without prejudice to any other Vendor Warranty and, except where expressly stated otherwise (including in this clause 7 and in clause 8), no provision contained in this Agreement shall govern or limit the extent or application of any other provision.

7.3 The Vendor Warranties shall survive Completion. The rights and remedies of the Purchaser in respect of any breach of any of the Vendor Warranties shall continue to subsist after and notwithstanding Completion.

7.4 If after the signing of this Agreement:

(a) the Vendor becomes aware that any of the Vendor Warranties are materially untrue, inaccurate or misleading as of the signing of this Agreement; or

(b) the Vendor becomes aware that any event occurs or matter arises which is or may constitute a breach of or be inconsistent with any of the Vendor Warranties,

the Vendor shall notify the Purchaser in writing (including via email) describing the fact or event in reasonable detail as soon as possible and Disclose the same in the Completion Disclosure Letter.

7.5 Where a Vendor Warranty is made or given “so far as the Vendor is aware”, “to the best of the knowledge, information and belief of the Vendor” or similar expression, that Vendor Warranty shall be deemed to be subject to the actual knowledge of the Directors of the Group Companies having made reasonable enquiries.

7.6 The Vendor Warranties are qualified in their entirety by, and subject in their entirety to, and the Purchaser is barred from making a Claim in respect of:

(a) those limitations set out in this clause 7 and in clause 8;

(b) any action undertaken pursuant to or in contemplation of this Agreement including all Encumbrances directly or indirectly relating to the Loan, Loan Agreement and Share Mortgage Agreement;

(c) those matters Disclosed to the Purchaser including (but not limited to) those matters Disclosed in this Agreement and the Disclosure Material;

(d) any matter provided for or set out or described in the Management Accounts or the Audited Accounts (including in any notes thereto);

(e) the extent of any matter or thing hereafter done or omitted to be done (i) by the Purchaser in causing breach of any of the Vendor Warranties; or (ii) by the Vendor or any Group Company at the written request or with the written approval of the Purchaser; or

(d) if it arises as a result of legislation which comes into force after the date hereof and is retrospective in effect,

and in each of such events, the Vendor shall not be liable for any breach of the Vendor Warranties in relation to, and to the extent of, those events.

8. INDEMNIFICATION AND LIMITATION ON CLAIMS

8.1 The Vendor shall indemnify the Purchaser and its Associates, directors, officers and employees (collectively the "**Purchaser Indemnitees**") for any Claim or Loss under or in relation to or arising out of:

(a) any breach of the Vendor Warranty under paragraph 2.3 of Schedule 4;

(b) any claim, demand, action, suit and cause of action arising from or in relation to any aspect of the Proceedings, SPA and/or Settlement Agreement (each term as defined in paragraph 2.3 of Schedule 4) against the Purchaser Indemnitees;

(c) any Tax of the Group Companies with respect to any tax period ending on or before the Completion Date, and with respect to a Straddle Period, the portion of such Straddle Period ending on the Completion Date, including all Liabilities, penalties or interest in respect of Tax incurred by any of the Group Companies resulting from, attributable to or arising in connection with any failure by the Vendor, any Group Company, or the Vendor's other Associates to duly comply with their Tax reporting, filing or payment obligations under Applicable Laws, or any asset valuation criteria or requirements under Applicable Laws in connection with any transaction, or event or matter that occurred on or before the Completion Date, including, but not limited to, the transactions contemplated hereby except in all respects to the extent that that provision or reserve of such Tax or deferred Tax has been made or included in the Audited Accounts or the Management Accounts (including the notes thereto); or

(d) any Liabilities in respect of Tax which is assessed or levied on the Vendor or Anlai as a result of the transactions contemplated hereby and the SDTCL SPA, which are demanded or paid by any of the Purchaser Indemnitees;

provided that, with respect to items (a) to (d), regardless of any Disclosure made by the Vendor in the Disclosure Material or otherwise or any knowledge, actual or constructive, of the Purchaser of such Liabilities.

8.2 Save as provided at clause 13.14, the provisions of this clause 8.2 limit the Liability (which for the purpose of this clause 8.2 includes any Claim for consequential or indirect losses) of the Vendor in relation to any Claim under this Agreement (including (without limitation) any Loss, Liability or Claim relating to the Vendor Warranties and the indemnities under this clause 8), and:

(a) the aggregate Liability of the Vendor for all Claims under this Agreement (including (without limitation) any Loss, Liability or Claim relating to the Vendor Warranties and the indemnities under this clause 8) shall not exceed the Liability Cap;

(b) the Vendor shall not be liable for any Liability or Claim under this Agreement (including (without limitation) any Loss, Liability or Claim relating to the Vendor Warranties and the indemnities under this clause 8) unless:

(i) the Vendor's Liability in respect of such Claim (together with any connected Claims) exceeds the De Minimis Amount;

(ii) the amount of the Vendor's Liability in respect of such Claim (together with any connected Claims), when aggregated with the Vendor's Liability for all Claims that are not excluded under clause 8.2(b)(i) exceeds the Minimum Claim Amount, in which case the Vendor shall be liable for the whole amount claimed (and not just the amount by which the threshold in this clause 8.2(b)(ii) is exceeded); and

(iii) a notice in writing is given by the Purchaser to the Vendor specifying in reasonable detail the legal and factual basis of the claim and the evidence on which the Purchaser relies, setting out an estimate of the amount of Losses or Claim which are, or are to be, the subject of the Loss, Claim or Liability (including any Loss which are contingent on the occurrence of any future event) or a Claim is otherwise initiated by the Purchaser against the Vendor:

(1) if such Claim solely relates to a breach of a Tax Warranty, within 6 years after Completion; or

(2) in every other case, within 18 months after Completion;

(c) for the purposes of this clause 8.2, a Claim is "**connected**" with another Claim if the relevant claims arise from the same event or set of circumstances, or relates to the same subject matter or, in the case of unpaid receivables due from a third party, each individual amount is connected; and

(d) the Vendor's Liability to the Purchaser Indemnitee for any Losses arising out of a breach or any Claim under this Agreement will be reduced to the extent that such Claim or Losses arise(s) as a result of or in connection with any act or omission before or after Completion by any Purchaser Indemnitee, the Purchaser, the Purchaser's Associates or, to the extent directed by the Purchaser, the Group Companies or as otherwise contemplated under this Agreement or any Transaction Document.

8.3 The Vendor is not liable to the Purchaser or the Purchaser Indemnitees (or any person deriving title from the Purchaser) for any Claim or Loss under this Agreement (including (without limitation) any Loss, Liability or Claim relating to the Vendor Warranties and the indemnities under this clause 8):

(a) unless a notice in writing of the Claim or Loss is given by the Purchaser to the Vendor specifying in reasonable detail the legal and factual basis of the Claim or Loss and the evidence on which the Purchaser relies, setting out an estimate of the amount of Losses or Claim which are, or are to be, the subject of the Claim or Loss (including any Loss which are contingent on the occurrence of any future event) and such notice is served on the Vendor in accordance with clause 8.2;

(b) to the extent that any Group Company has recovered any sum in relation to the circumstances giving rise to the Claim under any insurance policy held by the relevant Group Company immediately prior to Completion (for which purposes the Purchaser undertakes to use all commercially reasonable endeavours to recover any such sum from the insurer);

(c) to the extent that the Claim or Losses results or is contributed to (but in which case only to the extent of the contribution) any voluntary act, omission, transaction or arrangement of the Purchaser or Purchaser Indemnitees after Completion;

(d) to the extent that the Claim or Losses arise(s)/results from or is contributed to (but in which case only to the extent of the contribution) any increase in the rates, method of calculation or scope of taxation after Completion (excluding a mistake in the application of such rates, methods or scope prior to Completion);

(e) to the extent the Claim or Losses arise(s)/results from or is contributed to (but in which case only to the extent of the contribution) a result of any change in any accounting standards of the Group introduced after Completion; or

(f) if the Claim or Losses results from or is contributed to by (but in which case only to the extent of the contribution) the passing of, or any change in, any generally accepted interpretation or application of any Applicable Laws (including Applicable Laws of a retrospective effect) after Completion.

8.4 For the avoidance of doubt, nothing in this agreement shall prevent the Purchaser from exercising any rights and remedies available to it at law, in equity, in contract or otherwise in connection with or arising from this Agreement, provided that the Purchaser shall not be entitled to recover from the Vendor under this Agreement more than once in respect of the same Claim or Loss suffered or in excess of its actual damages under such Claim or Loss.

8.5 The Purchaser shall procure that all reasonable steps are taken and all reasonable assistance is given to avoid or mitigate any Loss or Claim which in the absence of mitigation might give rise to a Liability or an increased Liability in respect of such Loss or Claim under this Agreement (including (without limitation) any Loss, Liability or Claim relating to the Vendor Warranties and the indemnities under this clause 8).

8.6 If, after the Vendor has made a payment to the Purchaser (or a Purchaser Indemnitee) pursuant to a Claim or Loss under this Agreement, any of the Purchaser or a Group Company (or a Purchaser Indemnitee) receives a payment from a third party of a sum which indemnifies or compensates the Purchaser in respect of any Loss or Liability which is the subject matter of a Claim or Loss, then the Purchaser must repay to the Vendor the amount received from the Vendor (less any costs and expenses attributable to the recovery) or, if less, the amount of the payment from the third party which was received by the Purchaser (or a Purchaser Indemnitee) (less any costs and expenses attributable to the recovery).

8.7 In calculating any Losses of the Purchaser (or a Purchaser Indemnitee) or Liability of the Vendor for a Claim arising under, in relation to, or arising out of this Agreement, including a breach of any Vendor Warranty or under clause 8.1, any Taxation benefit or reduction used or received by the Purchaser (or any Group Company or a Purchaser Indemnitee) as a result of such Losses shall be taken into account, save to the extent that such Taxation benefit or reduction has already been taken into account in determining the Losses or liability in question.

8.8 If the matter or circumstance that may give rise to a Claim against the Vendor for Loss under this Agreement (including (without limitation) any Loss, Liability or Claim relating to the Vendor Warranties and the indemnities under this clause 8) is a result of or in connection with a claim by or Liability to a third party (a "**Third Party Claim**") then, without prejudice to the rights of the insurers of the Purchaser, the Purchaser (or a Purchaser Indemnitee) shall have the right to defend, contest, settle or compromise such Third Party Claim in the exercise of its sole discretion, provided that the Purchaser (or in the case of a Purchaser Indemnitee, the Purchaser shall procure that the Purchaser Indemnitee) shall:

(a) not settle any Third Party Claim without approval in writing from the Vendor (acting reasonably and without delay) unless such settlement includes an unconditional release of the Vendor from all Liabilities arising out of such claim;

(b) consult with the Vendor so far as commercially reasonably practicable in relation to the conduct of the Third Party Claim; and

(c) take commercially reasonable account of the views of the Vendor before taking any action in relation to the Third Party Claim.

8.9 The Purchaser shall only be entitled to deduct from any Earn-out Consideration, if any, an amount equal to the amount of Losses payable by the Vendor to satisfy any Clam or Loss under this Agreement (including (without limitation) any Loss, Liability or Claim relating to the Vendor Warranties and the indemnities under this clause 8) only if:

(a) such Losses, and the extent of such Losses, have been agreed in writing by the Vendor; or

(b) such Losses, and the extent of such Losses, have been awarded by a Court of competent jurisdiction and the Vendor has no further right of appeal in respect of such award,

otherwise no right of offset shall exist and the Purchaser must pay the full amount of the Earn-out Consideration without any offset or deduction.

9. PURCHASER'S WARRANTIES

9.1 The Purchaser warrants to the Vendor that each of the following statements is true and accurate and not misleading as at the date hereof and will be so on the Completion Date as if immediately repeated before Completion:

(a) the Purchaser is a company duly incorporated and validly existing under the laws of its place of incorporation and has the requisite power and authority to enter into and perform this Agreement and has obtained all necessary consents and authorisations to enable it to do so;

(b) this Agreement constitutes valid, legal and binding obligations on the Purchaser in accordance with its terms;

(c) compliance with the terms of this Agreement shall not breach or constitute a default under any of the following:

(i) any order, judgment or decree applicable to the Purchaser;

(ii) any Applicable Law, writ, order, rule or regulation; and

(iii) any provision of its constitution;

(d) the Purchaser (and the Purchaser's Associates and advisors) do not have any knowledge of any matter which would constitute a breach of any of the Vendor Warranties, except for any actual or potential breach of the Vendor Warranties which are Disclosed in the Disclosure Material or in this Agreement;

(e) the Purchaser has had the opportunity prior to the signing of this Agreement to conduct due diligence on the Group Companies and their business and has independently determined to enter into this Agreement without the benefit of any inducements, representations or warranties from the Vendor or its agents save as expressly set out in this Agreement; and

(f) the Purchaser has received and reviewed the Disclosure Material (except as at the signing of this Agreement, the Completion Disclosure Letter), and has accessed and reviewed the documents in the Data Room.

10. POST COMPLETION OBLIGATIONS

Tax Returns and Computations

10.1 The Vendor or its duly authorised agents will be responsible for, and have the conduct of preparing, submitting to and agreeing with the relevant Tax Authorities all Tax returns and computations of each Group Company, including claims, elections, surrenders, notices or consents in respect of any Surrender, for all Tax accounting periods of each Group Company ending on or before the Completion Date.

10.2 For purposes of this Agreement, whenever it is necessary to allocate Taxes for a Straddle Period between periods prior to Completion and after Completion, (i) in the case of Taxes based upon or related to income or receipts, the amount of any such Taxes allocable to the portion of the taxable period ending on the Completion Date shall be determined based on an actual Completion of the books as of the close of business on the Completion Date; and (ii) in the case of Taxes other than Taxes described in clause (i), the amount of such Taxes allocable to the portion of the taxable period ending on the Completion Date shall be the product of; (x) the amount of such Taxes for the entire period; and (y) a fraction the numerator of which is the number of calendar days in the Straddle Period ending with on the Completion Date and the denominator of which is the number of calendar days in the entire Straddle Period. In the case of clause (i), exemptions, allowances or deductions that are calculated on an annual basis (including depreciation and amortization deductions computed as if the Completion Date was the last day of the Straddle Period) shall be allocated between the portion of the Straddle Period ending on the Completion Date and the portion of the Straddle Period thereafter in proportion to the number of days in each such portion.

10.3 For the purposes of clause 10.1:

(a) the Vendor and the Purchaser must each respectively afford (or procure the affordance) to the other or their duly authorised agents of information and assistance which may reasonably be required to prepare, submit and agree all outstanding Tax returns and computations;

(b) the Vendor and the Purchaser must as soon as practicable deliver to each other copies of all correspondence sent to or received from any Tax Authority; and

(c) the Purchaser undertakes to procure that any relevant Group Company will at the request of the Vendor sign and submit to the relevant Tax Authority all notices of claim, surrender or consent to surrender (including provisional or protective notices of claim, surrender or consent to surrender in cases where any relevant Tax computations have not yet been agreed) and all the other documents and returns that the Vendor may reasonably request to give effect to the provisions of clauses 10.2 and 10.3 that the Purchaser will not be obliged to procure that a Group Company signs and submits a document which in its reasonable opinion it considers to be wrong, misleading or inaccurate in any material respects.

10.4 Without limiting the obligations under clauses 10.1 through 10.3, the Purchaser shall allow access to and provide the Vendor with, all documents, information and material relating to the Group Companies prior to the Completion Date for the purpose of assisting the Vendor complying with any Taxation Statute or request from any Taxation Authority.

10.5 The Vendor acknowledges, covenants and agrees that the Vendor shall, and shall procure that Anlai shall, promptly pay and settle the full amount of Tax assessed by the relevant tax authority to be payable by and the Vendor and Anlai under all Applicable Laws in connection with the transactions contemplated by this Agreement, the SDTCL SPA or other Transaction Documents.

10.6 The Vendor acknowledges and agrees that the Purchaser shall have no obligation to pay or withhold from the Vendor, Anlai, the Company or any Associate or beneficial owner of the Vendor, Anlai or the Company, any tax of any nature that is required by any Applicable Law to be paid by the Vendor, the Company or any Associate or beneficial owner of the Vendor, Anlai or the Company, in connection with the transactions contemplated by this Agreement, the SDTCL SPA or other Transaction Documents.

10.7 The Vendor shall use its reasonable endeavours, and shall procure Anlai to execute on or prior to the Completion all necessary documents to facilitate:

(a) the registration of the SDTCL Shares with the PRC Administration for Industry and Commerce ("**AIC**"); and

(b) the removal of the legal representative/director(s) of SDTCL and replacement of the legal representative/director(s) of SDTCL with such persons nominated by the PRC Purchaser.

Non-Competition

10.8 Subject to clauses 10.9 to 10.14, each of the Vendor and Mr Lap Man undertakes to the Purchaser that it / he will not (either personally or through an agent), directly for a period beginning on the Completion Date and ending on 31 December 2016 (the "**Non-Compete Period**"):

(a) be Engaged or Involved in any capacity in the business of the Business in the PRC, Hong Kong and Taiwan;

(b) solicit a customer, client or business partner which are the Company's customer, client or business partner at any time within 3 years prior to Completion or current customer, client or business partner;

(c) directly or indirectly employ any employee of any Group Company or persuade, solicit or encourage such employee to leave such Group Company's employ; or

(d) increase the number of cabinets in the data centre business and cloud business (including infrastructure services) in the PRC .

10.9 Notwithstanding any contained in clause 10.8, the prohibitions, restrictions or restraints in clause 10.8 (each a "**Restraint**") shall not apply to the Vendor or to Mr Lap Man in respect of:

(a) being Engaged or Involved in any Existing Business:

(b) any customer or supplier of the Group (both before and after Completion) also being a customer or supplier of an Existing Business (whether prior or after Completion) but only in respect of matters other than the Business;

(c) any arrangement, agreement, or supply of goods of services to the Purchaser or the Group Companies including (without limitation) under the clause 10.15; or

(d) holding any interest in the Purchaser Shares or pursuant to the Earn-Out Consideration.

10.10 Each of the Vendor and Mr Lap Man acknowledges and agrees that the Restraints are within the scope that is reasonable in the circumstances and is necessary to protect the commercial objectives of the Purchaser, the Group Companies and the Business.

10.11 Each part of the Restraints has effect as a separate and severable restriction and is to be enforced accordingly.

10.12 Notwithstanding clause 10.8, neither the Vendor nor Mr Lap Man is restricted from holding, or having a financial interest in, in aggregate not exceeding 5% of the securities in any public company the securities (except for the Purchaser or BNC (as defined in schedule 8)) of which are quoted on a recognised stock exchange even though that company carries on any of the prohibited and restrained activities contained in clause 10.8, provided that, in all of the circumstances, one or more of the Vendor and Mr Lap Man do not effectively control such company and are not Engaged or Involved in the management of the business of the issuer of the securities or of any of its Associates other than by the exercise of voting rights attaching to the relevant securities.

10.13 The Vendor acknowledge that, since damages may not be an adequate remedy for a breach of a Restraint, the Purchaser is entitled to an injunction or specific performance (or both) to prevent a breach or continued breach of clause 10.8.

10.14 For the purposes of clauses 10.8 to 10.13:

(a) a person is "**Engaged or Involved**" in a business or activity if that person has any direct involvement as a principal, agent, partner, employee, shareholder, director, manager, of, or to the business or activity or in, of or to any person who carries on the business or activity; and

(b) "**Existing Business**" means the businesses and operations of the Vendor, Mr Lap Man and any of their respective Associates as at the date of this agreement including but not limited to:

(i) the contact centre business and related services operated by Anlai Network Communication Technology Company Limited and its Associates;

(ii) the data centre and cloud business (including infrastructure services) and related services operated by Diyixian Internet Centre Limited, Dyxnet Data Centre Services Limited and Diyixian DCC Service Limited and their respective Associates;

(iii) the food delivery marketing and management platform and related services operated by 51wm Company Limited and its Associates including under the name 51WM or 我要外賣 ; and

(iv) the provision of corporate services and related services by DYXnet Corporate Service Limited and its Associates.

Corporate Services, Data Centre and Call Centre Services

10.15 The Vendor hereby unconditionally and irrevocably undertakes that for the period from Completion until 31 December 2016 (unless terminated earlier pursuant to this clause 10.15) it shall procure that:

(a) Dyxnet Corporate Service Limited provide the corporate services under the Corporate Services Agreement to the Group Companies at the rate of cost plus 2% and provided that the fees charged to Diyixian.com under the Corporate Services Agreement shall not be increased by more than 5% per annum;

(b) the services of data centre and call centre provided by the Vendor's Associate(s) (other than the Group Companies) to the Group Companies shall at all times be charged at a price not exceeding the current price charged to Diyixian.com; and the parties shall use commercially reasonable best efforts to reduce the costs incurred by the data centre; and

(c) the Group Companies receiving the corporate services under the Corporate Services Agreement, data centre services and call centre services provided by any Vendor's Associate may at any time terminate all or a portion of such services by serving a three-month prior written notice to such Vendor's Associate without cost; provided that any office lease relating to the terminated services to which such Vendor's Associate is a party or is bound by shall be transferred to the applicable Group Company designated by the Purchaser upon the termination of services.

10.16 To the extent the Corporate Services Agreement is inconsistent with clause 10.15, the parties shall procure the applicable parties to the Corporate Services Agreement to amend such Corporate Services Agreement to the extent of any inconsistency; provided that any amendment to the Corporate Services Agreement shall require prior written consent by the Purchaser.

10.17 The Vendor hereby covenants and undertakes to the Purchaser that, at all time during the Earn-out Period (as defined in Schedule 8), the Group Companies shall have sufficient working capital for its normal operation and projected expansion, and there is no need for the Purchaser, nor the Purchaser has any obligation, to inject additional working capital or otherwise provide any financing to any Group Company.

10.18 Prior to 31 December 2016,

(a) the Vendor shall not transfer, dispose of, pledge or otherwise encumber, to any third party, other than the Purchaser or its Associate(s), all or any portion of the equity interest of any Vendor's Associate engaging in data centre services or any of the assets possessed by the Vendor or any Vendor's Associate in connection with the data centre services; and

(b) the Purchaser shall have an option, but not an obligation, to purchase all equity interest in such Vendor Associate(s) engaging in data centre service at US$1.00, pursuant to an option agreement to be entered into by the Vendor and/or its Associate(s) and the Purchaser and/or its Associate(s) on or prior to the Completion.

11. CONFIDENTIALITY AND ANNOUNCEMENTS

Announcements

11.1 For the purpose of this clause 11 the term:

(a) 'Vendor's Group' shall include the Vendor, Anlai and their respective Associates and shall include prior to (but not after) Completion, the Group Companies; and

(b) 'Purchaser's Group' shall include the Purchaser, the PRC Purchaser and their respective Associates and shall include after (but not prior) Completion, the Group Companies.

11.2 Prior to, and for the period of 12 months after Completion, no announcement or circular in connection with the existence or the subject matter of this Agreement shall be made or issued by or on behalf of any member of the Vendor's Group or any member of the Purchaser's Group without the prior written approval of the Vendor and the Purchaser. The Vendor and the Purchaser shall procure that their respective Associates comply with this clause.

11.3 The restriction at clause 11.2 shall not affect any announcement or circular required by law or any regulatory body or the rules of any stock exchange on which the shares of either party (or its holding company) are listed provided the party with an obligation to make an announcement or issue a circular (or whose Associate has such an obligation) shall:

(a) consult with the other party (or shall procure that its Associate consults with the other party) in respect of such announcement or circular;

(b) give the other party all reasonable opportunity to comment on such announcement or circular; and

(c) to the fullest extent allowable under the Applicable Laws or any regulatory body or the rules of any stock exchange, take in such reasonable comments of the other party.

Confidentiality

11.4 Subject to clauses 11.2 and 11.3, each of the Vendor and the Purchaser shall treat as strictly confidential and not disclose or use any information received or obtained as a result of entering into this Agreement (or any agreement entered into pursuant to this Agreement) which relates to:

(a) the existence and the provisions of this Agreement and of any agreement entered into pursuant to this Agreement;

(b) the negotiations relating to this Agreement (and any such other agreements);

(c) (in the case of the Vendor) any information relating to the Group Companies following Completion and any other information relating to the business, financial or other affairs (including future plans and targets) of the Purchaser's Group;

(d) (in the case of the Purchaser) any information relating to the business, financial or other affairs (including future plans and targets) of the Vendor's Group including, prior to Completion, the Group Companies; or

(e) any information provided for or referred to in the Disclosure Material.

11.5 Clause 11.4 shall not prohibit disclosure or use of any information if and to the extent:

(a) the disclosure or use is required by law, any Government Authority on which the shares of either party or its holding company are listed (including where this is required as part of its financial reporting requirements and any actual or potential offering, placing and/or sale of securities of any member of the Vendor's Group or the Purchaser's Group);

(b) the disclosure or use is required to vest the full benefit of this Agreement in the Vendor or the Purchaser;

(c) the disclosure or use is required for the purpose of any arbitral or judicial proceedings arising out of this Agreement or any other agreement entered into under or pursuant to this Agreement or the disclosure is made to a Tax Authority in connection with the Tax affairs of the disclosing party;

(d) the disclosure is made to professional advisers of any party on a need to know basis and on terms that such professional advisers undertake to comply with the provisions of clause 11.4 in respect of such information as if they were a party to this Agreement;

(e) the information is or becomes publicly available (other than by breach of this Agreement);

(f) the other party has given prior written approval to the disclosure or use; or

(g) the information is independently developed after Completion;

provided that prior to disclosure or use of any information pursuant to clause 11.4(a), (b) or (c), except where prohibited by law or regulation or in the case of disclosure to a Tax Authority, the party concerned shall promptly notify the other party of such requirement with a view to providing that other party with the opportunity to contest such disclosure or use or otherwise to agree the timing and content of such disclosure or use.

11.6 Should this Agreement be terminated for any reason, the party (the "**receiving party**") receiving any information set out in clause 11.4 must, on the request of the other party (the "**disclosing party**"), as soon as reasonably practicable deliver to the disclosing party or otherwise destroy all documents or other materials contained or referred to as confidential information of the disclosing party which are in the receiving party's possession, power or control or in the possession, power or control of person who has received confidential information under clauses 11.5(d) and 11.5(f). To the extent that such information cannot be destroyed or delivered (for whatever reason), the receiving party shall strictly comply with the provisions of clause 11.4 and shall ensure all its employees, officers, consultants, professional advisers and all others who received such information are aware of such obligation of confidentiality and agree to strictly comply with clause 11.4 as if they were named as the receiving party. This Clause shall continue to have effect for the period of six years from the Completion Date.

11.7 Each party acknowledges that the other would be irreparably harmed by a breach of clause 11.4 or 11.6 and that, therefore, damages may not be an adequate remedy and, accordingly, the disclosing party is entitled, without proof of special damage, to the remedies of injunction, specific performance and other equitable relief for a threatened or actual breach of clause 11.4.

12. NOTICES

12.1 Any communication and/or information to be given in connection with this Agreement shall be in writing in English and shall either be delivered by hand or sent by first class post or in electronic form to any person at the address of that person shown in Schedule 1 (or such other address as it may notify to the other parties to this Agreement for such purpose).

12.2 A communication sent according to clause 12.1 shall be deemed to have been received:

(a) if delivered by hand, at the time of delivery;

(b) if sent by pre-paid first class post, on the second day after posting; or

(c) at the time of transmission in legible form, if delivered by fax or e-mail (unless a notice of non-delivery is received);

except that if a communication is received between 5.30 pm on a Business Day and 9.30 am on the next Business Day, it shall be deemed to have been received at 9:30am on the second of such Business Days.

13. MISCELLANEOUS

Assignment

13.1 This agreement is personal to the parties to it. Accordingly neither the Vendor nor the Purchaser may, without the prior written consent of the other, assign, grant any security interest over, hold on trust or otherwise transfer the benefit of all or any of the other party's obligations under this Agreement.

Variation

13.2 No variation of this Agreement shall be effective unless in writing and signed by or on behalf of each of the Vendor and the Purchaser.

Invalidity

13.3 If any provision in this Agreement shall be held to be illegal, invalid or unenforceable, in whole or in part, the provision shall apply with whatever deletion or modification is necessary so that the provision is legal, valid and enforceable and gives effect to the commercial intention of the parties.

13.4 To the extent it is not possible to delete or modify the provision, in whole or in part, under clause 13.3, then such provision or part of it shall, to the extent that it is illegal, invalid or unenforceable, be deemed not to form part of this Agreement and the legality, validity and enforceability of the remainder of this Agreement shall, subject to any deletion or modification made under clause 13.3, not be affected.

Method of Payment

13.5 Unless otherwise specified, wherever in this Agreement provision is made for the payment by one party to the other, such payment shall be effected by crediting for same day value the account specified by the payee to the payer reasonably in advance and in sufficient detail to enable payment by telegraphic transfer or other electronic means to be effected on or before the due date for payment.

Interest

13.6 If the Vendor or the Purchaser defaults in the payment when due of any sum payable under this Agreement, its liability shall be increased to include interest on such sum from the date when such payment is due until the date of actual payment (after as well as before judgment) at a rate per annum equal to the Interest Rate. Such interest shall accrue from day to day.

Counterparts

13.7 This agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. A party may execute this Agreement on a facsimile or PDF copy counterpart and deliver its signature by facsimile or email (as the case may be). A facsimile or PDF copy counterpart sent by facsimile machine or email (as the case may be) (a) must be treated as an original counterpart, (b) is sufficient evidence of the execution of the original and delivery of the counterpart, and (c) may be produced in evidence for all purposes in place of the original.

No Partnership

13.8 Nothing in this Agreement shall be taken to constitute a partnership between any of the parties hereto and none of them shall have any authority to bind any of the others of them in any way (except to the extent expressly provided in this Agreement).

Further Assurance

13.9 Each of the Vendor and the Purchaser shall, and shall use reasonable endeavours to procure that any necessary third party shall, from time to time execute such documents and perform such acts and things as either of the Vendor or the Purchaser may reasonably require to transfer the Sale Shares to the Purchaser and to give each of them the full benefit of this Agreement.

13.10 Following Completion and pending registration of the Purchaser as owner of the Sale Shares, the Vendor shall exercise all voting and other rights in relation to such Sale Shares in accordance with the Purchaser’s instructions.

Entire Agreement

13.11 This Agreement contains the whole agreement between the Vendor and the Purchaser relating to the subject matter of this Agreement at the date of this Agreement to the exclusion of any terms implied by law which may be excluded by contract and supersedes any previous written or oral agreement between the Vendor and the Purchaser in relation to the matters dealt with in this Agreement.

13.12 The Purchaser acknowledges that it has not been induced to enter this Agreement by any representation, warranty or undertaking not expressly incorporated into it.

13.13 In this clause 13, "this Agreement" includes the Disclosure Material and all documents entered into pursuant to or contemplated by this Agreement.

13.14 Nothing contained in this Agreement or in any other document referred to or incorporated in it shall be read or construed as excluding any liability or remedy as a result of fraud.

Reasonableness

13.15 Each of the Vendor and the Purchaser confirms it has received independent legal advice relating to all the matters provided for in this Agreement (including without limitation in relation to enforceability, choice of law and performance) and agrees that the provisions of this Agreement (including the Disclosure Material, and all documents entered into pursuant to this Agreement) are fair and reasonable.

Waiver

13.16 No failure by any party to exercise, and no delay on its part in exercising any right hereunder will operate as a waiver thereof, nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise of it or the exercise of any right or prejudice or affect any right against any person under the same liability whether joint, several or otherwise. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

Costs and Stamp Duty

13.17 Subject to clause 13.19, whether or not Completion occurs, all expenses incurred by or on behalf of the parties including all fees of agents, finders, brokers, representations, legal advisers and accountants employed by them in connection with the negotiation, preparation, execution or completion of this Agreement, shall be borne solely by the party who incurred the liability. For the avoidance of doubt, the Company shall not, after Completion, pay or be responsible for any costs or expenses incurred in connection with this Agreement or the other Transaction Documents.

13.18 Each of the Vendor and the Purchaser hereby acknowledges and agrees that any costs or expenses incurred in connection with the exchange of currencies arising in any payment under this Agreement shall be borne by the Vendor and the Purchaser equally.

13.19 All stamp duty (if any) payable in respect of the transfer of the Sale Shares pursuant to this Agreement shall be borne in equal shares by the Vendor on the one part and the Purchaser on the other part.

13.20 Except as otherwise provided in this Agreement or agreed expressly among the parties, each party shall be solely responsible for all Taxes accruing to such party arising from this Agreement or the other Transaction Documents, under all Applicable Laws.

Termination

13.21 Notwithstanding clauses 4.2 and 6.3, this Agreement may be terminated at any time prior to the Completion Date by mutual written consent of the Vendor and the Purchaser.

14. GOVERNING LAW AND DISPUTE RESOLUTION

Governing Law and Jurisdiction

14.1 This agreement (and any dispute or claim relating to it or its subject matter (including non-contractual claims)) is governed by and is to be construed in accordance with Hong Kong law and the parties submit to the non-exclusive jurisdiction of the courts of Hong Kong.

Dispute Resolution

14.2 Any dispute, controversy, Claim or difference of any kind whatsoever arising out of, relating to or in connection with this Agreement, or the breach, termination or invalidity hereof (including the validity, scope and enforceability of this arbitration provision) (a "**Dispute**") shall first be attempted to be resolved through discussions and consultations between the parties in good faith for a period of 30 days after written notice has been sent by any party to the other party or parties, as applicable (the "**Consultation Period**"). If the Dispute remains unresolved upon expiration of the Consultation Period, any party may in its sole discretion elect to submit the matter to arbitration with notice to the other applicable party or parties (the "**Arbitration Notice**"). The arbitration shall be conducted in Hong Kong and shall be administered by the Hong Kong International Arbitration Centre ("**HKIAC**") in accordance with the Rules of Arbitration of the International Chamber of Commerce in force at the time of the commencement of the arbitration. However, if such rules are in conflict with the provisions of this clause 14.2, including the provisions concerning the appointment of arbitrators, the provisions of this clause 14.2 shall prevail. There shall be three arbitrators for any such arbitration. The submitting party/parties shall nominate one arbitrator, and the responding party/parties shall nominate one arbitrator, in each case within 15 days after the date of the Arbitration Notice, for confirmation by the HKIAC. Both arbitrators shall agree on the third arbitrator within 30 days thereafter. Should either party fail to appoint an arbitrator or should the two arbitrators fail, within such 30-day period, to reach agreement on the third arbitrator, such third arbitrator shall be appointed by the HKIAC. The third arbitrator will act as the presiding arbitrator of the arbitration tribunal. The language of the arbitration shall be English, and all documentation to be submitted to and reviewed by the arbitrators shall be in the English language. Each party shall be responsible for translating into English any document that is not originally in that language. Each party shall cooperate with the other parties in making full disclosure of and providing complete access to all information and documents requested by the other parties in connection with such arbitration proceedings, subject only to any confidentiality obligations binding on such party. The costs of arbitration shall be borne by the losing party, unless otherwise determined by the arbitration award. When any Dispute occurs and when any Dispute is under arbitration, except for the matters under Dispute, the parties shall continue to fulfil their respective obligations and shall be entitled to exercise their rights under this Agreement. The arbitration award shall be final and binding upon the parties hereto. The parties agree that any arbitration award rendered in accordance with the provisions of this clause 14.2 may be enforced by any court having jurisdiction over the parties or over the parties' assets wherever the same may be located. The parties hereby exclude any right of appeal to any court which might otherwise have jurisdiction in the matter. Any party to a Dispute shall be entitled to seek temporary or preliminary injunctive relief from any court of competent jurisdiction pending the constitution of an arbitral tribunal.

15. APPOINTMENT OF PROCESS AGENT

Purchaser's Agent to Accept Service in Hong Kong

15.1 The Purchaser hereby irrevocably appoints 21 Vianet Group Limited, the details of which are set out in Part 4 of Schedule 1, as its agent to accept service of process in Hong Kong in any legal action or proceedings arising out of this Agreement, service upon whom shall be deemed completed whether or not forwarded to or received by the Purchaser.

15.2 The Purchaser agrees to inform the Vendor in writing of any change of address of such process agent within 28 days of such change.

15.3 If such process agent ceases to be able to act as such or to have an address in Hong Kong, the Purchaser irrevocably agrees to appoint a new process agent in Hong Kong acceptable to the Vendor and to deliver to the Vendor within 14 days a copy of a written acceptance of appointment by the process agent.

Vendor's Agent to Accept Service in Hong Kong

15.4 The Vendor hereby irrevocably appoints Mr Lap Man, as its agent to accept service of process in Hong Kong in any legal action or proceedings arising out of this Agreement, service upon whom shall be deemed completed whether or not forwarded to or received by the Vendor.

15.5 The Vendor agrees to inform the Purchaser in writing of any change of address of such process agent within 28 days of such change.

15.6 If such process agent ceases to be able to act as such or to have an address in Hong Kong, the Vendor irrevocably agrees to appoint a new process agent in Hong Kong acceptable to the Purchaser and to deliver to the Purchaser within 14 days a copy of a written acceptance of appointment by the process agent.

15.7 Nothing in this Agreement shall affect the right to serve process in any other manner permitted by law or the right to bring proceedings in any other jurisdiction for the purposes of the enforcement or execution of any judgment or other settlement in any other courts.

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IN WITNESS whereof the parties entered into this Agreement the day and year first above written.

EXECUTION

SIGNED for and on behalf of
UPWISE INVESTMENTS LIMITED

Signature of Authorised Signatory

MR LAP MAN

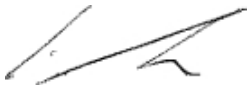
Name of Authorised Signatory (block letters)

SIGNED for and on behalf of
21VIANET GROUP, INC.

Signature of Authorised Signatory

Name of Authorised Signatory (block letters)

SIGNED by
LAP MAN



Signature

IN WITNESS whereof the parties entered into this Agreement the day and year first above written.

EXECUTION

SIGNED for and on behalf of
UPWISE INVESTMENTS LIMITED

Signature of Authorised Signatory

Name of Authorised Signatory (block letters)

SIGNED for and on behalf of
21VIANET GROUP, INC.

For and on behalf of
21Vianet Group, Inc.

Signature of Authorised Signatory

(Authorized Signature(s)

Chen Sheng
Name of Authorised Signatory (block letters)

SIGNED by
LAP MAN

Signature

SCHEDULE 1

Particulars of the Parties

Part 1: Particulars and Notice Details of the Vendor

Vendor:	Name:	Upwise Investments Limited
	Place of Incorporation:	The British Virgin Islands
	Incorporation Number:	440071
	Registered Office:	PO Box 957 Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands
	Notice Address:	Address: 22/F, Crocodile Centre, 79 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong Att: Mr Lap Man With a copy to: Charltons 12/F Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong Fax No. +852 2854 9596

Part 2: Particulars and Notice Details of the Purchaser

Purchaser:	Name:	21Vianet Group, Inc.
	Place of Incorporation:	Cayman Islands
	Incorporation Number:	232198
	Registered Office:	PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands
	Notice Address:	Address M5, 1 Jiuxuanqiao East Road Chaoyang District, Beijing, 100016, PRC Fax No. +86 10 8456 2619 Email yang.liwei@21vianet.com Att: Liwei Yang With a copy to: Skadden, Arps, Slate, Meagher & Flom 42/F, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong Fax No. +852 3910 4891 For the attention of: Will Cai

Part 3: Particulars and Notice Details of Mr Lap Man

Mr Lap Man:	Name:	Lap Man
	Notice Address:	Address: 22/F, Crocodile Centre, 79 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong With a copy to: Charltons 12/F Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong Fax No. +852 2854 9596

Part 4: Particulars and Addresses of Agents to Accept Service

Purchaser's Agent to Accept Service	Name:	21 Vianet Group Limited
	Address for Service in Hong Kong:	23/F, Chinachem Johnston Plaza 178-186 Johnston Road, Wanchai Hong Kong

SCHEDULE 2

Details of the Group Companies

Dermot Holdings Limited

Name of shareholder(s)	Upwise Investments Limited
Incorporation number	1810614
Legal form	BVI Business Company
Date and place of incorporation	4 February 2014, British Virgin Islands
Registered office	Offshore Incorporations Limited, PO Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands
Issued share capital	50,000 ordinary shares.
Directors	Lap Man

Diyixian.com Limited

Name of shareholder(s)	Dermot Holdings Limited
Incorporation number	0683919
Legal form	Private company limited by shares
Date and place of incorporation	2 August 1999 Hong Kong
Registered office	22/F, Crocodile Centre, 79 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong
Issued share capital	69,520,000 ordinary shares.
Accounting reference date	31 December
Directors	Lap Man Ng Hoi Kam Ngai Keung Wan Ming Fai Gary Ma
Company secretary	Lap Man
Branch Office	Taiwan – registration number 70765990

Shenzhen Diyixian Telecom Company Limited*

Name of shareholder(s)	Diyixian.com Limited (50%) Anlai Information and Communication Technology Company Limited (50%)
Registered number	440301501124576
Legal form	Limited Liability Company (Sino-Taiwan/Hong Kong/Macao Equity Joint Venture)

Date and place of registration	14 December 2007 Shenzhen
Registered office	Room 2201, Building A, Shenfang Plaza, South Renmin Road, Luohu District, Shenzhen
Registered capital	RMB 20 million
Paid-in capital	RMB 20 million.
Accounting reference date	31 December
Directors	Zhou Ping* Man Lap* Wen Meng Ping* Ng Hoi Kam* Wan Ngai Keung*
Supervisors	Zhu Xiang* Yuen Lai Sheung*
Legal representative	Zhou Ping*
General manager	Zhou Ping*

Branch Offices

SDA Beijing Branch	110000450149252
SDA Shanghai Branch	310000500225432
SDA Guangzhou Branch	440101400014179
SDA Dongguan Branch	441900500117887
SDA Suzhou Branch	320500500011944

* English name for reference only

Dyxnet Limited

Name of shareholder(s)	Diyixian.com Limited
Incorporation number	0714086
Legal form	Private company limited by shares
Date and place of incorporation	26 April 2000 Hong Kong
Registered office	22/F, Crocodile Centre, 79 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong
Authorised share capital	HK$10,000 divided into 10,000 ordinary shares of HK$1 each.
Issued share capital (indicate to what extent it has been paid up)	HK$2 divided into 2 ordinary shares of HK$1 each.
Accounting reference date	31 December
Directors	Lap Man
Company secretary	Lap Man
Auditors	Douglas CPA (Practising) Limited

SCHEDULE 3

Conditions Precedent

1. The Vendor Warranties (except as Disclosed as of the date hereof) being true, correct and accurate in all material respects as of Completion as though made on and as of the Completion Date (except to the extent such Vendor Warranties are made as of a specified date, in which case such Vendor Warranties shall be true and correct in all respect as of such date), except where the failure to be so true and correct has been disclosed in the Completion Disclosure Letter and individually or in the aggregate, involves a value less than US$200,000.

2. The passing at a general meeting of the Vendor of an ordinary resolution to approve the entering into this Agreement and the transactions contemplated herein.

3. All covenants, agreements and conditions contained in this Agreement and other Transaction Documents to be performed by the Purchaser, Vendor and Anlai on or prior to Completion having been performed or complied with in all respects.

4. The Reorganisation Actions set out in Schedule 3(a) having been completed.

5. The conditions precedent under the SDTCL SPA having been fulfilled or waived as applicable.

6. No order or judgment of any court or governmental, statutory or regulatory body having been issued or made prior to the Completion which has the effect of making unlawful or otherwise prohibiting the consummation of the transactions hereunder, and no legal or regulatory requirements remaining to be satisfied which has the effect of making unlawful or otherwise prohibiting the consummation of the transactions hereunder.

7. The original restricted stock unit award agreement duly executed by each nominated Dyx Management pursuant to clause 5.3 hereof.

8. The Purchaser receiving a copy of an opinion from the PRC counsel to the Group addressed to the Vendor in form and substance reasonably satisfactory to the Purchaser, provided that this condition precedent shall be deemed satisfied if such opinion does not identify any issue which has not been previously disclosed in the Disclosure Material (excluding the Completion Disclosure Letter) and where such undisclosed issue causes any breach to the Vendor Warranties with a value individually or in the aggregate less than US$200,000.

9. The Purchaser receiving a copy of an opinion from the Vendor’s Hong Kong lawyer addressed to the Vendor and solely to be relied upon by the Vendor and by no other person in a form substantially similar to the form at Appendix A hereto with such changes as may be agreed by the Vendor in its sole discretion.

SCHEDULE 3(a)
Reorganisation Actions

Part A The following assets which relate to the Business but are otherwise owned by non-Group Companies, shall be purchased/transferred to a Group Company with consideration not exceeding the relevant net book value of the assets as of 30 June 2014:

第一線電訊

- ASUS W7PT73DD NB
- ASUS F84SAT77DD NB
- Acer Aspire 2920 NB
- Acer Aspire 2920 NB
- IBM Lenovo X61 7673-HCV NB
- Acer Aspire M1460 主機+View Sonic VA2216w Monitor
- Intel Core 2 Duo E4600 處理器+酷睿 4 核心 PC+Apacer 4GB+Hitachi 500GB 3.5 吋 硬碟
- Acer Aspire M5641 主機+Envision H919W Monitor
- Acer Aspire M5641 主機+View Sonic VA1936a Monitor
- 辦公桌*2+活動櫃*2+置物鐵櫃*2+會議桌*1+扶手座椅*4+白板
- 21 樓 B 側新辦公室裝修工程
- 5 樓辦公室復原工程
- 總計

Diyixian DCC Service Ltd

- PO#HKHK1402-001!Vodatel$Juniper MX5 EX4200
- PO#HKHK1402-026!Davis Tech$CISCO3945E/K9
- PO#HKHK1402-026!Davis Tech$L-SL-39-DATA-K9
- PO#HKHK1402-026!Davis Tech$L-SL-39-SEC-K9
- PO#HKHK1402-026!Davis Tech$PWR-3900-AC
- PO#HKHK1402-026!Davis Tech$WS-C3560-48TS-S
- PO#HKHK1403-057!Vodatel$Juniper EX4200

Anlai-BJ

- 电子设备
- 瑞斯康达转换器
- 瑞斯康达转换器
- 方头光纤
- 瑞斯康达转换器
- 联想 ThinkPad SL410k
- 网站备案系统
- LTU804 卡式和 UTU804 台式
- 瑞斯康达转换器

Anlai SH

- HWIC-4ESW
- Dell T Vostro 成就 1014
- 富士施乐 phaser3125N
- interE3200(5)
- AOC19 寸 LCD(5)
- 2 件 TP-Link modem
- HWIC-4ESW
- 两台路由器 CISCO3845
- PWR-3845-AC/2
- SHF 屏风改造费用
- SHF-301 室购微波炉 2 台
- HWIC-4ESW
- WS-C4948-S
- PWR-C49-300AC/2
- VIGOR G1000
- 路由器 7206VXR/NPE-G2
- 交换机 WS-C4948-S
- 电源 PWR-C49-300AC/
- 机柜侧门
- SoundwinS802
- CALLTEL CT-600(with 600)
- 瑞斯康达光电转换器器
- CALLTEL CT-600
- CALLTEL CT-600
- 空调自动喷淋
- 高科 MG6016A
- CALLTEL CT-600（WITH T200）
- UBS RS 转串口线
- 瑞斯康达 RC111 FE S1
- 3 楼弱电安装
- 门禁系统
- A 栋 3 楼装修
- 高科 MG6016E
- SHB 移动供电箱
- 三星外置 DVD-RAM
- 金士顿 1G DDR8000(5)
- 技嘉 G31（5）
- 希捷 250G SATA(2)
- 航嘉标准版电源（2）
- 松下 KX-788 一体化
- CD 刻录机 DVD 刻录机
- DIY PC(E3200)2 部
- 三星外置 DVD-RAM 及 Linksys8 交换机 2 部

- CISCO 2821
- LINKSYS 交换机
- VIGORG1000
- LTU804 及 UTU804 台式
- 瑞斯康达转换器
- G703 转换器
- LTU804 卡式+UTU804 台式
- VIGOR G1000
- WS-C4948-S 电源
- VIGOR G1000
- VIGOR G1000
- G703 协议转换器
- LTU804 卡式+UTU804 台式
- 瑞斯康达 RC1102
- 阿尔卡特 PL512 卡
- 瑞斯康达转换器
- LTU804 卡式+UTU804 台式
- 阿尔卡特 PL1512 卡式
- ADC LTU801 卡式+UTU804 台式
- VIGOR G1000
- 30m 方头光纤
- CISCO881-SEC-K9
- 光电转换器
- 光电转换器
- LTU804+UTU804
- SWITCH+POWER
- 交换机（WS-C3560-487S-S）
- 转换器
- 转换器
- LTU804-UTU804
- BNC 线缆
- 水晶头
- RJ11 电话头
- 网线
- 十字螺丝刀
- 平口剪线钳
- 斜口剪线钳
- 压线钳
- 瑞斯康达 RC512 FE SI
- cisco104
- cisco881
- 电 thinkpad
- mederm-17
- Dlink
- WS-C35X
- WS-C37X
- CISCO
- 服务器
- 转换器
- RC112-GZ32
- 阿尔卡特 PL1512
- Vigor
- 电子设备
- 话机维修
- 希捷 2TB 硬盘一个及 ssk3.5 寸 USB 硬盘盒一个
- 网线，模块，打线钳
- CALLTEL T200
- CALLTEL CT-600(with T200)
- CALLTEL CT-600(with600)
- 原装 AMP 水晶头，企业级希捷 500G SATA
- DIY PC(E3300)
- 一分二电源线
- DIY PC(含键盘鼠标)
- 显示器 4 台
- 会议室 1 索尼液晶电视
- 移动电视架
- 惠普投影仪幕布及配件采购
- 硕美科 ST-2688
- 金士顿 DDR2 1G　现代光电套装 PS/2 公牛 GN-109K
- 2TB SATAII 64MB/绿盘
- 长城 800W2C 电源
- 金士顿 DDR 1G　6 寸斜嘴钳 扎带 公牛插座 AMP 原装 RJ45
- 3WARE 9650SE RAID CARD
- 维修 MG6016 媒体介入网卡
- 维修 MG6016 媒体介入网卡
- CALLTEL CT-600
- DIY server(XEON X5650)
- DIY PC(E3400)
- 硕科美 ST2688
- 五周 SR5207S
- CALLTEL CT-600
- DIY PC
- CALLTEL CT-600(with T200)
- DIY PC(E3400) AOC19 寸
- MG6016 媒体介入网卡
- B 栋装修（弱电，家具）
- B 栋增加项目（水电及弱电）
- B 栋卫生间装修
- B 栋消防工程款
- SHB 通风地板
- B 栋 10 楼灭火器
- 铁皮柜
- MG6016 媒体接入网关
- A301 机房灭火器
- 英标接线插头，能手 NS-468AT
- VG MG6016E 维修
- 高科 VG MG601A
- CALLTEL CT-200
- CALLTEL CT-600
- CALLTEL CT-600
- CALLTEL CT-600

• cisco1841 • cisco2811 • soundwin S400 • cisco1841 • Vic2-2fs • vic3-2fs • Juniperex4200 • cisco 2811/cpeloan for prc • vic2-2fxs/vic3-2e/cisco2811-v/k9 • cisco2811-v/k9 cpe loan for prc • cioso 2811 • JuniperMX240 • TP-link • 交换机 • cisco3945 • cisco2821 • cisco1841 • vic3-2EM • vic-2E • Juniper MX80-5 • Juniper MX 80-10G • Juniper MX80 • cisco 2901 • VIC 3-2E/M • CISCO1941 • HWIC-4ESW • CISCO2811 • CISCO2911/K9 • CISCO3925E/K9 • PWR-3900-AC • SL-39-SATA-K9 • CISCO2811 • JUNIPER EX4200-24T • CISCO1941/K9 • CISCO881/K9 • CISCO881/K9 • CISCO2821 • DISCO3925/K9 • PWR-3900-AV • SL=39-DATA-K9 • SL-19-DATA-K9 • 西部数码 2TB 绿盘 • 神州新瑞电脑 • PC-IP PHONE • HP2230S • TINKPAD • 电源 • 网线 • Thinkpad • Thinkpad • 神州电脑 • Thinkpad • Thinkpad E40 • 微软键盘鼠标套装 • Thinkpad X220I • Thinkpad E40	• DIY PC E3400 • AOC 19 寸 LCD • CALLTEL CT-600 • CALLTEL CT-600 • DIY PC E3400 • 原装水晶头，DIY PC E3400 AOC 19 寸 LCD • DIY PC E34700 AOC19 寸 LCD • DIY PC E3400 AOC 19 LCD • 硕美科 金士顿 DDR800 2G • 公牛 10 位插座 • 一份为二电源线， 原装水晶头 • 现代光电套装。兄弟标签机色带，金士顿 16G U 盘 • 北恩 FOR 600*6 等 • ThinkPad E330 13.3 英寸笔记本电脑 2 台 • TOPSKYS TS742 15-24 寸显示器/电视支架 2 个 • TOPSKYS TS742 15-24 寸显示器/电视桌面式支架 1 个 • ThinkPad E330 13.3 英寸笔记本 1 台及金士顿内存 1 个等 • ThinkPad E330 笔记本电脑 1 台/尼康便携相机 1 台/先锋刻录/易胜内存各 1 等 • 戴尔 Vostro 270-R226-JN 台式电脑 2 台 • DIY PC-酷睿 I3CPU 的电脑 2 台 • DIY PC/希捷 500G 硬盘/戴尔 E2213H 显示器各 3 台 • ThinkPad E330 13.3 英寸笔记本 1 台及金士顿内存 1 个 • 璀璨电源 SHB 油机房灯安装 • 微波炉及 SHB 会议室地板费用 • SHF 主管办公椅 2 把 SHB 办公桌一个，椅子一把 • SHF 仓库购买货架 3 个及安装费用 • 呼叫中心办公转椅 10 把 • EF301 室 SMART 购办公椅 • 灭火器 17 个指示灯 2 个逃生面具 5 个微波炉一台 • SHF 全场吸顶空调克力敢流板安装费用 • 东江湾路 B 楝 10 楼装修 • 意大利 RC NEXT DX H7 082.Z2.DC 制冷量 76.9KW • B 栋 FLK 测试费 • 301 办公家具 • 301 办公家具 • A 栋 3 楼装修追加 • A3 楼机房扩张及办公室网络整改 • A 栋 301 室装修 • 会议室及办公室线路改造 • A 栋 3 楼弱电工程 5%余款 • 招行密码器

- PC IP Phone
- 金士顿笔记本内存
- 装修
- 家具
- 门禁系统
- 培训椅
- 装修
- 装修
- 铁皮柜
- 虎克装修
- 消防工程
- 虎克装修
- 家具与装修
- 现代柏联强电装修
- 现代柏联弱电装修
- 现代柏联增容费用
- 现代柏联弱电第二笔款
- 现代柏联装修第二笔款
- 现代柏联装修增项
- 呼叫中心电视机
- 国瑞备案系统
- 牌照
- 车地胶
- 办公 LOGO
- 三星电视机
- 消防装修
- 惠普打印机
- 税控器保护卡
- 税控器+加密器
- 多功能发票打印机
- 税控器
- 空调风机
- 空调模块过滤网
- 打印机
- 硬盘录象机
- 电子设备与数据中心
- 光电感烟探测器
- 定温设备火灾探测器
- 火灾报警控制器
- 呼叫中心门禁
- 现代柏联装修第三笔款 15%
- 现代柏联弱电第三笔款 15%

Anlai - DG

- Dell Vostro1014
- CISCO1841
- Soundwin 电源

Anlai - GZ

- Fortigate 110C
- 惠普 officejet pro 8000
- NEC 投影仪

Anlai SU

- 传真机
- 电脑

Anlai SZ

- 电蒸锅
- Soundwin 4/8 口源
- CISCO1841
- CISCO1841
- HWIC-4ESW
- HWIC-4ESW
- HWIC-4ESW
- WIC-1T
- Vigor G1000
- Soundwin S802
- 笔记本电脑

GZAL

- 飞利浦话机
- 投影仪
- Dell Power Edge R410
- MG6061 接入网关
- MX80-5G
- 2 台 CISCO7206VXR
- 防火墙(CDH)
- 用友 License 10PC
- Polycom VX6000
- Soundwin S2424
- Soundwin S2424
- Soundwin S808
- DIY PC(E5300) AOC 19 LCD
- DIY PC(E5300) AOC LCD
- 落地扇
- 落地扇
- 空调风机盘管及配件
- 空调冷气水泵(更换维修)
- 空调轴承
- 储物铁柜
- 增加坐席
- LOGO 水晶字
- 装修(第一阶段)毛坯
- 消防工程
- 财务室屏风改造
- 财务室补屏风
- 财务室消防改造
- 订做文件柜
- Junier MX80-5G
- 创举 2F 门禁系统

- 防火墙 Foftigate 110C
- cisco 0881GC-K9
- PVDM2-8
- PVDM2-48
- VIC2-4FXO
- Cisco 2801-V/K9
- SVCSI U320 73G
- VIC2-4FXO
- DIY PC
- DIY PC
- DIY PC 916SW+
- 金士顿 DDR2 800 1G
- Intel E3300
- 技嘉 GA-G31M-ES2C
- 金士顿 DDR2 800 1G
- Intel E3300
- 技嘉 GA-G31M-ES2C
- DELL Tvostro 成就 1014
- Dell Vostro 成就 1014
- 2F 洗手间增加排气扇
- GZA 气瓶充药剂（尾款）
- 2F 墙面维修
- Logo 贴纸
- 2F 增加座席(安莱内部)
- 2312 机房装后备电源工程
- 2F Room2 装灯盘
- 2F 经理台地柜
- AA 文件柜
- 财务部消防排烟管改造
- 财务部空调改造
- 财务室装修工程
- 硬盘抽拉盒
- 三星 E1920NR LCD
- 黄金眼 USB 鼠标
- 力胜光电套（KB1101）
- 购壁扇(德通挂墙扇 45T-W)
- 4 层文件铁柜
- 英式电源 Guruplig Server -Plus
- 三洋高清摄象机索尼
- 复印机
- 7206VXR/NPE-G1/WS-C3750G-48TS-S
- 机房购 IDC UPS
- 7206VXR/NPE-G2
- WS_C3750G-24TS-S1U
- 7206VXR with NPE-G2
- 7206VXR with NPE-G2
- 7200 series NPE-G2
- cisco7206VXR/NPE-G2
- 设备关税
- 23F28F 扩容电安装款
- 2312 空调增改项目
- 消防工程安装款
- 2312 消防烟感安装款
- 2F 椅子 95PC)
- 沙发
- 创举 2F 饮用水滤芯
- 创举 2F 玻璃墙及配件
- 创举 2F 前台加装玻璃门及门禁地面地漆工程
- 达信 13F 消防报建_第一期
- 伊莱克斯 Z1650(达信 13F)
- 创举 2F 办公区新玻璃墙(安莱)
- 创举及达信安装电箱及漏电开关
- 达信 2F ITS 部门座席工程
- 达信 2F 空调主机更换(预付 50%)CXAH0245A
- 达信 2F 摄象头(EF)第二期款
- 安莱 23FCCTV
- 创举 2F 空调设备保养维修工程第二期
- 创举 2F 空调设备保养维修工程尾款
- 达信 11F 布线装修费用
- 达信 13F 装修款
- 达信 2/F 公共区域培训室装修费用
- 付达信 2F 门禁系统
- 达信 13F 装修款尾款
- 佳能相机 3 台
- calltel CT-600
- 爱普生 LQ-590K 打印机
- EW600 扫描仪
- IPHONE5 1PC
- R710 机架安装服务器
- TS6000E SATA 存储器
- 空调设备 安装造价
- 装修(第二阶段)机房强电房房间
- 达信 13F 装修首期费用
- 达信 13F 装修第二期费用
- 达信 13F 办公家具
- 达信 13F 装修费用
- 达信 13F 装修费用
- 达信 13F 装修款
- 达信 13F 装修款(第二期）
- 达信 13F 办公家具(第二期）
- 创举 2F 消防报警系统故障维修及加烟感器

WYS

- DIY PC(E5400)
- DIY server(xeon e5504)
- DIY PC(E5400) AOC 19 寸 LCD
- DIY Server (Xeon X5650 SAS)
- 新瑞 D3000 D12

• 机房门禁系统	

Part B The following assets which do not relate to the Business but are otherwise owned by a Group Company, shall be sold/transferred for a price not exceeding the relevant net book value of the assets as of 30 June 2014 to a non-Group Company entity nominated by the Vendor:

Diyixian.com Limited • Innotech PO#HKHK1202-026 Storage Dell EquaiLogic PS6100XS for CDH • Dell PO#HKHK1209-218 Dell PowerEdge R720 Server for CDH • ATAL Data PO#HKHK1208-198 3xT5 1200mm fluorescent panel • ATAL Data PO#HKHK1208-198 3xT5 1200mm fluorescent panel • ATAL Data PO#HKHK1208-198 3xT5 1200mm fluorescent panel • ATAL Data PO#HKHK1208-198 3xT5 1200mm fluorescent panel • ATAL Data PO#HKHK1208-198 3xT5 1200mm fluorescent panel • ATAL Data PO#HKHK1208-198 28W 2-Hrs Emergency Lighting Kit • ATAL Data PO#HKHK1208-198 4-way 200A MCCB Board • ATAL Data PO#HKHK1208-198 new point for 40kVA UPS • ATAL Data PO#HKHK1208-198 UPS Switchboard 2x100A 4P MCCB • ATAL Data PO#HKHK1208-198 40 kVA UPS c/w stand inside store room • ATAL Data PO#HKHK1208-198 Battery for 1-hour operation c/w stand • ATAL Data PO#HKHK1208-198 Standalone panel indicate UPS status • ATAL Data PO#HKHK1208-198 Dummy load test at re-mote site • ATAL Data PO#HKHK1208-198 60 kVA Isolation Transformer Brand • ATAL Data PO#HKHK1208-198 60A TPN MCB bard MCB-8 • ATAL Data PO#HKHK1208-198 60A TPN MCB bard MCB-9 • ATAL Data PO#HKHK1208-198 31 nos. of 16A Industrial Socket fro Rack • ATAL Data PO#HKHK1208-198 renew false ceiling & associated grip • ATAL Data PO#HKHK1208-198 Dismantle of partition wall • ATAL Data PO#HKHK1208-198 Modify of raised floor • ATAL Data PO#HKHK1208-198 Clear of un-used material • ATAL Data PO#HKHK1208-198 Demolish & re-instate smoke detector • ATAL Data PO#HKHK1208-198 HAVC Work associated air duct	• DELL(TM)PowerEdge R720 • 用友 U8 软件升级 V10.1 • DIY PC(E6500) • DIY PC(E6500) • ThinkpadE40 • DIY PC (E6600) • DIY PC (E6600) • DIY PC E6600 • AOC 19 寸 LCD • 三星 320G 笔记本硬盘 • DIY PC E6600 • DIY PC • DIY PC • 主板 • Tinkpad E40 笔记本 • DIY PC • X200 电池 • Thinkpad E40 • PC 主机(G620) 1PC • Thinkpad E40 (0579-A51) • DIY PC（华以泰门禁） • ST2000VX000 2T (HDD) • 服务器（八核 DELL） • 科业六联插座(独立开关) • Calltel CT600(with T200) • 金士顿 DDR800 2G • Dlink DIR -618 Diyixian.com – Taiwan Branch • 機櫃 • 機櫃 • 機櫃 • UPS • UPS • TPA UPS 更換電池 2 組 • 19"機櫃 100D-41U • TPA UPS 更換電池 2 組 • TCA UPS+電池更換 • TPA UPS 電池組(B+C) • TPA UPS 電池組(A+D) • 落地下吹型冷氣 20T3 相 380V(5) • B1 分離式冷氣 PA0582C+PF0581B(AC01) • B1 分離式冷氣室外機 • TPA IDC 冷氣更新(6) • TPA B1 UPS room 空調機組(AC02)

• ATAL Data PO#HKHK1208-198 35 nos of 16A 18-way 13A BS1363 socket • ATAL Data PO#HKHK1208-198 PVC label for all MCB/MCCB/UPS/Power cable • ATAL Data PO#HKHK1208-198 submit of WR-1 signed by registered Electrician • ATAL Data PO#HKHK1208-198 update client electrical diagram • G 廣州鋼創 KCHK130527032 PSH1305-001 WS-C3560-48PS-S SDA - GZ • Fortigate 60B • 冠军 UPS 电源(单进单出 6KVA 后备 2 小时) • 冠军 UPS 电源(三进三出 10KVA 后备 2 小时) • WS-C3750X-24T-L • WS-C3750X-24T-L • C3KX-NM-1G • C3KX-NM-1G • ThinkPad X220i • VG 高科 16 Port FXS • Inter E3400 • DELL(TM)PowerEdge R720	• TPA 機房空調-ADU 輔助送風機 • TPA 1 號箱型冷氣壓縮機-5 • 個人組裝電腦+27" LED 螢幕 • Acer ASM1900-Q8400-H3757+Viewsonic 22" monitor-ISO 值班監控設備 • (ALLWIN G304E+ALLWIN G308E)*1 for CC • MGate MB3280/MB3180 MODBUS 網路閘道器 • STS1400 for DC • MGate MB3280 MODBUS 網路閘道器 • STS 1400*6(TPTP1404-061) • Digium Wildcard TE412P(介面卡)for CC • DELL R710 2U 伺服器 for CC • (FG-310B+FC-10-00312-262-02-12+SP-FG310B-RPS)*2 USD146,366.14 • Fortinet MA*2(FG-310B BDL 一年保固) for CDH • Fortinet MA*2(FG-310B BDL 一年保固) for CDH • ORIX-Dell 設備 (118C2010120005) for CDH • Polycom RMX1520 for CDH • 落地下吹型冷氣 20T3 相 380V(機房用)-7

Part C To the extent the following systems and Intellectual Property are not held or owned by a Group Company, such systems and Intellectual Property are transferred and held by a Group Company for the relevant net book value of such systems and Intellectual Property as of 30 June 2014.

System	Description
IC-Radius	To authenticate and authorize remote users to access our network services
Invinfo	To record the assets for loan and internal use
MonWorks2	To actively monitor the clients and internal circuits and servers
NetDB	To store information of network resources
Router Management System	To store information of backbone routers platform and software version
TellMe	Client information query system from NetDB database
Ticketing System	To manage ticket opened for circuit outage and client queries
Traffic Rate Stats	To sort out bandwidth usage of different connections from MRTG records
Traffic Reports System	To provide traffic reports using MRTG tools
ERP systems	Collective systems for contract management, circuit information, customer information management.

SCHEDULE 4

Vendor Warranties

1. ENFORCEABILITY OF TRANSACTION DOCUMENTS

1.1 **Capacity and authority**

The Vendor:

(a) is duly incorporated and validly existing under the laws of the BVI;

(b) has the right, power and authority to enter into, deliver and perform its obligations under this Agreement; and

(c) will have taken immediately prior to Completion all necessary corporate or other action to authorise the execution of, and performance by it of its obligations under this Agreement.

1.2 **Binding obligation**

Entering into this Agreement by the Vendor constitutes valid, binding and enforceable legal obligations on the Vendor in accordance with its terms.

1.3 **No breach**

Subject to satisfaction of the Conditions Precedent, neither the execution and delivery by the Vendor of this Agreement nor the performance by the Vendor of any of its obligations under this Agreement will violate or conflict with, or otherwise constitute or give rise to a default under:

(a) a provision in the constitutional documents of the Vendor;

(b) a provision in an agreement or instrument which is binding on the Vendor; or

(c) an order or judgment of a court, tribunal or governmental or regulatory body (of Hong Kong or BVI or elsewhere) which is binding on the Vendor.

1.4 **Winding up, insolvency, etc.**

No:

(a) resolution has been passed in relation to the Vendor;

(b) step, to the best of the Vendor's knowledge, has been taken in relation to the Vendor; or

(c) government order or legal proceedings, to the best of the Vendor's knowledge, have been made, started or threatened, against the Vendor,

for its winding-up or dissolution, or for the appointment of a liquidator, receiver, administrator, administrative receiver or similar officer over any or all of its assets.

2. SHARE CAPITAL AND CONSTITUTION OF THE COMPANY

2.1 Due incorporation

The Company is properly incorporated and validly existing under the laws of the BVI. The Company has all requisite corporate power and authority to own, lease and operate its properties and assets, to carry on its business as now conducted, and to perform each of its obligations hereunder and under the other Transaction Documents to which it is a party. The Company is duly qualified or licensed to do business, and is in good standing (or equivalent status in the relevant jurisdiction) under the laws of each jurisdiction in which it owns or leases real property and in each jurisdiction in which it conducts business in all material respects.

2.2 Share capital

The Sale Shares:

(a) comprise entire allotted and issued share capital of the Company;

(b) have been properly allotted and issued; and

(c) are fully paid or are credited as fully paid.

2.3 Vendor's right to sell Sale Shares

(a) The Vendor is the sole legal and beneficial owner of the Sale Shares and has the right to transfer the full legal and beneficial interest in the Sale Shares to the Purchaser without the consent of a third person except for such rights that exist directly or indirectly relating to the Loan, Loan Agreement and Share Mortgage Agreement.

(b) There is no dispute concerning the title of the Vendor to the Sale Shares or the Vendor's ability to sell the same and no person has claimed or is likely to claim to have title to the same or be entitled to any interest therein. Neither the Vendor nor its shareholders (including Mr Lap Man) is engaged in any litigation, arbitration or other proceedings in any way relating to the Vendor's title to the Sale Shares and no Group Company has received any application for the rectification of the register of members in respect of the Vendor's title or ownership of the Sale Shares. There are no circumstances likely to give rise to any matter referred to in this paragraph 2.3(b).

(c) The transfer of the entire issued share capital of Diyixian.com Limited as contemplated by an agreement for sale and purchase (the "**SPA**") dated 13 August 2013 (which agreement was referred to by the order of the Grand Court of the Cayman Islands dated 3 September 2013) has been completed in accordance with the terms and conditions of the SPA. Except as provided by this Agreement, neither the vendor to the SPA nor any other person (including without limitation any current or past shareholder of the vendor to the SPA) shall have any rights whatsoever, whether a right to rescind the share transfer under the SPA, or right of first refusal, notification or consent rights or rights to receive any payment (including all or any portion of the Purchase Price), with respect to the Sale Shares.

(d) All claims, demands, actions, suits and causes of action against Dyxnet Holdings Limited ("**Dyxnet**") in connection with proceedings (the "**Proceedings**") initiated by certain shareholders of Dyxnet in the Grand Court of the Cayman Islands have been fully and finally settled pursuant to a settlement agreement (the "**Settlement Agreement**") dated as of 31 May 2014 by and among such shareholders, Dyxnet, Intelligent Capital Assets Limited and certain other parties thereto.

2.4 **No Encumbrance over Sale Shares**

The Sale Shares are not affected by any Encumbrance (except all Encumbrances directly or indirectly relating to the Loan, Loan Agreement and Share Mortgage Agreement) and there are no arrangements or obligations that could result in the creation of an Encumbrance affecting any of the Sale Shares or any future shares in the capital of the Company except all Encumbrances directly or indirectly relating to the Loan, Loan Agreement and Share Mortgage Agreement.

2.5 **No other right over share capital**

No person has or claims to have (except for such rights that exist directly or indirectly relating to the Loan, Loan Agreement and Share Mortgage Agreement):

(a) the right (actual or contingent) to require the allotment, issue, transfer, conversion or redemption of any share or loan capital of the Company or of any other securities giving rise to a right over the share capital of the Company; or

(b) any other right relating to any of the shares in the capital of the Company, or relating to any of the rights attaching to those shares,

and there is no arrangement or obligation to create any right of the kind mentioned in paragraphs 2.5(a) and 2.5(b).

2.6 **Constitutional documents**

The copy of the articles of association of the Company attached to the Disclosure Letter are up to date, true and complete.

GROUP COMPANIES

3. GROUP COMPANIES

3.1 **Due incorporation**

Each Group Company (other than the Company) is properly incorporated and validly existing under the laws of the jurisdiction of its incorporation. Each Group Company (other than the Company) has all requisite corporate power and authority to own, lease and operate its properties and assets, and to carry on its business as now conducted, and is duly qualified or licensed to do business, and is in good standing (or equivalent status in the relevant jurisdiction) under the laws of each jurisdiction in which it owns or leases real property and in each jurisdiction in which it conducts business in all material respects.

3.2 **Share capital**

(a) Other than SDTCL, each of the allotted and issued shares in the capital of each Group Company (except for the Company) is legally and beneficially owned either by the Company or another Group Company and the shareholding information of all Group Companies as shown in schedule 2 is true and complete;

(b) Each of the allotted and issued shares in the capital of the Group Companies (except for the Company) has been properly allotted and issued and is fully paid or is credited as fully paid.

3.3 **No Encumbrance over shares in a Group Company**

None of the allotted and issued shares in the capital of a Group Company is affected by an Encumbrance (except all Encumbrances directly or indirectly relating to the Loan, Loan Agreement and Share Mortgage Agreement) and there is no arrangement or obligation that could result in the creation of an Encumbrance (except all Encumbrances directly or indirectly relating to the Loan, Loan Agreement and Share Mortgage Agreement) affecting any of the allotted and issued shares in the capital of a Group Company or any future shares in the capital of a Group Company.

3.4 **No other right over share capital of a Group Company**

(a) Other than Anlai's interest in SDTCL, no person has or claims to have:

(i) the right (actual or contingent) to require the allotment, issue, transfer, conversion or redemption of any share or loan capital of a Group Company (excluding the Company) or of any other securities giving rise to a right over the share capital of a Group Company(excluding the Company); or

(ii) any other right relating to any of the shares in the capital of a Group Company (excluding the Company) Subsidiary or relating to any of the rights attaching to those shares.

(b) There is no arrangement or obligation to create any right of the kind mentioned in paragraph 3.4(a).

3.5 **Constitutional documents**

The copy of the constitutional documents of each Group Company attached to the Disclosure Letter is up to date, true and complete.

3.6 **Due Authorization; Capacity**

All corporate action on the part of each Group Company necessary for the authorization, execution and delivery of, and the performance of all of its obligations under, this Agreement and the other Transaction Documents to which such Group Company is a party has been taken or will be taken prior to or at Completion. Each of this Agreement and the other Transaction Documents to which a Group Company is a party does or will, when executed and delivered by such Group Company, and assuming due authorization, execution and delivery by each other party thereto, constitute valid and binding legal obligations of such Group Company, enforceable against such Group Company in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, moratorium, reorganization or similar laws relating to creditors' rights generally and by general equitable principles.

4. RECORDS AND REGISTRATION MATTERS

4.1 **Maintenance of books and records**

(a) Each Group Company has properly kept and maintained each register, minute book and other record and report that it is required by law to keep and each of them is up to date and contains a materially complete and accurate record of the matters to which it relates.

(b) Each register, minute book, record and report referred to in paragraph 4.1(a) is in the relevant Group Company's possession.

(c) no person has sought rectification of a register kept by a Group Company or made an allegation that a register kept by a Group Company is incorrect.

4.2 **Winding-up, Insolvency, etc.**

No:

(a) resolution has been passed in relation to a Group Company;

(b) step, to the best of the Vendor's knowledge, has been taken in relation to a Group Company; or

(c) legal proceedings, to the best of the Vendor's knowledge, have been started, or threatened, against a Group Company,

for its winding-up or dissolution, or for the appointment of a liquidator, receiver, administrator, administrative receiver or similar officer over any or all of its assets.

FINANCIAL MATTERS

5. ACCOUNTS

5.1 **Management Accounts**

The Management Accounts have been prepared in good faith and to the best knowledge of the Vendor to not contain any material misstatement. To the best knowledge of the Vendor, all books of account and other financial records from which the Management Accounts were prepared are true, accurate and complete in all material respects and maintained in reasonable detail and accurately and fairly reflect the material transactions in connection with the Group Companies.

5.2 **Pro Forma Accounts**

The Pro Forma Accounts have been prepared in good faith and to the best knowledge of the Vendor to not contain any material misstatement. To the best knowledge of the Vendor, all books of account and other financial records from which the Pro Forma Accounts were prepared are true, accurate and complete in all material respects and maintained in reasonable detail and accurately and fairly reflect the material transactions in connection with the Group Companies.

5.3 **True and fair view**

The Audited Accounts give a true and fair view of the financial position and state of affairs of the Group Companies to which they relate (and of the Group, where they are consolidated accounts) as at the Audited Accounts Date and of its profit (or loss) for the period to which they relate.

5.4 **Compliance with applicable accounting rules**

The Audited Accounts have been prepared in accordance with HK GAAP as at the Audited Accounts Date and in compliance with applicable statutes and regulations.

5.5 **Accounts prepared on a consistent basis**

The bases and policies adopted for the purpose of preparing the Audited Accounts were the same as those adopted in preparing the corresponding audited financial statements for the preceding two financial years.

5.6 **Accounts contain proper provisions and disclosures for liabilities, bad debts, etc.**

The Audited Accounts:

(a) contain proper provisions for and disclose all material liabilities (actual, contingent or otherwise), and all capital, pension or other material financial commitments of the Group Company to which they relate as at the Audited Accounts Date determined in accordance with applicable accounting standards; and

(b) contain adequate provisions for bad or doubtful debts, depreciation, amortisation and impairment of assets determined in accordance with applicable accounting standards.

5.7 **Non-recurring items, etc.**

Except as disclosed in the Audited Accounts or in the corresponding financial statements of each Group Company (and of the Group, where they are consolidated accounts) for the preceding two financial years, the results shown in the profit and loss accounts of each Group Company (and of the Group, where they are consolidated accounts) for each of the two years ending on the Audited Accounts Date were not affected by any extraordinary or exceptional items which is not expected to recur frequently or regularly or was of such size, nature or incidence as to make the results for the relevant period unusually high or unusually low.

5.8 **Depreciation of fixed assets**

In the Audited Accounts, the rates of depreciation and amortisation were adequate to ensure that each fixed asset of a Group Company will be written down to nil by the end of its useful life. The bases and rates of depreciation and amortisation used in the Audited Accounts were the same as those used in the corresponding audited financial statements of each Group Company (and of the Group, where they are consolidated accounts) for the preceding two financial years.

6. TAXATION

6.1 **Payment of Tax**

Each Group Company has paid all Tax levied on it or demanded to be paid; and has not been liable to pay a penalty, surcharge, fine or interest in connection with Tax.

6.2 **Possession of Tax Documents**

Each Group Company has in its possession or power all records and information which it needs to determine its liabilities to Tax, including liabilities which may arise on the disposal or deemed disposal of any of its assets in the future.

6.3 **Filing of Tax Returns**

Each Group Company has fully complied on a timely basis with all notices served on it and any other requirements lawfully requested by any Tax Authority.

6.4 **Disputes with Tax Authority**

No Group Company is involved in a dispute in relation to Tax with a Tax Authority and, so far as the Vendor is aware, no Tax Authority has investigated, is investigating or has indicated that it intends to investigate the Tax affairs of a Group Company.

6.5 **Arm’s Length Dealings**

Except in respect of intra-Group Company transactions, no Group Company is currently a party to or otherwise involved in any transaction, agreement or arrangement:

(a) otherwise than by way of a bargain at arm’s length;

and no notice or enquiry has been made by any Tax Authority in connection with any such transaction, agreement or arrangement.

6.6 **Stamp Duty**

All documents, which are necessary:

(a) to establish the title of any Group Company to any asset; or

(b) to enforce any rights and in respect of which any stamp duty or other similar tax is payable (whether as a condition to the validity, registrability or otherwise)

have been duly stamped.

7. BUSINESS SINCE THE MANAGEMENT ACCOUNTS DATE

7.1 **Changes since the Management Accounts Date**

Since the Management Accounts Date:

(a) each Group Company has operated its business prudently, normally and so as to maintain it as a going concern;

(b) there has been no material interruption or alteration in the nature, scope or manner of the business of each Group Company;

(c) except in the ordinary course of business, no Group Company has:

  (i) acquired or disposed of, or agreed to acquire or dispose of, any Material Asset; or

  (ii) assumed or incurred, or agreed to assume or incur, a material liability or a Material Contract;

(d) no dividend or distribution has been declared, paid or made by a Group Company;

(e) the turnover, profitability or financial position of each Group Company has not been adversely affected by a factor not affecting similar businesses in the countries in which members of the Group operate to a similar extent;

(f) as regards each Group Company, there has been no material change in the policy of reserving for debtors;

(g) there has been no material change in the terms of employment of any Senior Employee of a Group Company;

(h) no Group Company has:

  (i) lent or (except in the ordinary course of business) borrowed, or agreed to lend or (except in the ordinary course of business) borrow, any money; and

  (ii) issued, or agreed to issue, any share or loan capital.

8. CREDITORS

Other than as disclosed in the Management Accounts or the Audited Accounts, there are no debts payable by a Group Company other than in the ordinary course of business.

9. FINANCIAL FACILITIES MADE AVAILABLE TO THE GROUP

9.1 **Details of borrowings**

Complete and accurate details of all material loan capital, overdrafts, loans or other financial facilities (however excluding any retention of title or credit obtained in the ordinary course of business) or other indebtedness in the nature of borrowings, that:

(a) are outstanding or available to a Group Company; or

(b) a Group Company agreed to obtain or create,

are contained in the Audited Accounts, Management Account or have been disclosed to the Purchaser in the Disclosure Material.

9.2 **No early repayment required or foreseeable**

There has not occurred an event of default or other event or circumstance which (either on its own or with the lapse of time or service of notice) would:

(a) enable a person to require a Group Company to repay a loan or indebtedness early; or

(b) give rise to an alteration in the terms and conditions of a loan to, or indebtedness of a Group Company.

10. FINANCIAL FACILITIES MADE AVAILABLE BY THE GROUP COMPANY

10.1 No Group Company has provided a loan or other financial facility to a third party (other than trade credit arising in the normal course of business or any loan or other financial facility to Anlai) which remains outstanding as at the date of this Agreement. No Group Company is obliged to provide a loan or financial facility of that kind in the future.

ASSETS

11. OWNERSHIP OF ASSETS OF GROUP

11.1 **Exclusions from title warranties**

For the purpose of this paragraph 11 only, when referring to the assets or Material Assets of the Group or a Group Company, such assets shall exclude any Intellectual Property and the Leasehold Properties to which the provisions of paragraphs 13 and 18 apply respectively.

11.2 **Ownership of assets of the Group**

Each of the Material Assets is or will at Completion be:

(a) solely legally and beneficially owned by a Group Company;

(b) where capable of possession, is in the possession or under the control of a Group Company;

(c) fully paid for; and

(d) free from all Encumbrances and other third party rights (other than title retention provisions in respect of goods and materials supplied to a Group Company in the normal operation of its business).

For the purpose of this paragraph only, a Material Asset shall exclude any asset which is subject to a lease, hire, rent or hire purchase agreement.

11.3 **Assets Material to the Business**

As at Completion:

(a) all the assets held by the Vendor and its Associates (other than the Group Companies) used solely or predominately in connection with the Business (including all the assets setting forth in Part A of Schedule 3(a)) and all the systems setting forth in Part C of Schedule 3(a), shall have been duly transferred to the Group Companies; and

(b) none of the Vendor or any of its Associate (other than the Group Companies) owns or possesses any assets used solely or predominately in connection with the Business (including any asset setting forth in Part A of Schedule 3(a)) or any system setting forth in Part C of Schedule 3(a)).

11.4 **No obligation to dispose of Group assets**

No Group Company is obliged to dispose of a right or an interest in a Material Asset.

11.5 **Entitlement to use assets that are not owned**

Where a Material Asset is used by a Group Company and is essential to the Business, but not owned by it to the best of the Vendor's knowledge, no event or circumstance has arisen, or is likely to arise, which would permit a third party to:

(a) terminate the agreement or arrangement under which the asset is used by the relevant Group Company; or

(b) take the asset away from the relevant Group Company's possession or use.

12. CONDITION AND ADEQUACY OF ASSETS

12.1 **Condition of assets**

Each Material Asset that is owned or used by a Group Company and is essential to the Business, to the best of the Vendor's knowledge is in good condition and working order and has been properly maintained.

12.2 **Adequacy of assets**

All assets owned by the Group Companies constitute all the necessary and relevant assets required for the Group Companies to conduct the Business immediately after Completion without interruption in the ordinary course of business as it has heretofore been conducted by the Group Companies without giving effect to any changes in the conduct of the Business by the Group Companies.

13. INTELLECTUAL PROPERTY

13.1 **Ownership**

(a) Except for Group Intellectual Property which is the subject of a licence in favour of a Group Company, a Group Company is the sole absolute legal and beneficial owner of the Group Intellectual Property free from Encumbrances. No Group Company is obliged to dispose of its interest in any Group Intellectual Property or to grant a licence or other interest in any Group Intellectual Property.

(b) the Disclosure Letter contains a complete and accurate list of all Group Intellectual Property. The Group Intellectual Property comprise all of the Intellectual Property Rights necessary to carry out the Business as currently conducted.

13.2 **Licences and other arrangements**

In this paragraph 13, "**IP Arrangement**" means each licence, permission, consent, undertaking, settlement, agreement, restriction and arrangement which is essential to the Business and relating to the Group Intellectual Property or relevant to its use or exploitation in, or in connection with, the business of a Group Company.

(a) Details of each IP Arrangement have been disclosed to the Purchaser in the Disclosure Material.

(b) To the best of the Vendor's knowledge, no party to an IP Arrangement is, or has at any time been, materially in default under it and there is no fact or circumstance which is likely to give rise to a default of this kind.

(c) To the best of the Vendor's knowledge, neither the execution nor the performance of this Agreement will:

(i) cause a Group Company to lose any licence, benefit, right or privilege under or in connection with an IP Arrangement or cause any other person's rights under or in connection with an IP Arrangement to be extended; or

(ii) enable any person to exercise any right to terminate an IP Arrangement or to exercise any other right under or in connection with an IP Arrangement.

13.3 **Employee claims**

To the best of the Vendor's knowledge, no officer or employee of a Group Company (or any officer or employee of a previous owner of the Intellectual Property Rights in question) is entitled to or has claimed any interest in, or a payment or compensation in respect of, any of the Group Intellectual Property (excluding any IP Arrangement). There are no pending applications for licences of right or compulsory licences of any Group Intellectual Property (excluding the any IP Arrangement) in any jurisdiction.

13.4 **Registered Group Intellectual Property**

The Group Intellectual Property which is owned by a Group Company and which is registered or registration of which has been applied for (including domain names) is properly registered, or in the case of an application, properly applied for, in the name of a Group Company.

13.5 **No infringement by Group**

To the best of the Vendor's knowledge, the operation of each Group Company's business in the manner and on the scale in which it has been operated at any time during the two years ending on the date of this Agreement does not infringe, or constitute any other actionable wrong in relation to, any Intellectual Property Rights of another person (other than as set out in any IP Arrangement).

14. INFORMATION TECHNOLOGY

14.1 Definitions

In this Agreement:

"**Bespoke Software**" means software developed specifically for use in a Group Company's business;

"**IT Services**" means computer-related services and telecommunications-related services, including each arrangement for the provision of data processing; and

"**IT Systems**" means the computer systems, computer software and hardware, telecommunications systems, network infrastructure and related equipment used in a Group Company's business.

14.2 Quality and capacity of the IT Systems

To the best of the Vendor's knowledge, the IT Systems are of sufficient quality, capacity and processing power to carry out (in conjunction with the IT Services currently provided to a Group Company) in a proper and efficient manner the current information and communication technology requirements of the Group's business.

14.3 Compliance with service levels

In the 12 months ending on the date of this Agreement, there has been no material and persistent failure by a Group Company or any other person to meet or comply with the service levels relating to:

(a) the IT Systems material to the operation of any Group Company; or

(b) any IT Services provided to a Group Company.

14.4 The Bespoke Software

Each Group Company is entitled to adapt, modify or improve the Bespoke Software for any purpose or use. All source codes and other information reasonably required to enable the Bespoke Software to be adapted, modified or improved are:

(a) complete, accurate and up to date; and

(b) fully documented (and these documents form part of the assets of the relevant Group Company and will be in its possession at Completion).

TRADING AND COMMERCIAL ARRANGEMENTS

15. CONTRACTS

15.1 Disclosure of Contracts

All current and existing Material Contracts to which a Group Company is a party have been disclosed to the Purchaser in the Disclosure Material.

15.2 No outstanding tenders, bids, etc.

There is no outstanding tender, bid, offer or other arrangement which, if accepted by another person, or if an order is made pursuant to it by another person, would result in a Group Company becoming bound to a Material Contract.

15.3 No breach, etc.

(a) To the best of the Vendor's knowledge, no Group Company is in material default under a Material Contract to which it is party, and no fact or circumstance exists which is likely to give rise to a default by a Group Company.

(b) No other party to a Material Contract with a Group Company is in default of its obligations under that agreement and to the best of the Vendor's knowledge, no fact or circumstance exists which is likely to give rise to a material default of this kind on the part of that other party.

16. CUSTOMERS

16.1 **No change in trading with Major Customer or Major Supplier**

Since the Audited Accounts Date, no Major Customer or Major Supplier has:

(a) stopped or materially reduced its trade with a Group Company; or

(b) indicated that it intends to stop or materially reduce its trade with a Group Company.

16.2 **Dependence on one customer or supplier**

During the period of one year ending on the date of this Agreement, no one person or entity has accounted for:

(a) more than 15% of the total sales; or

(b) more than 15% of the total purchases,

made by the Group as a whole during that period.

17. INSURANCE

17.1 **Details of policies disclosed**

Details of each insurance policy in favour of a Group Company ("**Insurance Policy**") have been disclosed to the Purchaser in the Disclosure Material.

17.2 **Validity of policies**

(a) Each Insurance Policy is in full force and effect.

(b) No insurer has ever cancelled or refused to accept or renew any insurance in respect of a Group Company, its business or its assets.

(c) All premiums in connection with an Insurance Policy have been paid when due.

(d) No insurer has notified a Group Company that it intends or is contemplating increasing a premium for an Insurance Policy.

17.3 **Claims**

No claim made under an Insurance Policy is outstanding and to the best of the Vendor's knowledge no facts or circumstances exist which are likely to give rise to a claim.

18. LEASEHOLD PROPERTY

18.1 Lease Schedule

The information in respect of the Leases and Leasehold Property appearing at Schedule 7 is materially true and accurate.

18.2 **No breach**

In relation to Leasehold Property held by a Group Company under a Lease (as indicated in Schedule 7, to the best of the Vendor's knowledge,

(a) the landlord may not bring the Lease to an end before the expiry of the contractual term (other than by forfeiture);

(b) there is no current breach of the lease which might entitle the landlord to forfeit the lease; and

(c) there is no existing material claim or dispute in relation to the Leasehold Properties with the respective landlords.

REGULATORY, COMPLIANCE AND LITIGATION

19. COMPLIANCE WITH LAW

To the best of the Vendor's knowledge, each Group Company has dealt with its assets, and conducted its business and corporate affairs, in all material respects, in compliance with:

(a) all Applicable Laws and regulations;

(b) its constitutional documents;

(c) each licence, registration and permit held by it and not conducting its business beyond the approved scope of such licence, registration and permit; and

(d) each order or judgment of a court or governmental or regulatory body affecting it.

20. LICENSES, REGISTRATIONS AND CONSENTS

20.1 **All licences, registrations and consents obtained**

To the best of the Vendor's knowledge, each Group Company has obtained and maintained each licence, registration, concession, permit, notification and consent required to enable it:

(a) to conduct its business lawfully and effectively in the manner and in the places in which it is currently conducted; and

(b) to own, operate or use any of its assets lawfully and effectively in the manner and in the places in which they are currently owned, operated or used.

20.2 **Validity of each licence, registration and consent**

Each licence, registration, concession, permit, notification and consent held by the Group Companies remain in force and the Vendor has not received notice that such licences will be revoked, varied, cancelled, suspended or not renewed.

21. LITIGATION AND INVESTIGATIONS

21.1 **No pending or threatened court or arbitration proceedings**

Other than instances where a Group Company is claiming in a set of civil proceedings for the recovery of trade debts that arose in the normal operation of its business (but in any event in aggregate not exceeding RMB500,000 (or its local equivalent)), no Group Company nor any of their respective assets is involved in any civil court, tribunal or arbitration proceedings and no proceedings of that kind to the best of the Vendor's knowledge, are pending or threatened by, against or affecting any Group Company or any of their respective assets.

21.2 **No administrative proceedings, investigations, etc.**

No administrative proceedings, investigation or enquiry by a governmental, administrative or regulatory body concerning:

(a) a Group Company;

(b) an agreement or arrangement to which a Group Company is party; or

(c) a practice with which a Group Company is involved,

to the best of the Vendor's knowledge, are ongoing, pending or threatened.

21.3 **No order or judgement**

Other than instances where a Group Company is claiming in a set of civil proceedings for the recovery of trade debts that arose in the normal operation of its business, there is no unsatisfied order or judgement of a court, tribunal or a governmental or regulatory body (in Hong Kong, BVI, PRC or elsewhere) relating to a Group Company or any of its assets.

22. FCPA

22.1 No Group Company has, and none of their respective directors, officers, and to the best of the Vendor's knowledge agents, employees, affiliates or other person associated with or acting on behalf of such Group Company has, (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of any provision of applicable anti-bribery or anti-corruption law; or (iv) made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

22.2 The Group Company has instituted and maintains policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance with relevant ant-bribery or anti-corruption law.

EMPLOYMENT AND BENEFITS

23. EMPLOYEES, DIRECTORS AND CONSULTANTS

23.1 **Employees**

The Vendor has disclosed to the Purchaser in the Disclosure Material:

(a) The total number of employees as at the date of this Agreement; and

(b) the terms of the contract of employment of each Senior Employee.

23.2 **Termination of employment contracts**

Each Group Company can terminate the employment contracts with its Employees by giving to the Employee not more than three months' notice without giving rise to a claim for damages or compensation (except statutory compensation).

23.3 **Employee Share Plan**

No Group Company operates any employee share plan.

23.4 **Increase in compensation**

Other than to comply with Applicable Laws, no Group Company is obliged to increase the total annual compensation (including salary or any contractual or discretionary incentive awards) payable to a Senior Employee in the future.

23.5 **Outstanding sums and liabilities to employees**

No Group Company:

(a) owes any sum more than HK$100,000 to a current or former Director, officer or employee except for base salary accrued since the last normal pay date or for the reimbursement of properly incurred and approved expenses; or

(b) has an outstanding liability for:

(i) breach of an employment contract;

(ii) redundancy payments;

(iii) compensation for wrongful or unfair dismissal; or

(iv) failure to comply with a legal obligation to a current or a former employee.

23.6 **Consultancy Agreements**

The Vendor has disclosed to the Purchaser in the Disclosure Material the terms of the Consultancy Agreements.

23.7 **Termination of Consultancy Agreements**

In the six months ending on the date of this Agreement, no Group Company has received a notice of termination of any Consultancy Agreements.

23.8 **No breach of employee related obligations**

Each Group Company has materially complied with applicable Employment Legislation in connection with its Employees.

24. BENEFIT PLANS

24.1 **Definitions**

In this Agreement:

"**Relevant Benefit**" means a retirement, death or similar benefit, social security insurance, unemployment insurance, medical insurance, pension, welfare benefits or housing fund and "Relevant Benefits" means all those kinds of benefit; and

"**Relevant Person**" means:

(a) an employee; or

(b) a former employee of a Group Company.

"**Mandatory Scheme**" means a Relevant Benefit scheme which is mandatory under the relevant laws of the jurisdiction(s) in which a Group Company operates and "Mandatory Schemes" means all those arrangements and schemes.

24.2 **No pension schemes other than Mandatory Schemes**

Apart from under the Mandatory Schemes, no Group Company has:

(a) an obligation (actual or contingent and whether legally enforceable or not) to provide or contribute to; or

(b) announced a proposal to provide or contribute to,

an arrangement providing a Relevant Benefit in respect of a Relevant Person.

24.3 **Discretion and power over Mandatory Schemes**

To the best of the Vendor's knowledge, no trustee or administrator of a Mandatory Scheme and no Group Company, has exercised, or is obliged to exercise, a discretion or power (except in relation to lump sum death benefits) in relation to a Relevant Benefit payable in respect of a Relevant Person.

24.4 **Each amount due to a Mandatory Scheme has been paid**

Each amount due to the trustees or administrators of a Mandatory Scheme from a Group Company has been paid in full as it becomes due. Each Group Company has timely paid each cost relating to a Mandatory Scheme that it is required to pay.

24.5 **No proceedings or claims against a Mandatory Scheme**

To the best of the Vendor's knowledge, there is no proceeding or claim (other than routine claims for benefits) outstanding, pending or threatened against:

(a) the trustees or administrators of a Mandatory Scheme; or

(b) a Group Company,

in connection with a Mandatory Scheme or the provision of a Relevant Benefit.

24.6 **No Mandatory Scheme is subject to winding up**

So far as the Vendor is aware, no Mandatory Scheme has been wound up and nothing has happened which will reasonably be expected to lead to a Mandatory Scheme being wound up.

OTHER MATTERS

25. EFFECTS OF THE TRANSACTIONS

25.1 **General**

Neither the execution nor the performance of this Agreement will to the best of the Vendor's knowledge:

(a) cause a Group Company to lose the benefit of a material right or privilege it presently enjoys;

(b) relieve a person of an obligation (whether contractual or otherwise) to a Group Company;

(c) enable a person to:

(i) bring to an end an obligation (whether contractual or otherwise) owed to a Group Company;

(ii) bring to an end a right or benefit enjoyed by a Group Company; or

(iii) exercise a right (whether contractual or otherwise) in respect of a Group Company, its business or its assets;

(d) result in any present indebtedness of a Group Company becoming due or becoming capable of being declared due and payable before its stated maturity;

(e) create, or increase, a liability or an obligation for a Group Company; or

(f) cause a licence, registration, concession, permit, notification, authorisation or consent to be revoked, varied, cancelled, suspended or not renewed.

SCHEDULE 5

Pre-Completion Actions

1. Amend its articles of association, bylaws or other similar organizational documents (whether by merger, consolidation or otherwise).
2. Split, combine or reclassify share capital or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock or any of its other securities.
3. Issue or agree to issue any shares, warrants or other securities or loan capital or grant or agree to grant any option over or right to acquire or convertible into any share or loan capital or redeem any option.
4. Adopt a plan or agreement of, or resolutions providing for or authorizing, any complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization.
5. Borrow or raise money in excess of an aggregate of US$500,000 (five hundred thousand US$) (or local equivalent); provided that the Vendor shall notify the Purchaser as soon as possible for any borrowing with an amount lower than US$500,000 which is not in the ordinary course of business.
6. Terminate or make any material change to any Material Contract or waive any right of a material nature thereunder.
7. Declare, set aside, pay or make any dividends or other distributions (whether in cash, stock or property or any combination thereof).
8. Create or permit to arise any Encumbrance on or in respect of any of its undertaking, property or assets other than liens arising by operation of law or in its ordinary and usual course of business.
9. Save as otherwise provided herein, appoint any new directors.
10. Dispose of or acquire or agree to acquire (i) any Material Asset, or (ii) any assets not in its ordinary and usual course of business.
11. Compromise, settle, release, discharge or compound any civil, criminal, arbitration or other proceedings or any liability, claim, action, demand or dispute or waive any right in relation to any of the foregoing.
12. Purchase, take on, lease or assume possession of any real property other than an extension/renewal of a Lease or a new lease of a Leasehold Property.
13. Purchase, redeem or otherwise acquire or offer to purchase, redeem or otherwise acquire any shares in any Group Company or provide financial assistance for any such purchase.
14. Make advances or other credits to any third party or give any guarantee, indemnity, surety or security other than in the ordinary course of business.
15. Make any capital expenditure other than in the ordinary course of business or otherwise as contained in the Capex Budget.
16. Dispose of the ownership, possession, custody or control of any corporate or other books or records of any Group Company.

17. Propose or pass any shareholders' resolution at any general meeting of a Group Company which is a special business and not in connection with the Transaction Documents or transactions contemplated thereunder or incidental hereto, save for the proposal of and the passing of any shareholders' resolution regarding ordinary business at an annual general meeting of a Group Company.

18. Enter into any Related Party Transaction (however for the avoidance of doubt excludes any invoice or order under an existing master agreement).

SCHEDULE 6

Procedures for Completion

PART A – Vendor Obligations

At Completion, the Vendor shall deliver or procure delivery of the following to the Purchaser at the Completion Location:

(1) a certified copy (by a director of the Vendor or by a solicitor or notary public), of the minutes of meeting or written resolutions of the shareholders / board of directors of the Vendor approving, among other matters, this Agreement and the transactions contemplated thereby and authorising the execution (under seal, if required) by one or more representatives of the Vendor of the said documents and other documents ancillary thereto;

(2) instrument of transfer in respect of the Sale Shares properly executed by the Vendor in favour of the Purchaser;

(3) original share certificate(s) representing the Sale Shares (or an indemnity for lost share certificate(s)) under the Vendor's name;

(4) original share certificate issued by the Company in respect of the Sale Shares under the Purchaser's name;

(5) the original register of members of the Company upon Completion certified by a director of the Company;

(6) an opinion from the Hong Kong counsel to the Group in the form attached hereto as Annex A;

(7) an opinion from the PRC counsel to the Group as contemplated by paragraph 8 of Schedule 3;

(8) letters of resignation from each director of the Company (other than the Purchaser Directors) with effect from Completion;

(9) the corporate books and records including the shareholders' and directors' registers in respect of the Company, and all other books and records, all to the extent required to be kept by the Company under the law of its jurisdiction of incorporation or written authorities in favour of the Purchaser for the collection of such documents;

(10) a certified copy (by a director of the Company or by a solicitor or notary public), of the minutes of meeting or written resolutions of the board of directors of the Company approving, among other matters:

  (a) the Transaction Documents and the transactions contemplated thereby and authorising the execution (under seal, if required) of the Transaction Documents and other documents ancillary thereto to which the Company is a party;

  (b) the resignation of each of the directors of the Company (other than the Purchaser Directors) with effect from Completion;

  (c) the appointment of such directors nominated by the Purchaser at least five (5) Business Days prior to the Completion Date;

  (d) the cancellation of any and all share certificates issued to the Vendor relating to the Sale Shares;

  (e) the issue of a share certificate in respect of the Sale Shares under the Purchaser's name;

(f) the updating of the register of members of the Company upon Completion; and

(g) revoking the mandates given by the Company to its bankers or changing such mandates if requested and details provided by the Purchaser at least five (5) Business Days prior to the Completion Date;

(11) letters of resignation from each director (other than the Purchaser Directors) of the Group Companies (excluding the Company and SDTCL) with effect from Completion;

(12) the corporate books and records including the shareholders' and directors' registers in respect of the Group Companies (excluding the Company and SDTCL), and all other books and records, all to the extent required to be kept by the Group Companies (excluding the Company and SDTCL) under the law of their respective jurisdictions of incorporation or written authorities in favour of the Purchaser for the collection of such documents;

(13) certified copies (by a director of the Company or by a solicitor or notary public) of minutes of meeting or written resolutions of the board of directors or equivalent governing body of each of the Group Companies (excluding the Company and SDTCL) approving, among other matters:

(a) the resignation of each of the respective directors (other than the Purchaser Directors) with effect from Completion;

(b) the appointment of such directors nominated by the Purchaser at least five (5) Business Days prior to the Completion Date; and

(c) revoking the mandates given by such Group Company to their respective bankers or changing such mandates if requested and details provided by the Purchaser at least five (5) Business Days prior to the Completion Date.

provided that for the purposes of paragraphs (9) and (12) delivery shall be deemed to be effected if left, delivered or placed within any of the Leasehold Properties.

PART B – Purchaser Obligations

At Completion, the Purchaser shall:

(1) pay the Completion Payment by way of electronic funds transfer (or in such other manner as nominated by the Vendor) to the bank account as notified by the Vendor, the satisfaction of which will be upon the Vendor receiving confirmation of clear funds in its nominated account; and

shall, and shall deliver or procure delivery of the following to the Vendor at the Completion Location:

(2) evidence satisfactory to the Vendor (acting reasonably) that the Completion Payment has been paid by the Purchaser;

(3) a certified copy (by a director of the Purchaser or by a solicitor or notary public), of the minutes of meeting or written resolutions of the board of directors of the Purchaser approving, among other matters, this Agreement and the transactions contemplated thereby and authorising the execution (under seal, if required) by one or more representatives of the Purchaser of the said documents and other documents ancillary thereto; and

(4) original restricted stock unit award agreement as contemplated by paragraph 7 of Schedule 3 duly executed by the Purchaser.

SCHEDULE 7

Leasehold Properties

HONG KONG

Currency : HKD

	Location	Lessor	Lessee	Period		
				From	To	Rent/mth
1	22/F Crocodile Centre	Crocodile KT Investment Limited	Diyixian.com Limited	25-Feb-14	24-Feb-16	HK$193,900.00
2	Unit 1, 25/F Global Gateway	GPS Hong Kong Limited (Licensor)	Diyixian.com Limited	16-Feb-11	15-Feb-12	HK$244,218.75
				16-Feb-12	15-Feb-13	HK$251,545.31
				16-Feb-13	15-Feb-14	HK$259,091.67
				16-Feb-14	15-Feb-15	HK$266,864.42
				16-Feb-15	15-Feb-16	HK$274,870.35
3	Licence Fee for Global Gateway	GPS Hong Kong Limited (Licensor)	Diyixian.com Limited	16-Feb-11	15-Feb-12	HK$26,000.00
				16-Feb-12	15-Feb-13	HK$26,780.00
				16-Feb-13	15-Feb-14	HK$27,583.40
				16-Feb-14	15-Feb-15	HK$28,410.90
				16-Feb-15	15-Feb-16	HK$29,263.23
4	16/F, HDC Data Centre (HDC), Well Tech Centre, 9 Pat Tat St, San Po Kong,Kowloon	Towngas Teclecommunications Fixed Network Limited (TGT)	Diyixian.com Limited	16-Aug-11	15-Aug-14	HK$348,000.00
5	17/F, HDC Data Centre (HDC), Well Tech Centre, 9 Pat Tat St, San Po Kong,Kowloon	Towngas Teclecommunications Fixed Network Limited (TGT)	Diyixian.com Limited	16-Dec-11	15-Dec-14	HK$448,050.00

PRC

Tenancy Agreement Table - PRC

Currency: RMB

Updated: 9 May 2014

序号	城市	房屋地址	承租公司名	出租人	租赁期限	月租金额(元)
1	广州	广州市越秀区德政北路538号达信大厦1301	深圳第一线通信有限公司广州分公司	广州建利房地产有限公司	20121001-20151130	¥2,329.39
					20151201-20161130	¥2,469.15
					20161201-20171130	¥2,617.30
					20171201-20180531	¥2,774.34
2	东莞	东莞市莞城区东城西路城市花园A座1002室	深圳第一线通信有限公司东莞分公司	东莞市方中物业发展有限公司	20111101-20140731	¥3,245.00
3	深圳	深圳市罗湖区人民南路3005号深房广场A座2201室	深圳第一线通信有限公司	深圳经济特区房地产（集团）股份有限公司	20140510-20170509	¥16,633.00
4	深圳	深圳市罗湖区人民南路3005号深房广场A座1501室	深圳第一线通信有限公司	深圳经济特区房地产（集团）股份有限公司	20111101-20161031	¥15,033.00
5	北京	北京复兴路甚琴与宇楼二层	深圳第一线通信有限公司北京分公司	北京华微通晟电子有限责任公司	20130301-20150228	¥39,541.00
6	北京	北京市朝阳区北三环东路8号静安中心11层1102/71/72房间	深圳第一线通信有限公司北京分公司	北京新恒基集团	20130915-20151114	¥178,601.40
8	上海	上海市虹口区西江湾路388号凯德龙之梦广场A座28F	深圳第一线通信有限公司上海分公司	上海岳峰置业开发有限公司	20130101-20151231	¥160,083.60
9	苏州	桐泾北路265-6号恒峰大厦225室, 331-335室	深圳第一线通信有限公司苏州分公司	苏州市恒峰物业管理有限公司	20130901-20140831	¥10,956.00
10	上海	上海市虹口区虬江支路180弄2号楼304室	深圳第一线通信有限公司上海分公司	谭永芳	20131010-20141009	¥7,300.00

TAIWAN

Tenancy Agreement Table - TAIWAN

Currency: NTD

Updated: 9 May 2014

	Location	Lessor	Lessee	Period		
				From	To	Rent/mth
1	台北市敦化南路二段333號21樓A	國泰人壽保險股份有限公司	香港商第一線有限公司台灣分公司	1-Jun-12	31-Dec-14	NT$469,012.00
2	台北市敦化南路二段333號地下B1	國泰人壽保險股份有限公司	香港商第一線有限公司台灣分公司	1-Jun-12	31-Dec-14	NT$30,000.00
3	台北市敦化南路二段335號21樓B2	國泰人壽保險股份有限公司	香港商第一線有限公司台灣分公司	1-May-13	31-Dec-14	NT$209,050.00
4	台中市台灣大道一段311號	洪守信/洪耀輝	香港商第一線有限公司台灣分公司	10-Apr-14	9-Apr-15	NT$48,000.00

SCHEDULE 8

Earn-out Consideration

1. Definitions

1.1 The definitions in this paragraph apply to this Schedule.

2014 Audited EBITDA: means the audited EBITDA for the Group (on a consolidated basis, prepared in accordance with GAAP and for the avoidance of doubt including 100% of SDTCL) for the Fiscal Year commencing on 1 January 2014 and ending on 31 December 2014 as set out in the Reference Accounts and calculated in accordance with this Schedule.

2014 Audited Revenue: means the audited Revenue for the Group (on a consolidated basis, prepared in accordance with GAAP and for the avoidance of doubt including 100% of SDTCL) for the Fiscal Year commencing on 1 January 2014 and ending on 31 December 2014 as set out in the Reference Accounts and calculated in accordance with this Schedule 8.

2014 Performance Parameter: means ((2014 Audited Revenue / 2014 Projected Revenue) x 0.5) + ((2014 Audited EBITDA / 2014 Projected EBITDA) x 0.5).

2014 Projected EBITDA: means HK$***, or the US$ equivalent calculated based on the Relevant Exchange Rate as of 31 December, 2014.

2014 Projected Revenue: means HK$***, or the US$ equivalent calculated based on the Relevant Exchange Rate as of 31 December, 2014.

2015 Audited EBITDA: means the audited EBITDA for the Group (on a consolidated basis, prepared in accordance with GAAP and for the avoidance of doubt including 100% of SDTCL) for the period commencing on 1 January 2015 and ending on 31 December 2015 as set out in the Reference Accounts and calculated in accordance with this Schedule 8.

2015 Audited Revenue: means the audited Revenue for the Group Companies (on a consolidated basis, prepared in accordance with GAAP and for the avoidance of doubt including 100% of SDTCL) for the period commencing on 1 January 2015 and ending on 31 December 2015 as set out in the Reference Accounts and calculated in accordance with this Schedule 8.

2015 Performance Parameter: means ((2015 Audited Revenue / 2015 Projected Revenue) x 0.5) + ((2015 Audited EBITDA / 2015 Projected EBITDA) x 0.5).

2015 Projected EBITDA: means HK$***, or the US$ equivalent calculated based on the Relevant Exchange Rate as of 31 December, 2015.

2015 Projected Revenue: means HK$***, or the US$ equivalent calculated based on the Relevant Exchange Rate as of 31 December, 2015.

BNC: means a company owned or controlled or to be established by the Purchaser, which engages or is to be engaged in providing broadband and network services and primarily operates the business of virtual private network as carried out by the Group as of Completion.

Consideration Shares: means the Purchaser Shares and, if and after an IPO occurs, the shares of BNC.

Earn-out Payments: means the First Earn-out Payment and the Second Earn-out Payment, if any.

Earn-out Period: the period beginning on Completion and ending on 31 December 2015.

Earn-out Statement: has the meaning given in paragraph 3.2(b) of this Schedule.

EBITDA: means net profit (loss) before income tax expense, interest expense and depreciation and amortization.

Expert: one of Ernst & Young, PricewaterhouseCoopers, Deloitte Touche Tohmatsu and KPMG appointed in accordance with paragraph 4 of this Schedule to resolve any dispute arising between the parties in connection with the preparation of any Earn-out Statement or the calculation of the resulting Earn-out Payment in relation to a Fiscal Year.

Fiscal Year: each and any financial year of the Group ending during the Earn-out Period.

Final Valuation: means RMB*** x the 2014 Performance Parameter, but in no event shall the Final Valuation exceed RMB***.

First Earn-out Payment: means the amount calculated in accordance with paragraph 2.2 of this Schedule.

IPO: means an initial public offering of the BNC's shares, with a market capitalisation of more than US$500,000,000, on one or more of the following stock exchanges, The New York Stock Exchange and/or The Nasdaq Stock Market.

Net Profits: means the net profits of the Group for the Fiscal Year ending on 31 December determined in accordance with the GAAP derived from the Reference Accounts for such Fiscal Year.

Objection Notice: has the meaning given in paragraph 3.3 of this Schedule.

Reference Accounts: in relation to a Fiscal Year, the consolidated audited financial statements of the Group as at and to the last day of that Fiscal Year (and for the avoidance of doubt including SDTCL) prepared in accordance with the GAAP, including an audited balance sheet, a cash flow statement and profit and loss account/income statement.

Resolution Notice: has the meaning set out in paragraph 3.6 of this Schedule.

Revenue: means the revenue recognized under the GAAP.

Review Period: has the meaning set out in paragraph 3.3 of this Schedule.

Second Earn-out Payment: means the amount calculated in accordance with paragraph 2.3 of this Schedule.

2. Earn-out Consideration

2.1 Subject to paragraph 2.2 and 2.3, the Purchaser shall pay each Earn-out Payment by issuing to the Vendor such amount of Consideration Shares with an aggregate value equal to such Earn-out Payment; provided however, that in no event shall the aggregate amount of Consideration Shares paid to the Vendor exceed 10% of the total issued and outstanding shares of the Purchaser or BNC, as the case maybe, as of the date immediately prior to the determination of the relevant Earn-out Payment in accordance with this Schedule, and where the value of Consideration Shares paid to the Vendor is less than 100% of the applicable Earn-out Payment, such deficiency shall be paid in cash.

2.2 The First Earn-out Payment shall be calculated as follows:

(a) If the 2014 Performance Parameter is 1 or more, the First Earn-out Payment shall be an amount equal to RMB*** (or the US$ equivalent calculated based on the Relevant Exchange Rate as of the date on which the payment of the 2014 Earn-out Payment is made).

(b) If the 2014 Performance Parameter is 0.7 or more but less than 1, the First Earn-out Payment shall be an amount equal to the Final Valuation x 0.2 x the 2014 Performance Parameter (or the US$ equivalent calculated based on the Relevant Exchange Rate as of the date on which the payment of the 2014 Earn-out Payment is made); or

(c) If the 2014 Performance Parameter is less than 0.7 then the First Earn-out Payment shall be nil.

2.3 The Second Earn-out Payment shall only be made if the First Earn-out Payment is not nil, and shall be calculated as follows:

(a) If the 2015 Performance Parameter is less than 0.7 then the Second Earn-out Payment shall be nil; or

(b) If the 2015 Performance Parameter is 0.7 or greater, the Second Earn-out Payment shall be an amount equal to the Final Valuation x 0.2 x the 2015 Performance Parameter (or the US$ equivalent calculated based on the Relevant Exchange Rate as of the date on which the payment of the 2015 Earn-out Payment is made). For the avoidance of doubt, in no event shall the Second Earn-out Payment exceed RMB***.

2.4 Each Earn-out Payment shall be agreed or determined (as the case may be) in accordance with the provisions of paragraph 3 and paragraph 4 of this Schedule.

2.5 When calculating the number of Consideration Shares to be issued in respect of the Earn-out Payment(s), the calculation price for the Consideration Shares shall be the average closing trading price of the shares of the Purchaser or BNC (as the case may be) on the applicable stock exchange for the 20 consecutive trading days immediately prior to the date where the Purchaser or BNC (as the case may be) announces on the applicable stock exchange its audited annual results, and where there such number of Consideration Shares is a partial share, the number of Consideration Shares shall be rounded up to the nearest whole share.

2.6 Subject to paragraphs 2.1, 2.4 and 2.5 of this Schedule, the Purchaser shall issue or shall procure BNC to issue (as the case maybe) such number of Consideration Shares with an aggregate value equal to 100% of each Earn-out Payment (if any) as calculated in accordance with paragraph 2.5 of this Schedule, to the Vendor, within five Business Days of the first of the following to occur:

(a) the Vendor accepts, or is deemed to have accepted, the Earn-out Statement relating to that Earn-out Payment in accordance with paragraph 3.3 of this Schedule; or

(b) the parties agree in writing all disputed matters relating to the calculation of that Earn-out Payment; or

(c) the parties receive notice of the Expert's determination of that Earn-out Payment in accordance with paragraph 4 of this Schedule.

3. Earn-out Statement and Agreement of Earn-out Payments

3.1 In relation to each Fiscal Year, the Purchaser shall procure that the Reference Accounts for that Fiscal Year are prepared and audited as soon as practicable and in any event within 120 calendar days of the last day of the relevant Fiscal Year. The Reference Accounts shall be prepared in accordance with the GAAP as in force at the time of preparation.

3.2 Within 5 days of completion of the audit of the Reference Accounts in respect of a Fiscal Year, the Purchaser shall deliver to the Vendor:

(a) a copy of the relevant Reference Accounts; and

(b) a statement prepared by the Purchaser's auditors (**Earn-out Statement**) setting out its calculation of the Earn-Out Payment for the applicable Fiscal Year.

3.3 The Vendor shall, within twenty Business Days from receipt of the Reference Accounts and the Earn-out Statement for a Fiscal Year (**Review Period**), deliver to the Purchaser a written notice stating whether or not the Vendor agrees with the Earn-out Statement and the amount of the Earn-out Payment specified in it. In case of any disagreement, the notice (**Objection Notice**) shall specify the areas disputed by the Vendor and describe, in reasonable detail, the basis for the dispute.

3.4 If the Vendor fails to deliver an Objection Notice in accordance with paragraph 3.3 of this Schedule within the Review Period the Vendor shall, with effect from the expiry of the Review Period, be deemed to agree with the Earn-out Statement in the form delivered by the Purchaser and the amount of the Earn-out Payment specified in it.

3.5 During each Review Period, the Vendor (and its agents and advisers) shall have the right to inspect the books and records of the Company and the Subsidiaries during normal business hours, and upon reasonable prior notice, for the purpose of reviewing the Earn-out Statement and the calculation of the Earn-out Payment set out in it.

3.6 If the Vendor serves an Objection Notice in accordance with paragraph 3.3 of this Schedule, the parties shall negotiate in good faith to resolve the disputed matters and agree the amount of the Relevant Profits and the Earn-out Payment for the relevant Fiscal Year as soon as reasonably possible. If the parties are unable to reach agreement within five Business Days following the service of an Objection Notice, then at any time following the expiry of such period either party may, by written notice to the other (**Resolution Notice**), require the disputed matters to be referred to an Expert for determination in accordance with paragraph 4 of this Schedule.

3.7 Each party shall bear its own costs incurred in connection with the preparation, review and agreement of each Earn-out Statement and the calculation of the amount of each Earn-out Payment.

4. Expert determination

4.1 If a Resolution Notice is served by either party, the parties shall use all reasonable endeavours to reach agreement on an Expert and to agree the terms of his appointment with the Expert as soon as reasonably possible. Neither party shall unreasonably withhold its agreement to the terms of appointment proposed by the Expert or the other party.

4.2 If the parties fail to agree on an Expert and the terms of his appointment within five Business Days of a Resolution Notice being served, then either party shall be entitled to request the International Centre for Expertise of the International Chamber of Commerce to appoint the Expert and to agree his of terms of appointment on behalf of the parties.

4.3 Except for any procedural matters, or as otherwise expressly provided in this Schedule, the Expert shall only be required to make a determination on the matters in dispute between the parties regarding the calculation of the Earn-out Payment for a Fiscal Year.

4.4 The parties shall co-operate with the Expert and they shall provide (and in the case of the Purchaser shall procure that the Company and each of the Subsidiaries provides) such assistance and access to such documents, personnel, books and records as the Expert may reasonably require for the purpose of making his determination.

4.5 The parties shall be entitled to make submissions to the Expert and each party shall, with reasonable promptness, supply the other party with such information and access to its documentation, books and records as the other party may reasonably require in order to make a submission to the Expert in accordance with this paragraph.

4.6 To the extent not provided for in this paragraph 4, the Expert may, in his reasonable discretion, determine such procedures to assist with the conduct of his determination as he considers just or appropriate, including, to the extent he considers necessary, instructing professional advisers to assist him in reaching his determination.

4.7 The Expert shall be required to make his determination in writing (including the reasons for his determination) and to give notice of his determination (including a copy) to each party as soon as reasonably practicable and in any event within 20 Business Days of his appointment.

4.8 All matters under this paragraph 4 shall be conducted, and the Expert's decision shall be written, in the English language.

4.9 The Expert shall act as an expert and not as an arbitrator. Save in the event of manifest error or fraud the Expert's determination of any matters referred to him in accordance with this Schedule shall be final and binding on the parties.

4.10 If an appointed Expert becomes unwilling or incapable of acting, or does not deliver his determination within the period required by paragraph 4.7 of this Schedule:

(a) the parties shall use all reasonable endeavours to agree the identity and terms of appointment of a replacement Expert;

(b) if the parties fail to agree and appoint a replacement Expert within five Business Days of a replacement being proposed in writing by a party, then either party may apply to of the International Centre for Expertise of the International Chamber of Commerce to discharge the appointed Expert and to appoint a replacement Expert; and

(c) this paragraph 4 shall apply in relation to each and any replacement Expert as if he were the first Expert appointed.

4.11 Each party shall bear and pay its own costs incurred in connection with the Expert's determination pursuant to this paragraph 4. The Expert's fees and any costs or expenses incurred by the Expert in making his determination (including the fees and costs of any advisers appointed by the Expert) shall be borne by the party that does not prevail on the matters determined by the Expert.

4.12 Each party shall act reasonably and co-operate to give effect to the provisions of this paragraph 4 and shall not otherwise do anything to hinder or prevent the Expert from reaching his determination.

5. Distribution of Net Profit

5.1 In the event that (i) the 2014 Performance Parameter is 1 or more and the Group's audited Net Profits for the Fiscal Year ending on 31 December, 2014 exceeds HK$***, and/or (ii) the 2015 Performance Parameter is 1 or more and the Group's audited Net Profits for the Fiscal Year ending on 31 December, 2015 exceeds HK$***, in each case, such excess Net Profits ("**Excess Net Profits**") shall be paid to certain management members as determined in accordance with paragraph 5.2 to 5.4 below, net of any withholding tax.

5.2 Within thirty (30) days after the Reference Accounts for the applicable Fiscal Year is available and only if there are any Excess Net Profits, Mr Lap Man and the then CEO of Diyixian.com Limited shall jointly submit to the board of directors of Diyixian.com Limited a list of management members who are eligible for Excess Net Profits and a draft distribution plan of Excess Net Profits among such management members, provided that management members entitled to such distribution must be:

(a) any current employee of the Group Companies; or

(b) any individual providing services to any of the Group Companies through secondment arrangement between any Group Company and Shanghai Qianjin Network Information Technology (Shanghai) Co., Ltd.

5.3 Within thirty (30) days after receiving the list of management members and the distribution plan, the board of directors of Diyixian.com shall determine the final distribution plan.

5.4 Within ten (10) Business Days after the final distribution plan is determined, Diyixian.com Limited (or the Company as the case may be) shall distribute Excess Net Profits pursuant to the final distribution plan and provide evidence of such distribution to the Purchaser.

6. Conduct of business during the Earn-out Period

6.1 The Purchaser undertakes, and procures BNC to undertake, to the Vendor that at all times between Completion and the expiry of the Earn-out Period,

(a) it shall not take any action (or cause or permit anything to be done) in bad faith with the purpose of distorting the financial performance of the Company or the Subsidiaries, or otherwise avoiding, reducing or adversely affecting the amount of any Earn-out Payment;

(b) the Group Companies shall be operated independently of the Purchaser's other entities by the Dyx Management and without in any way limiting the operation of this clause, the following actions must not be taken by any of the Group Companies prior to the Earn-out Period without the consent in writing of the Dyx Management:

(i) any material change to the Projected Capex as setting forth in the agreed business and budget plan, except for any change in response to changes in market conditions;

(ii) any appointment or termination of personnel above the VP level other than financial department personnel employed or engaged by a Group Company, except for any termination for cause;

(iii) any additional cost allocation to the Group Companies (including without limitation, audit, legal and corporate costs and expenses, director's fees of Group Companies, expenses relating to compliance with US laws, regulations and/or accounting principles and costs associated with the listing or potential listing (include preparatory steps) of BNC) to the extent such allocation will adversely affect the calculation of any Earn-out Payment; or

(iv) any intra-enlarged group (ie the Purchaser's group including the Group Companies) cost or expense to be imposed or allocated to the Group Companies to the extent such allocation will adversely affect the calculation of any Earn-out Payment;

(c) it shall have an approved specific mandate to issue the maximum number of Consideration Shares that may be issued under this Agreement; and

(d) it shall have sufficient authorised and unissued share capital to allow for the issue of the maximum number of Consideration Shares that may be issued under this Agreement.

6.2 The Parties acknowledge and agree that:

(a) at all times during the period from Completion to the expiry of the Earn-out Period,

(i) the Purchaser may, from time to time, appoint relevant financial personnel to the Group Companies to the extent that such appointment(s) will not adversely affect the ordinary business operations of such Group Companies directed by the Dyx Management;

(ii) the Purchaser shall have full access to the bank accounts of the Group Companies, including but not limited to the online-banking accounts, and the financial personnel designated by the Purchaser shall be authorized to instruct operation of such accounts, including but not limited to payments; and

(iii) the Purchaser may designate employees to the network operating centre of the Company;

and the costs and expenses incurred in connection with items (i) to (iii) above shall be borne by the Purchaser and not included in any calculations of EBITDA or Net Profit.

(b) the Purchaser will not owe the Vendor any fiduciary duty in respect of this Agreement, nor shall the Purchaser have any obligation (except otherwise provided in this Agreement including this Schedule 8), whether express or implied, to take any action(s) or omit to take any actions(s) in order to cause any Earn-out Payment to be earned;

(c) the Purchaser makes no representations or warranties to the Vendor with respect to the operations of the Group after Completion or with respect to any estimates or projections relating to the Group; and

(d) there can be no assurances that any Earn-out Payment will be earned under this Agreement.

[Completion Date] 2014

Upwise Investments Limited
PO Box 957 Offshore Incorporations Centre,
Road Town, Tortola,
British Virgin Islands

Your ref :

Our ref :

Direct dial :

Dear Sirs

Share Purchase Agreement between Dyxnet Holdings Limited and Upwise Investments Limited

1. We act on behalf of Upwise Investments Limited ("**Upwise**") and have been asked to provide a legal opinion to Upwise under Hong Kong law in connection with certain documents entered into by it.

2. For the purpose of rendering this opinion and subject to the assumptions and qualifications set out below, we have only reviewed and examined an executed agreement (the "**Agreement**") in relation to the sale and purchase of the entire issued share capital in Dermot Holdings Limited (the "**Company**") between 21Vianet Group, Inc. ("**21V**") as purchaser and Upwise as vendor.

3. We confirm that we are lawyers qualified to practise in the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**") and are qualified to give this opinion.

4. The above is the only document we have examined for the purpose of this opinion.

5. We have reviewed the Agreement only insofar as was necessary for the purpose of giving this opinion and not with regard to the commercial aspects of the transactions evidenced thereby or their general compliance with market practice.

6. Based on the assumptions set out in Section 9 and subject to the qualifications as set out in Section 7, we are of the opinion that:

   6.1 **Enforceable:** The obligations of the parties under the Agreement constitute legal, valid and binding obligations of each party thereto enforceable by the other party thereto in the Hong Kong courts, and there are no requirements under the laws of Hong Kong that the Agreement has to be filed, registered or recorded with any court or other authority in Hong Kong to ensure the legality, validity, enforceability or admissibility in evidence of the Agreement in Hong Kong (expect for filing and disclosure in the normal course of court proceedings). However, as 21Vianet is incorporated in the Cayman Island and Upwise is incorporated in the British Virgin Islands, the question of due authorisation and execution involves the application of Cayman Island and British Virgin Islands law, and we express no opinion on such laws.

6.2 **Choice of Law:** The choice of Hong Kong law to govern the Agreement is a valid choice of law and will be recognised and applied by the courts of Hong Kong provided that it has been made in good faith and that there are no reasons for avoiding such choice of law on the grounds of public policy and that the irrevocable submission to the non-exclusive jurisdiction of the courts of Hong Kong in relation to any suit, action or proceeding arising out of or in connection with the Agreement, is legal, valid and binding, and enforceable under Hong Kong law; and

6.3 **Performance:** The performance of the Agreement by the Transaction Parties in strict accordance with the respective terms of the Agreement is not in breach of any provisions of the laws of Hong Kong of general application.

Qualifications

7. This opinion is subject to the following qualifications:

7.1 **Matters and documents examined and opined on:**

(i) We express no opinion on any documents referred to in the Agreement which are not part of the documents reviewed by us for the purpose of giving this opinion.

(ii) Except as expressly stated in this opinion, we have not for the purpose of giving this opinion examined any contracts, instruments or other documents into which any of the parties to the Agreement (the "**Transaction Parties**") may have entered or by which any of them or their respective assets may be bound nor have we made any other enquiries concerning any of the Transaction Parties.

(iii) We express no opinion as to tax in Hong Kong or any other jurisdiction (including, without limitation, taxes on income, capital gains or profits, value added tax and stamp duties or returns) or filings to be made in respect of any tax liabilities, arising out of the Agreement, or any transactions contemplated or effected thereby.

7.2 **Application of Hong Kong law by foreign courts and arbitration tribunals:** We express no opinion on how courts or arbitration tribunals in countries outside Hong Kong would apply Hong Kong law.

7.3 **Commercial benefit:** If there was or is no commercial benefit, an Agreement to the extent it constitutes a guarantee, indemnity or other third party security interest will be vulnerable to challenge and may be set aside by the shareholders or a liquidator or creditor of the company providing the guarantee, indemnity or security interest and any payments made under them may be required to be repaid; we express no opinion as to whether there was or is any such commercial benefit.

7.4 **Anti-terrorism legislation:** The opinions set out herein are subject to the effect of any legislation, treasury rules and regulations in Hong Kong which restrict or prohibit payments, transactions and dealings with assets or individuals or entities having a proscribed connection with certain countries or subject to international sanctions or associated with terrorism.

7.5 **Equitable remedies:** Certain equitable remedies such as injunction and specific performance are available only at the discretion of a court or arbitration tribunal in Hong Kong and are not normally available where damages would be an adequate alternative. In addition, the exercise of legal rights may be affected by equitable considerations.

7.6 **Limitation periods, defences, waivers:** Claims may be or become time barred or otherwise limited by prescription or lapse of time or be or become subject to defences of set-off or counterclaims or abatement and failure to exercise a right or rely on a provision promptly may operate as a waiver of that right or provision notwithstanding any terms of the Agreement to the contrary.

7.7 **Cross-jurisdictional issues:** Where any obligations are governed by the laws of a jurisdiction outside Hong Kong, they may not be enforced by a court or arbitration tribunal in Hong Kong to the extent that performance thereof would be illegal or ineffective under the laws or regulations, or contrary to public policy, in that jurisdiction and/or Hong Kong.

7.8 **Indemnity and reimbursement of legal costs:** A court or arbitration tribunal in Hong Kong might not enforce the provisions of the Agreement to the extent that the same provide an indemnity for, or reimbursement of, legal costs incurred by an unsuccessful litigant; or where the court or arbitration tribunal itself has made an order for costs or which would involve the enforcement of foreign revenue or penal laws.

7.9 **Interest rates:** A Hong Kong court or arbitration tribunal may not allow any sums to be recovered pursuant to contractual provisions which impose increased rates of interest or additional financial penalties to the extent to which they are regarded as amounting to a penalty and not a genuine and reasonable pre-estimate of loss. Further, a court or arbitration tribunal in Hong Kong may order payment of interest after judgment at a rate that differs from that provided or to be provided in the Agreement.

7.10 **Stay of proceedings:** A Hong Kong court or arbitration tribunal may stay proceedings or decline to accept jurisdiction if concurrent proceedings are being brought elsewhere or where it is shown that there is some other forum, having competent jurisdiction, which is more appropriate for the trial of the action. Further, a Hong Kong court or arbitration tribunal may order a plaintiff who is not ordinarily resident in Hong Kong to provide security for costs.

7.11 **Representations and warranties**: Save for the matters of Hong Kong law expressly covered by this opinion, nothing in this opinion implies that a representation or warranty given by any party in any of the Agreement is correct.

7.12 **Domestic laws of Hong Kong:** This opinion relates only to Hong Kong domestic law and not its conflict of law rules.

7.13 **Matters of fact:** We express no opinion on matters of fact.

7.14 **Title:** No opinion is expressed as to the title of any assets.

7.15 **Unreasonableness etc.:** A certificate, determination, notification, calculation or opinion of any person under the Agreement as to any matters might be held by a court in Hong Kong not to be final, conclusive or binding if it could be shown to have an unreasonable or arbitrary basis, or in the event of manifest error and where any person is vested with a discretion or may determine a matter in its opinion, the law of Hong Kong may require that such discretion is exercised reasonably or that such opinion is based on reasonable grounds.

7.16 **Severability:** The severability of provisions of the Agreement is, as a matter of Hong Kong law, at the discretion of the court; accordingly we express no opinion as to the enforceability or validity of any provision in the Agreement regarding severability.

7.17 **Limitation of liability:** The effectiveness of provisions exculpating a party from a liability or duty otherwise owed is limited by law.

7.18 **Oral amendments:** The Agreement may be amended orally or in writing by the parties thereto notwithstanding provisions therein to the contrary.

7.19 **Fraud, frustration:** The enforcement of the rights and obligations of the Transaction Parties under the Agreement may be invalidated by fraud and may be limited by the provisions of the laws of Hong Kong applicable to contracts held to have been frustrated by events happening after their execution.

7.20 **Measure of damages:** We express no opinion as to the measure of damages or other payment which might be recoverable by any Transaction Party under the parties or any other person in the event of any breach of the Agreement or any claim thereunder nor as to whether any provision in the Agreement conferring or waiving a right of set-off or similar right would be effective against an administrator, a receiver, a liquidator or their equivalent or a creditor.

7.21 **Meaning of term "enforceable":** Our opinion as to the enforceability of the Agreement relates only to the enforceability in Hong Kong in circumstances where a Hong Kong court or arbitration tribunal has and accepts jurisdiction. The terms "enforceability", "enforceable", "enforcement" and "enforce" in this opinion refer to the legal character of the obligations assumed by the parties under the Agreement i.e. that they are of a type or character which under the laws of Hong Kong may be enforced or recognised. The terms do not address the extent to which a judgment obtained in a court outside Hong Kong would be enforceable in Hong Kong nor does it mean or imply that the Agreement will be enforced in all circumstances or in accordance with its terms or in any foreign jurisdictions or by or against the parties or that a particular remedy will be available. In particular and without limitation, the binding nature and enforceability of the Agreement is subject to limitations resulting from conflicts of laws, public policy, bankruptcy, insolvency, liquidation, moratorium, re-organisation, re-construction or other laws, regulations, orders or judgments affecting the rights of creditors generally (including, without limitation, laws relating to unfair preferences and fraudulent dispositions of property).

7.22 **Enforcement:** Without prejudice to paragraph 7.21 above, the enforcement of the rights and obligations of the parties to the Agreement:

(i) may be limited by provisions of Hong Kong law in respect of personal contractual capacity, undue influence, unconscionable dealing or inequality of bargaining power or other circumstances of unfair advantage;

(ii) may be limited by the provisions of the laws of Hong Kong applicable to agreements held to have been frustrated by events happening after their execution; and

(iii) may be invalidated by reason of fraud or misrepresentation.

7.23 **Provisions relating to deductions and withholdings:** A provision requiring payments to be made without deduction or withholding will not be enforced if a deduction or withholding is made pursuant to a legal obligation.

7.24 **Restriction on exercise of statutory power:** Under Hong Kong law, any provision of the Agreement which constitutes, or purports to constitute, a restriction on the exercise of any statutory power by any party thereto or other person may be ineffective.

7.25 **Mathematical formulae etc.:** We express no opinion as to the accuracy or appropriateness of any mathematical expressions or notation, formulae or ratio (or any definition used in any of the foregoing) contained in the Agreement.

7.26 **Trusts:** We express no opinion as to any provision of the Agreement to the extent it purports to declare or impose a trust in respect of any payments or assets received by any person.

7.27 **Restrictive covenants:** Any restrictive covenants in non-compete undertakings contained in the Agreement may not be enforceable under Hong Kong law as a matter of public policy in Hong Kong.

7.28 **Third party obligations:** We express no opinion as to whether any provision of the Agreement that purports to bind a person that is not a party to the Agreement is effective.

7.29 **Confidentiality**: Confidentiality obligations may be overridden by the requirements of legal process.

7.30 **Agent for service of process**: If a party to the agreement fails to maintain an agent for service of process in Hong Kong, it may be necessary for Hong Kong proceedings to be served on the defendant outside the jurisdiction and for this purpose the permission of the court (as to which the court has discretion) may have to be obtained.

Basic Law

8.1 The Basic Law of Hong Kong (the "**Basic Law**") provides that the laws of Hong Kong in force at 30 June 1997 are to be applied in Hong Kong only in so far as they are not declared by the Standing Committee of the National People's Congress of the People's Republic of China (the "**Standing Committee**") to contravene the Basic Law.

8.2 The Basic Law does not appear to include any provision which would be contravened by any Hong Kong law in force today and which is relevant to this opinion. However, the interpretation of the Basic Law is a matter for the Standing Committee and we express no opinion as to how it will act.

Assumptions

In giving this opinion we have assumed without further enquiry and with your consent:

9.1 the Transaction Parties and the Company are and at all times have been duly incorporated with limited liability and validly subsisting under the laws of their respective places of incorporation and have the legal capacity to sue and be sued in its own name.

9.2 the authenticity of all documents submitted to us as originals, the conformity with the originals thereof of all documents submitted to us as copies, and the authenticity of such originals;

9.3 the accuracy and completeness of all corporate minutes, resolutions, and records which we have seen;

9.4 that the Agreement constitutes, or will when executed constitute, legal, valid, binding and enforceable obligations of each of the Transaction Parties in accordance with its terms under all applicable laws and regulations (other than Hong Kong laws) which would or might have any implication in relation to the opinions expressed herein, whether as a matter of conflict of laws principles or otherwise, and that the Transaction Parties are able under the laws of the relevant jurisdictions to adopt Hong Kong law as the governing law of the Agreement;

9.5 that the Agreement (and all documents contemplated under the Agreement) has been duly authorised, executed and delivered by each of the Transaction Parties and that all authorisations, approvals, consents, licences and exemptions required and all other requirements imposed for the legality, validity and enforceability of the Agreement and the documents referred to therein (other than as required under Hong Kong law) have been obtained or fulfilled by each Transaction Party are and will remain in full force and effect and that any conditions to which they are subject have been satisfied;

9.6 the genuineness of all signatures and seals;

9.7 that the board of directors when passing the Company Resolution acted in good faith and having regard to all relevant matters reasonably and honestly believed that the execution, delivery and performance of the Agreement and any other documents referred to therein would be in the best interests and for the commercial benefit of the Company;

9.8 that the Company Resolution remains in full force and effect and have not been rescinded, either in whole or in part; that such resolutions accurately record the resolutions adopted by the board of directors; that there is no matter which would adversely affect the validity or regularity of the resolutions contained therein;

9.9 that any and all representations of fact expressed in or implied by the Agreement and any other documents referred to therein we have examined are accurate and remain accurate up to the date of this opinion;

9.10 that none of the Transaction Parties were insolvent or unable or had no reasonable prospects of being able to pay its or his debts within the meaning of the Companies Ordinance or the Bankruptcy Ordinance (Cap. 6 of the Laws of Hong Kong) (as the case may be) at the time it entered into any Transaction Document and any other documents referred to therein and none of them will be rendered insolvent or unable or having no reasonable prospects of being able to pay its or his debts by entering into the Agreement or any other documents referred to therein;

9.11 that all parties to the Agreement were at the time of entering into the Agreement and have at all times since entering into the Agreement been validly incorporated, in good standing and have the power and authority to enter into the Agreement and perform the obligations thereunder;

9.12 that there is no other document or information (other than those documents as referred to in paragraph 2 of this opinion) which would have any implication in relation to the opinions expressed herein;

9.13 that there are no provisions of the laws or regulations of any jurisdiction outside Hong Kong which would be contravened by the execution or delivery of or performance of obligations under the Agreement or which would or might have any implication in relation to the opinions expressed herein;

9.14 all undertakings, representations and warranties provided in the Agreement are in fact true and accurate in every respect and remain true and accurate in every respect;

9.15 the lack of bad faith and absence of improper purpose on the part of any parties to the Agreement and the documents referred to therein, their respective directors, officers, employees, agents and advisers;

9.16 that the contractual arrangements effected pursuant to the Agreement are not capable of being avoided by virtue of the existence of any incapacity, duress, misrepresentation, fraud, illegality, undue influence or mistake of fact which relates to the Agreement;

9.17 that all documents examined by us remain and will remain in the form examined by us, without revocation, amendment or supplement (whether in writing or otherwise);

9.18 the absence of any other arrangements between the Transaction Parties and any other documents referred to therein which modify or supersede any of the proposed terms thereof; and

9.19 that the arrangements under the Agreement do not form part of a wider transaction or series of transactions resulting in the giving of financial assistance for the acquisition of shares of a Hong Kong company, within the meaning of Division 5 of Part 5 of the Companies Ordinance (Cap 622 of the Laws of Hong Kong).

The making of each of the above assumptions indicates that we have assumed that each matter the subject of each assumption is true, correct and complete. That we have made an assumption in this opinion does not imply that we have made any enquiry to verify any assumption or are not aware of any circumstance that might affect the correctness of any assumption. No assumption specified above is limited by reference to any other assumption.

Limits on this Opinion

For the purpose of this opinion, we do not express or imply any opinion herein as to the laws of any jurisdiction other than Hong Kong. This opinion:

10.1 is limited to the matters stated in it and no opinion is implied or may be inferred beyond the matters expressly stated;

10.2 is limited to the laws of Hong Kong (including any relevant legislation in Hong Kong) as at the date hereof;

10.3 is addressed to you and may be relied upon by you only;

10.4 may not be disclosed by you to any other person (save for your adviser), or used or relied upon by in whole or in part by, any other person; and

10.5 may not, save as required by law or regulation, be filed with any governmental agency or authority or quoted or referred to in a public document without our prior written consent.

[**Remainder of page intentionally left blank**]

Yours faithfully,

Exhibit 4.37

Execution Version

Equity Transfer Agreement
in respect of Shenzhen Diyixian Communication Co., Ltd.

This Agreement was made by the following parties in Beijing on 8 AUGUST 2014.

Party A (Anlai): Beijing Anlai Information Communication Technology Co., Ltd.

Legal Representative: WANG Lu Ning

Domicile: Room 1172, 11/F, Jingan Centre, No.8 East Road, North 3rd Ring Road, Chaoyang District, Beijing, China

Party B (Transferee): Langfang Xunchi Computer Data Processing Co., Ltd.

Legal Representative: Li Heyang

Domicile: No.3 Commercial Building, Yangguang Jiahe Community, Langfang Development Zone

Party C (Target Company): Shenzhen Diyixian Communication Co., Ltd.

Legal Representative: Zhou Ping

Domicile: Room 2201, Tower A, Shenfang Square, Renmin South Road, Luohu District, Shenzhen

Each **"A Party"**, together **"The Parties"**.

Whereas:

1 Party A and Diyixian.com Limited jointly established the Shenzhen Diyixian Communication Co. Ltd (hereinafter referred to as the "Shenzhen Diyixian" or "Target Company") in Shenzhen City on December 14, 2007, which was a joint venture operated by Party A and Diyixian.com Limited and with the registered capital of RMB 20 million yuan; As at the date hereof, Party A holds a 50% stake in Shenzhen Diyixian and Diyixian.com Limited holds a 50% stake in Shenzhen Diyixian, and the registered capital of RMB 20 million yuan subscribed by Party A and Diyixian.com Limited has been paid in full.

2 Party A agrees to transfer the 50% equities of Shenzhen Diyixian held by it ("Target Equities") to Party B and Party B agrees to accept the above mentioned equities;

The Parties, in the principle of equality and voluntariness, honesty and good faith, enter into this agreement through friendly negotiation in accordance with the Company Law, the Contract Law and other relevant laws and regulations in order to fulfil it in good faith.

Article 1 Target Equities

The Target Equities under this Agreement are 50% equities of Shenzhen Diyixian currently held by Party A and their corresponding shareholders' rights and obligations.

Article 2 Conditions of Completion

The Parties agree that the conditions of completion include but not limited to:

2.1 Target Company and Party A have obtained all the internal approval, consent or authorization for the execution and completion of this transaction, and Target Company and Party A have provided Party C the resolution of the general meeting which clearly expresses that all shareholders agree to transfer the 50% stake of Target Company held by Party A, including the consent or waiver from other rights owners needed for the execution and completion of this transaction (if necessary);

2.2 This Agreement has been approved by MOFCOM or its relevant branch office;

2.3 Articles of Association of the Target Company has been modified as instructed by Party B and the said Articles has been registered with the Administration of Industry and Commerce;

2.4 All the legal documents of the changes of equities of the Target Company necessary for the registration with the administration of the industry of commerce have been completed, and unless otherwise specifically instructed, the said legal documents include those necessary for the registration with the administration of the industry of commerce in relation to the Articles amendment proposal or the amended Articles, the changes of the legal representative, directors, supervisors, senior management personnel as well as other related matters.

2.5 The State Administration of Foreign Exchange Shenzhen branch ("SAFE") has accepted the application in relation to the changes of the equities and the legal representative of the Target Company, and provide to Party B the notice of acceptance of the changes of the equities and the legal representative;

2.6 Shenzhen Department of Industry and Information Technology and other administrative authorities having powers to approve the license for value-added telecom business operation have accepted application in relation to the changes of the equities and/or the legal representative of the Target Company, and provide to Party B the notice of acceptance of the changes of the equities and the legal representative;

2.7 There are no laws, regulations, order, ruling or judgment or ruling ban from court or any competent government authorities that limit, prohibit or cancel the transfer of the Target Equities, nor there are or will be any threatening or pending litigation, lawsuit or arbitration against Party A and the Target Company.

2.8 The statements, warranties, representations and guarantees under Article 6 of this agreement made by Party A and the Target Company shall remain materially true, complete and accurate.

Article 3 Completion Date

Unless otherwise agreed, the completion date is August 31, 2014 or the date on which the actual payment of the acquisition consideration is paid within 7 business days after the completion conditions set out in Article 2 of this Agreement are fully satisfied (or exempted in accordance with this Agreement by Party B), whichever is later.

Article 4 Equity Transfer Consideration

The equity transfer consideration of the Target Equities was determined based on the 50% of the net asset value of Target Company as of June 30, 2014, the said consideration being RMB 9,105,254.

Article 5 The Payment and Conditions of the Equity Transfer Consideration

5.1 Under the prerequisite that the completion conditions under this Agreement are fully satisfied or exempted by Party B, Party B shall, within 7 business days immediately after that, pay the acquisition consideration for the 50% equities of the Target Company into bank account designated by Party A, and the specific consideration shall be the agreed amount under Article 4, and the consideration shall be paid in RMB.

5.2 If Party B fails to pay Party A in full the equity transfer consideration of the 50% equities of the Target Company within the period agreed in the above Article 5.1, Party B shall pay Party A the overdue punishment according to the 5/10,000 of the unpaid transfer consideration each day and Party A shall be entitled to terminate this Agreement. The liability for breach agreed in this paragraph for overdue payment also extends to the payment obligations of Party B and its associated parties under the relevant agreements.

Article 6 Party A to the best of its knowledge, the following undertakings and warranties to Party B

6.1 Target Company is an independent legal entity which is lawfully incorporated and validly existing in accordance with the relevant laws and regulations of the People’s Republic of China, and has a good reputation and has all necessary corporate and legal rights for its business operation activities and for bearing of several liabilities in relation to the assets under its operation and management;

6.2 Party A lawfully holds 50% of the equities of the Target Company; there is no any mortgage, pledge, lien, option, claims, the pre-emption right or any other encumbrances created over the equities of the Target Company; Party A shall be entitled to sign this Agreement, and shall be entitled to assign its owned 50% stake of the Target Company to Party B;

6.3 The execution, delivery and performance of this Agreement by Party A does not and will not violate any currently valid laws, regulations, rules, licensing, authorizing, orders, writs, judgment, injunction, instruction, decision or arbitration or any regulations of the business license of the Target Company applicable to Party A or Target Company, nor does it constitute any breach or default to any agreements or rules;

6.4 As of the completion date of this Agreement Party A has obtained all necessary approvals, permits and authorization and is entitled to transfer the 50% equity rights of the Target Company as per the terms and conditions contemplated under this Agreement to Party B.

6.5 As of the completion date of this Agreement, the value-added telecommunication business operated by the Target Company has not been punished by relevant administrations.

6.6 As of the completion date of this Agreement, there is no pending litigation, arbitration or other legal proceedings against Target Company, nor is there any unperformed judgment or court orders against Target Company;

6.7 As of the completion date of this Agreement, the Target Company has good, valid and transferable ownership right over all the assets it has alleged to have owned regardless tangible or intangible without encumbrance on such properties and assets;

6.8 As of the completion date of this Agreement, the Target Company has disclosed all of its liabilities and obligations of any nature inclusive of possible liabilities for which Party A shall be liable in case of any.

6.9 As of the completion date of this Agreement, Target Company has not had any taxes payable due to violating the relevant laws and regulations including the national tax and accounting laws, and has not been subject to any such punishment accordingly;

6.10 As of the completion date of this Agreement, the Target Company has not provided to any other party of any security including without limitation guarantee, charge, pledge or third party interest;

6.11 Within 6 months of the signing of this agreement, Party A shall procure Target Company to complete the handling of the required business qualifications, certificates, and complete the update and filing procedure in accordance with national laws, regulations, rules and requirements.

Article 7 Party B's Undertakings and Warranties

7.1 The execution, delivery and performance of this Agreement by Party B does not and will not violate any currently valid laws, regulations, rules, licensing, authorizing, orders, writs, judgment, injunction, instruction, decision or arbitration or any regulations of the business license of Party B applicable to Party B, nor does it constitute any breach or default to any agreements or rules.

7.2 Party B has obtained all necessary approvals, permits and authorizations in relation to the transfer of the Target Equities, and has the right to accept the proposed transferred equities of Target Company in accordance with the conditions agreed under this Agreement and the relevant laws and regulations.

7.3 Party B shall pay Party A the transfer consideration of all equities in accordance with the agreed amount, time and method of payment under this Agreement.

Article 8 The Registration with the Administration of Industry and Commerce and SAFE in respect of the Changes

Target Company shall be responsible for the formalities of the registration with the administration of industry and commerce and SAFE in respect of the Changes, and Party A, and Party B shall give necessary assistance and coordination.

Article 9 Notice

9.1 Means of Notice

Any notice or other correspondence ("Notice") under or in relation to this Agreement shall:

(1) be in writing;

(2) be in Chinese and English; and

(3) Be delivered by hand, post, courier with good reputation or fax to the recipient's address or fax No. set out in paragraph (4) of Article 9.2.

9.2 Deemed Service of Notice

Unless there is evidence that the relevant notice has been received at earlier time, each notice shall be deemed to be served by the following:

(1) if delivered by hand, at the time when the notice is left at the address under paragraph (4) of this Article;

(2) if sent by DHL or the similar courier, 7 working days after being sent;

(3) If sent by fax, at the time of transmission which is confirmed by the facsimile.

(4) Address and fax No.

Parties	Recipient's address	Fax No.	Designated recipient
Party A	13/F, Da Xin Building, 538 De Zheng Bei Road, Yue Xiu District, Guangzhou, Guang Dong, China	(8620) 8371 3055	Linda Xu
Party B	Building M5, No. 1 of Jiuxiaoqiao East Road, Chaoyang District, Beijing	(010) 8456 4234	Yang Liwei

Article 10 No Transfer

Under this Agreement, neither Party shall transfer to any third party any of its rights or obligations under this Agreement without the consent of the counterparts.

Article 11 Termination

Each Party shall be entitled to terminate this Agreement and the relevant agreements under any of the following cases, providing that if the termination is caused by a breach of this Agreement by a party, the breaching party shall have no right to terminate this Agreement:

11.1 Except being exempted by Party B, the prerequisite conditions to the completion under Article 2 of this Agreement are not satisfied within three (3) months from the date of this Agreement;

11.2 Any major breach of this agreement by Party A or Party B, including but not limited to any major breach of the statement, undertakings, representations and warranties under this agreement or the failure to pay any monies on the date due;

11.3 The proposed acquisition of shares under this Agreement is ordered or required to stop by any governmental authorities or authorities which have such powers;

11.4 In accordance with above Article 11, where this agreement is rescinded or terminated, the parties shall make every effort to make the matters agreed in this Agreement resume to the situation before the coming into force of this Agreement; the stipulation of this provision shall not be construed as that one party has the right to obtain compensation due to the breach of this Agreement by the other Party.

Article 12 Confidentiality

12.1 All the terms of this Agreement and the Agreement itself are confidential. Each Party shall not disclose the confidential information to any third party except officers, directors, employees, agents and professional consultants who are related to the project which this Agreement is involved in, provided that it is necessary for such persons to know about this Agreement and the related information; it is excluded that each Party, as required by laws or any applicable stock exchange, needs to disclose information related to this Agreement to the governments, public or shareholders or submit this document to the relevant organs for registration.

12.2 This Article shall have legal effect no matter whether this Agreement is amended, rescinded or terminated.

Article 13 Liability for Breach

If either Party violates this agreement, and makes other Parties bear any costs, liabilities or suffer any loss, the defaulting party shall compensate to the non-defaulting Parties in relation to such costs, liabilities or losses (including but not limited to interest and attorney's fees paid or suffered due to the breach). The compensation amount paid by the defaulting party to the non-defaulting parties shall be the same as the losses suffered by the non-defaulting parties due to the breach; the above compensation includes the benefits that should be obtained by the non-defaulting parties due to their performance of this Agreement.

Article 14 Applicable Laws and Dispute Settlement

14.1 This Agreement shall be governed by Chinese laws.

14.2 Any dispute, controversy, claim or difference of any kind whatsoever arising out of, relating to or in connection with this Agreement, or the breach, termination or invalidity hereof (including the validity, scope and enforceability of this arbitration provision) (a "Dispute") shall first be attempted to be resolved through discussions and consultations between the parties in good faith for a period of 30 days after written notice has been sent by any party to the other party or parties, as applicable (the "Consultation Period"). If the Dispute remains unresolved upon expiration of the Consultation Period, any party may in its sole discretion elect to submit the matter to arbitration with notice to the other applicable party or parties (the "Arbitration Notice"). The arbitration shall be conducted in Hong Kong and shall be administered by the Hong Kong International Arbitration Centre ("HKIAC") in accordance with the Rules of Arbitration of the International Chamber of Commerce in force at the time of the commencement of the arbitration. However, if such rules are in conflict with the provisions of this Article 14.2, including the provisions concerning the appointment of arbitrators, the provisions of this Article 14.2 shall prevail. There shall be three arbitrators for any such arbitration. The submitting party/parties shall nominate one arbitrator, and the responding party/parties shall nominate

one arbitrator, in each case within 15 days after the date of the Arbitration Notice, for confirmation by the HKIAC. Both arbitrators shall agree on the third arbitrator within 30 days thereafter. Should either party fail to appoint an arbitrator or should the two arbitrators fail, within such 30-day period, to reach agreement on the third arbitrator, such third arbitrator shall be appointed by the HKIAC. The third arbitrator will act as the presiding arbitrator of the arbitration tribunal. The language of the arbitration shall be English, and all documentation to be submitted to and reviewed by the arbitrators shall be in the English language. Each party shall be responsible for translating into English any document that is not originally in that language. Each party shall cooperate with the other parties in making full disclosure of and providing complete access to all information and documents requested by the other parties in connection with such arbitration proceedings, subject only to any confidentiality obligations binding on such party. The costs of arbitration shall be borne by the losing party, unless otherwise determined by the arbitration award. When any Dispute occurs and when any Dispute is under arbitration, except for the matters under Dispute, the parties shall continue to fulfil their respective obligations and shall be entitled to exercise their rights under this Agreement. The arbitration award shall be final and binding upon the parties hereto. The parties agree that any arbitration award rendered in accordance with the provisions of this Article 14.2 may be enforced by any court having jurisdiction over the parties or over the parties' assets wherever the same may be located. The parties hereby exclude any right of appeal to any court which might otherwise have jurisdiction in the matter. Any party to a Dispute shall be entitled to seek temporary or preliminary injunctive relief from any court of competent jurisdiction pending the constitution of an arbitral tribunal.

Article 15 General Terms

15.1 The amendments to this Agreement shall be made in writing, and shall come into force after signature by the Parties or the representatives of the parties.

15.2 If a Party fails to exercise or delays in exercising the right or remedy under this Agreement or laws, it will not harm or waive a right or remedy, nor will it harm or waive other rights or remedies. A single or partial exercise of a right does not prevent another or further exercise of that or another right or remedy.

15.3 The rights and remedies of the parties in this agreement are cumulative and are not exclusive of any other rights, or remedies provided by law.

15.4 This Agreement is binding on any successors of each Party of this Agreement.

15.5 If any provision of this agreement is invalid, illegal or unenforceable, it shall not to affect the continuing validity of other provisions of this Agreement.

Article 16 Miscellaneous

16.1 All taxes involved in the transfer of equities were borne respectively by both Party A and Party B in accordance with the stipulations of laws and regulations.

16.2 Matters not covered in this Agreement shall be consulted by the Parties. If the supplemental agreement needs to signed, the supplemental agreement shall have the same legal effect as this Agreement. If there is inconstancy between a supplementary agreement and this Agreement, the contents of the supplemental agreement shall prevail. This Agreement is written in English and Chinese. The Chinese version shall prevail if there is any discrepancy between these two versions.

16.3 This Agreement shall in quintuplicate, each copy shall have the same legal effect. Either Party holds one copy.

(The remained of this page is left blank)

The following pages are left blank, just for signature by Beijing Anlai Information Communication Technology Co., Ltd., Shenzhen Diyixian Communication Co., Ltd. and Langfang Xunchi Computer Data Processing Co., Ltd.)

甲方：北京安莱信息通信技术有限公司

Party A: Beijing Anlai Information Communication Technology Co., Ltd.

法定代表人/授权代表：

Legal representative/authorized reprehensive: WANG LU NING

乙方：廊坊迅驰计算机数据处理有限公司

Party B: Langfang Xunchi Computer Data Processing Co., Ltd.

法定代表人/授权代表：_____

Legal representative/authorized reprehensive:_____

乙方：深圳第一线通信有限公司

Shenzhen Diyixian Communication Co., Ltd.

法定代表人/授权代表：_____

Legal representative/authorized reprehensive: ZHOU PING

21Vianet Group, Inc.

2014 SHARE INCENTIVE PLAN

(Adopted on May 29, 2014 and amended on April 1, 2015 by the board of directors)

ARTICLE 1

PURPOSE

The purpose of the 21Vianet Group, Inc. Share Incentive Plan (the "Plan") is to promote the success and enhance the value of 21Vianet Group, Inc., a company formed under the laws of the Cayman Islands (the "Company") by linking the personal interests of the members of the Board, Employees, and Consultants to those of the Company's shareholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to the Company's shareholders. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of members of the Board, Employees, and Consultants upon whose judgment, interest, and special effort the successful conduct of the Company's operation is largely dependent.

ARTICLE 2

DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan, they shall have the meanings specified below unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates, and vice versa.

2.1 "Applicable Laws" means the legal requirements relating to the Plan and the Awards under applicable provisions of the corporate, securities, tax and other laws, rules, regulations and government orders, and the rules of any applicable stock exchange or national market system, of any jurisdiction applicable to Awards.

2.2 "Award" means an Option, Restricted Share or Restricted Share Units award granted to a Participant pursuant to the Plan.

2.3 "Award Agreement" means any written agreement, contract, or other instrument or document evidencing an Award, including through electronic medium.

2.4 "Board" means the board of directors of the Company.

2.5 "Change of Control" means a change in ownership or control of the Company after the Registration Date effected through either of the following transactions:

(a) the direct or indirect acquisition by any person or related group of persons (other than an acquisition from or by the Company or by a Company-sponsored employee benefit plan or by a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities pursuant to a tender or exchange offer made directly to the Company's shareholders which a majority of the Incumbent Board (as defined below) who are not affiliates or associates of the offeror under Rule 12b-2 promulgated under the Exchange Act do not recommend such shareholders accept; or

(b) the individuals who, as of the Effective Date, are members of the Board (the "Incumbent Board"), cease for any reason to constitute at least fifty percent (50%) of the Board; provided that if the election, or nomination for election by the Company's shareholders, of any new member of the Board is approved by a vote of at least fifty percent (50%) of the Incumbent Board, such new member of the Board shall be considered as a member of the Incumbent Board.

2.6 "Code" means the Internal Revenue Code of 1986 of the United States, as amended.

2.7 "Committee" means the committee of the Board described in Article 9.

2.8 "Consultant" means any consultant or adviser if: (a) the consultant or adviser renders bona fide services to a Service Recipient; (b) the services rendered by the consultant or adviser are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities; and (c) the consultant or adviser is a natural person who has contracted directly with the Service Recipient to render such services.

2.9 "Corporate Transaction" means any of the following transactions, provided, however, that the Committee shall determine under (d) and (e) whether multiple transactions are related, and its determination shall be final, binding and conclusive:

(a) an amalgamation, arrangement or consolidation or scheme of arrangement in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the jurisdiction in which the Company is incorporated;

(b) the sale, transfer or other disposition of all or substantially all of the assets of the Company;

(c) the complete liquidation or dissolution of the Company;

(d) any reverse takeover or series of related transactions culminating in a reverse takeover (including, but not limited to, a tender offer followed by a reverse takeover) in which the Company is the surviving entity but (A) the equity securities of the Company outstanding immediately prior to such takeover are converted or exchanged by virtue of the takeover into other property, whether in the form of securities, cash or otherwise, or (B) in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such takeover or the initial transaction culminating in such takeover, but excluding any such transaction or series of related transactions that the Committee determines shall not be a Corporate Transaction; or

(e) acquisition in a single or series of related transactions by any person or related group of persons (other than the Company or by a Company-sponsored employee benefit plan) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities but excluding any such transaction or series of related transactions that the Committee determines shall not be a Corporate Transaction.

2.10 "Disability" means that the Participant qualifies to receive long-term disability payments under the Service Recipient's long-term disability insurance program, as it may be amended from time to time, to which the Participant provides services regardless of whether the Participant is covered by such policy. If the Service Recipient to which the Participant provides service does not have a long-term disability plan in place, "Disability" means that a Participant is unable to carry out the responsibilities and functions of the position held by the Participant by reason of any medically determinable physical or mental impairment for a period of not less than ninety (90) consecutive days. A Participant will not be considered to have incurred a Disability unless he or she furnishes proof of such impairment sufficient to satisfy the Committee in its discretion.

2.11 “Effective Date” shall have the meaning set forth in Section 10.1.

2.12 “Employee” means any person, including an officer or member of the Board of the Company or any Subsidiary of the Company, who is in the employment of a Service Recipient, subject to the control and direction of the Service Recipient as to both the work to be performed and the manner and method of performance. The payment of a director’s fee by a Service Recipient shall not be sufficient to constitute “employment” by the Service Recipient.

2.13 “Exchange Act” means the Securities Exchange Act of 1934 of the United States, as amended.

2.14 “Fair Market Value” means, as of any date, the value of Shares determined as follows:

(a) If the Shares are listed on one or more established stock exchanges or national market systems, including without limitation, The New York Stock Exchange and The Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such shares (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the Shares are listed (as determined by the Committee) on the date of determination (or, if no closing sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported), as reported in The Wall Street Journal or such other source as the Committee deems reliable;

(b) If the Shares are regularly quoted on an automated quotation system (including the OTC Bulletin Board) or by a recognized securities dealer, its Fair Market Value shall be the closing sales price for such shares as quoted on such system or by such securities dealer on the date of determination, but if selling prices are not reported, the Fair Market Value of a Share shall be the mean between the high bid and low asked prices for the Shares on the date of determination (or, if no such prices were reported on that date, on the last date such prices were reported), as reported in The Wall Street Journal or such other source as the Committee deems reliable; or

(c) In the absence of an established market for the Shares of the type described in (a) and (b), above, the Fair Market Value thereof shall be determined by the Committee in good faith and in its discretion by reference to (i) the placing price of the latest private placement of the Shares and the development of the Company’s business operations and the general economic and market conditions since such latest private placement, (ii) other third party transactions involving the Shares and the development of the Company’s business operation and the general economic and market conditions since such sale, (iii) an independent valuation of the Shares, or (iv) such other methodologies or information as the Committee determines to be indicative of Fair Market Value and relevant.

2.15 “Incentive Share Option” means an Option that is intended to meet the requirements of Section 422 of the Code or any successor provision thereto.

2.16 “Independent Director” means (i) before the Shares or other securities representing the Shares are listed on a stock exchange, a member of the Board who is not an Employee of the Company; and (ii) after the Shares or other securities representing the Shares are listed on a stock exchange, a member of the Board who meets the independence standards under the applicable corporate governance rules of such stock exchange.

2.17 “Non-Qualified Share Option” means an Option that is not intended to be an Incentive Share Option.

2.18 “Option” means a right granted to a Participant pursuant to Article 5 of the Plan to purchase a specified number of Shares at a specified price during specified time periods. An Option may be either an Incentive Share Option or a Non-Qualified Share Option.

2.19 “Participant” means a person who, as a member of the Board, Consultant or Employee, has been granted an Award pursuant to the Plan.

2.20 "Parent" means a parent corporation under Section 424(e) of the Code.

2.21 "Plan" means this 2014 Share Incentive Plan, as it may be amended from time to time.

2.22 "Related Entity" means any business, corporation, partnership, limited liability company or other entity in which the Company or a Subsidiary of the Company holds a substantial ownership interest, directly or indirectly, but which is not a Subsidiary and which the Board designates as a Related Entity for purposes of the Plan.

2.23 "Restricted Share" means a Share awarded to a Participant pursuant to Article 6 that is subject to certain restrictions and may be subject to risk of forfeiture.

2.24 "Restricted Share Unit" means the right granted to a Participant pursuant to Article 6 to receive a Share at a future date.

2.25 "Securities Act" means the Securities Act of 1933 of the United States, as amended.

2.26 "Service Recipient" means the Company, any Subsidiary of the Company and any Related Entity to which a Participant provides services as an Employee, a Consultant or a Director.

2.27 "Share" means the Class A Ordinary Shares of the Company, par value 0.00001 per share, and such other securities of the Company that may be substituted for Shares pursuant to Article 8.

2.28 "Subsidiary" means any corporation or other entity of which a majority of the outstanding voting shares or voting power is beneficially owned directly or indirectly by the Company. For purposes of this Plan, Subsidiary shall also include any consolidated variable interest entities of the Company.

2.29 "Trading Date" means the closing of the first sale to the general public of the Shares pursuant to an effective registration statement under applicable laws, which results in the Shares being publicly traded on one or more established stock exchanges or national market systems.

ARTICLE 3

SHARES SUBJECT TO THE PLAN

3.1 Number of Shares.

(a) Subject to the provisions of Article 8 and Section 3.1(b), the maximum aggregate number of Shares that may be issued pursuant to all Awards (including Incentive Share Options) is 21,888,624 Shares (such number, the "Maximum Number"); provided, however, if, after the Effective Date, the Company issues any new Shares, such Maximum Number should be automatically increased by a number that is equal to 15% of the number of new Shares issued by the Company from time to time. In addition, to the extent that the Company repurchases its Shares (including without limitation, Shares represented by ADSs), the Company's Board is expressly authorized, but not obligated, to increase the Maximum Number by the number of, or a portion of, the Shares the Company has repurchased. The forgoing provision applies to Shares repurchased by the Company since January 1, 2014. The Options granted using Shares repurchased and then reserved pursuant to the foregoing provision shall be considered Non-Qualified Share Options.

(b) To the extent that an Award terminates, expires, or lapses for any reason, any Shares subject to the Award shall again be available for the grant of an Award pursuant to the Plan. To the extent permitted by Applicable Laws, Shares issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form or combination by the Company or any Subsidiary of the Company shall not be counted against Shares available for grant pursuant to the Plan. Shares delivered by the Participant or withheld by the Company upon the exercise of any Award under the Plan, in payment of the exercise price thereof or tax

withholding thereon, may again be optioned, granted or awarded hereunder, subject to the limitations of Section 3.1(a). If any Restricted Shares are forfeited by the Participant or repurchased by the Company, such Shares may again be optioned, granted or awarded hereunder, subject to the limitations of Section 3.1(a). Notwithstanding the provisions of this Section 3.1(b), no Shares may again be optioned, granted or awarded if such action would cause an Incentive Share Option to fail to qualify as an incentive share option under Section 422 of the Code.

3.2 Shares Distributed. Any Shares distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares, treasury shares (subject to Applicable Laws) or Shares purchased on the open market. Additionally, in the discretion of the Committee, American Depository Shares in an amount equal to the number of Shares which otherwise would be distributed pursuant to an Award may be distributed in lieu of Shares in settlement of any Award. If the number of Shares represented by an American Depository Share is other than on a one-to-one basis, the limitations of Section 3.1 shall be adjusted to reflect the distribution of American Depository Shares in lieu of Shares.

ARTICLE 4

ELIGIBILITY AND PARTICIPATION

4.1 Eligibility. Persons eligible to participate in this Plan include Employees, Consultants, and all members of the Board, as determined by the Committee.

4.2 Participation. Subject to the provisions of the Plan, the Committee may, from time to time, select from among all eligible individuals, those to whom Awards shall be granted and shall determine the nature and amount of each Award. No individual shall have any automatic right to be granted an Award pursuant to this Plan.

4.3 Jurisdictions. In order to assure the viability of Awards granted to Participants employed in various jurisdictions, the Committee may provide for such special terms as it may consider necessary or appropriate to accommodate differences in local law, tax policy, or custom applicable in the jurisdiction in which the Participant resides or is employed. Moreover, the Committee may approve such supplements to, or amendments, restatements, or alternative versions of, the Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the Plan as in effect for any other purpose; *provided*, *however*, that no such supplements, amendments, restatements, or alternative versions shall increase the share limitations contained in Section 3.1 of the Plan. Notwithstanding the foregoing, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate any Applicable Laws.

ARTICLE 5

OPTIONS

5.1 General. Subject to Article 9, the Committee is authorized to grant Options to Participants on the following terms and conditions:

(a) Exercise Price. The exercise price per Share subject to an Option shall be determined by the Committee and set forth in the Award Agreement and may be a fixed or variable price related to the Fair Market Value of the Shares. The exercise price per Share subject to an Option may be amended or adjusted in the absolute discretion of the Committee, the determination of which shall be final, binding and conclusive. For the avoidance of doubt, to the extent not prohibited by Applicable Laws, a downward adjustment of the exercise prices of Options mentioned in the preceding sentence shall be effective without the approval of the Company’s shareholders or the approval of the affected Participants.

(b) Time and Conditions of Exercise. The Committee shall determine the time or times at which an Option may be exercised in whole or in part, including exercise prior to vesting; *provided* that the term of any Option granted under the Plan shall not exceed ten years, except as provided in Section 11.1. The Committee shall also determine the conditions, if any, that must be satisfied before all or part of an Option may be exercised.

(c) Payment. The Committee shall determine the methods by which the exercise price of an Option may be paid, the form of payment, including, without limitation (i) cash or check denominated in U.S. Dollars, (ii) to the extent permissible under the Applicable Laws, cash or check in Chinese Renminbi, (iii) cash or check denominated in any other local currency as approved by the Committee, (iv) Shares held for such period of time as may be required by the Committee in order to avoid adverse financial accounting consequences and having a Fair Market Value on the date of delivery equal to the aggregate exercise price of the Option or exercised portion thereof, (v) after the Trading Date the delivery of a notice that the Participant has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price; *provided* that payment of such proceeds is then made to the Company upon settlement of such sale, (vi) other property acceptable to the Committee with a Fair Market Value equal to the exercise price, (vii) cashless exercise; or (viii) any combination of the foregoing. Notwithstanding any other provision of the Plan to the contrary, no Participant who is a member of the Board or an "executive officer" of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to pay the exercise price of an Option in any method which would violate Section 13(k) of the Exchange Act.

(d) Evidence of Grant. All Options shall be evidenced by an Award Agreement between the Company and the Participant. The Award Agreement shall include such additional provisions as may be specified by the Committee.

5.2 Incentive Share Options. Incentive Share Options may be granted to Employees of the Company or of a Subsidiary of the Company. Incentive Share Options may not be granted to Employees of a Related Entity or to Independent Directors or Consultants. The terms of any Incentive Share Options granted pursuant to the Plan, in addition to the requirements of Section 5.1, must comply with the following additional provisions of this Section 5.2:

(a) Expiration of Option. An Incentive Share Option may not be exercised to any extent by anyone after the first to occur of the following events:

(i) Ten years from the date it is granted, unless an earlier time is set in the Award Agreement;

(ii) Three months after the Participant's termination of employment as an Employee; and

(iii) Upon the Participant's Disability or death, subject to Sections 7.2 and 7.3.

(b) Individual Dollar Limitation. The aggregate Fair Market Value (determined as of the time the Option is granted) of all Shares with respect to which Incentive Share Options are first exercisable by a Participant in any calendar year may not exceed $100,000 or such other limitation as imposed by Section 422(d) of the Code, or any successor provision. To the extent that Incentive Share Options are first exercisable by a Participant in excess of such limitation, the excess shall be considered Non-Qualified Share Options.

(c) Ten Percent Owners. An Incentive Share Option shall be granted to any individual who, at the date of grant, owns Shares possessing more than ten percent of the total combined voting power of all classes of shares of the Company only if such Option is granted at a price that is not less than 110% of Fair Market Value on the date of grant and the Option is exercisable for no more than five years from the date of grant.

(d) Transfer Restriction. The Participant shall give the Company prompt notice of any disposition of Shares acquired by exercise of an Incentive Share Option within (i) two years from the date of grant of such Incentive Share Option or (ii) one year after the transfer of such Shares to the Participant.

(e) Expiration of Incentive Share Options. No Award of an Incentive Share Option may be made pursuant to this Plan after the tenth anniversary of the Effective Date.

(f) Right to Exercise. During a Participant's lifetime, an Incentive Share Option may be exercised only by the Participant.

ARTICLE 6

RESTRICTED SHARES

6.1 Grant of Restricted Shares. Subject to Article 9, the Committee is authorized to make Awards of Restricted Shares to any Participant selected by the Committee in such amounts and subject to such terms and conditions as determined by the Committee. All Awards of Restricted Shares shall be evidenced by an Award Agreement.

6.2 Issuance and Restrictions. Restricted Shares shall be subject to such restrictions on transferability and other restrictions as the Committee may impose (including, without limitation, limitations on the right to vote Restricted Shares or the right to receive dividends on the Restricted Share). These restrictions may lapse separately or in combination at such times, pursuant to such circumstances, in such installments, or otherwise, as the Committee determines at the time of the grant of the Award or thereafter.

6.3 Forfeiture/Repurchase. Except as otherwise determined by the Committee at the time of the grant of the Award or thereafter, upon termination of employment or service during the applicable restriction period, Restricted Shares that are at that time subject to restrictions shall be forfeited or repurchased in accordance with the Award Agreement; *provided*, *however*, the Committee may (a) provide in any Restricted Share Award Agreement that restrictions or forfeiture and repurchase conditions relating to Restricted Shares will be waived in whole or in part in the event of terminations resulting from specified causes, and (b) in other cases waive in whole or in part restrictions or forfeiture and repurchase conditions relating to Restricted Shares.

6.4 Certificates for Restricted Shares. Restricted Shares granted pursuant to the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing Restricted Shares are registered in the name of the Participant, certificates must bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Shares, and the Company may, at its discretion, retain physical possession of the certificate until such time as all applicable restrictions lapse.

6.5 Restricted Share Units. The Committee is authorized to make Awards of Restricted Share Units to any Participant selected by the Committee in such amounts and subject to such terms and conditions as determined by the Committee. At the time of grant, the Committee shall specify the date or dates on which the Restricted Share Units shall become fully vested and nonforfeitable, and may specify such conditions to vesting as it deems appropriate. At the time of grant, the Committee shall specify the maturity date applicable to each grant of Restricted Share Units which shall be no earlier than the vesting date or dates of the Award and may be determined at the election of the grantee. On the maturity date, the Company shall, subject to Sections 7.4 and 7.5, transfer to the Participant one unrestricted, fully transferable Share for each Restricted Share Unit scheduled to be paid out on such date and not previously forfeited.

ARTICLE 7

PROVISIONS APPLICABLE TO AWARDS

7.1 Award Agreement. Awards under the Plan shall be evidenced by Award Agreements that set forth the terms, conditions and limitations for each Award which may include the term of an Award, the provisions applicable in the event the Participant's employment or service terminates, and the Company's authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an Award.

7.2 Limits on Transfer. No right or interest of a Participant in any Award may be pledged, encumbered, or hypothecated to or in favor of any party other than the Company or a Subsidiary, or shall be subject to any lien, obligation, or liability of such Participant to any other party other than the Company or a Subsidiary. Except as otherwise provided by the Committee, no Award shall be assigned, transferred, or otherwise disposed of by a Participant other than by will or the laws of descent and distribution. The Committee by express provision in the Award or an amendment thereto may permit an Award (other than an Incentive Share Option) to be transferred to, exercised by and paid to certain persons or entities related to the Participant, including but not limited to members of the Participant's family, charitable institutions, or trusts or other entities whose beneficiaries or beneficial owners are members of the Participant's family and/or charitable institutions, or to such other persons or entities as may be expressly approved by the Committee, pursuant to such conditions and procedures as the Committee may establish. Any permitted transfer shall be subject to the following conditions: that (a) the Committee receive evidence satisfactory to it that the transfer is being made for asset protection, estate and/or tax planning purposes (or to a "blind trust" in connection with the Participant's termination of employment or service with the Company or a Subsidiary to assume a position with a governmental, charitable, educational or similar non-profit institution) and on a basis consistent with the Company's lawful issue of securities, and (b) after the transfer, the Participant and the transferee comply with all of the original agreements and covenants granted by the Participant in favor of the Company.

7.3 Beneficiaries. If the Committee so determines, then notwithstanding Sections 5.2(a) and 7.2, a Participant may, in the manner determined by the Committee, designate a beneficiary to exercise the rights of the Participant and to receive any distribution with respect to any Award upon the Participant's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Award Agreement applicable to the Participant, except to the extent the Plan and Award Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Committee. If the Participant is married and resides in a community property state, a designation of a person other than the Participant's spouse as his or her beneficiary with respect to more than 50% of the Participant's interest in the Award shall not be effective without the prior written consent of the Participant's spouse. If no beneficiary has been designated or survives the Participant, payment shall be made to the person entitled thereto pursuant to the Participant's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Participant at any time provided the change or revocation is filed with the Committee.

7.4 Share Certificates. Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates evidencing the Share pursuant to the exercise of any Award, unless and until the Committee has determined, with advice of counsel, that the issuance and delivery of such certificates is in compliance with all Applicable Laws, including, if applicable, the requirements of any exchange on which the Shares or securities representing the Shares are listed, quoted or traded. All Share certificates delivered pursuant to the Plan are subject to any stop-transfer orders and other restrictions as the Committee deems necessary or advisable to comply with all Applicable Laws, including, if applicable, the rules of any national securities exchange or automated quotation system on which the Shares or securities representing the Shares are listed, quoted, or traded. The Committee may place legends on any Share certificate to reference restrictions applicable to the Shares. In addition to the terms and conditions provided herein, the Committee may require that a Participant make such reasonable covenants, agreements, and representations as the Committee, in its discretion, deems advisable in order to comply with any such laws, regulations, or requirements. The Committee shall have the right to require any Participant to comply with any timing or other restrictions with respect to the settlement or exercise of any Award, including a window-period limitation, as may be imposed in the discretion of the Committee.

7.5 Paperless Administration. Subject to Applicable Laws, the Committee may make Awards, provide applicable disclosure and procedures for exercise of Awards by an internet website or interactive voice response system for the paperless administration of Awards.

7.6 Foreign Currency. A Participant may be required to provide evidence that any currency used to pay the exercise price of any Award were acquired and taken out of the jurisdiction in which the Participant resides in accordance with Applicable Laws, including foreign exchange control laws and regulations. In the event the exercise price for an Award is paid in Chinese Renminbi or other foreign currency, as permitted by the Committee, the amount payable will be determined by conversion from U.S. dollars at the official rate promulgated by the People's Bank of China for Chinese Renminbi, or for jurisdictions other than the Peoples Republic of China, the exchange rate as selected by the Committee on the date of exercise.

ARTICLE 8

CHANGES IN CAPITAL STRUCTURE

8.1 Adjustments. In the event of any share dividend, share split, combination or exchange of Shares, amalgamation, arrangement or consolidation, spin-off, recapitalization or other distribution (other than normal cash dividends) of Company assets to its shareholders, or any other change affecting the Shares or the price of a Share, the Committee shall make such proportionate adjustments, if any, as the Committee in its discretion may deem appropriate to reflect such change with respect to (a) the aggregate number and type of shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Section 3.1); (b) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and (c) the grant or exercise price per share for any outstanding Awards under the Plan.

8.2 Acceleration upon a Change of Control. Except as may otherwise be provided in any Award Agreement or any other written agreement entered into by and between the Company and a Participant, if a Change of Control occurs and a Participant's Awards are not converted, assumed, or replaced by a successor, such Awards shall become fully exercisable and all forfeiture restrictions on such Awards shall lapse. Upon, or in anticipation of, a Change of Control, the Committee may in its sole discretion provide for (i) any and all Awards outstanding hereunder to terminate at a specific time in the future and shall give each Participant the right to exercise such Awards during a period of time as the Committee shall determine, (ii) either the purchase of any Award for an amount of cash equal to the amount that could have been attained upon the exercise of such Award or realization of the Participant's rights had such Award been currently exercisable or payable or fully vested (and, for the avoidance of doubt, if as of such date the Committee determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Participant' s rights, then such Award may be terminated by the Company without payment), (iii) the replacement of such Award with other rights or property selected by the Committee in its sole discretion or the assumption of or substitution of such Award by the successor or surviving corporation, or a subsidiary thereof, with appropriate adjustments as to the number and kind of Shares and prices, or (iv) payment of Awards in cash based on the value of Shares on the date of the Change of Control plus reasonable interest on the Award through the date such Award would otherwise be vested or have been paid in accordance with its original terms, if necessary to comply with Section 409A of the Code.

8.3 Outstanding Awards — Corporate Transactions. In the event of a Corporate Transaction, each Award will terminate upon the consummation of the Corporate Transaction, unless the Award is assumed by the successor entity or Parent thereof in connection with the Corporate Transaction. Except as provided otherwise in an individual Award Agreement, in the event of a Corporate Transaction and:

(a) the Award either is (x) assumed by the successor entity or Parent thereof or replaced with a comparable Award (as determined by the Committee) with respect to shares of the capital stock of the successor entity or Parent thereof or (y) replaced with a cash incentive program of the successor entity which preserves the compensation element of such Award existing at the time of the Corporate Transaction and provides for subsequent payout in accordance with the same vesting schedule applicable to such Award, then such Award (if assumed), the replacement Award (if replaced), or the cash incentive program automatically shall become fully

vested, exercisable and payable and be released from any restrictions on transfer (other than transfer restrictions applicable to Options) and repurchase or forfeiture rights, immediately upon termination of the Participant's employment or service with all Service Recipient within twelve (12) months of the Corporate Transaction without cause; and

(b) For each Award that is neither assumed nor replaced, such portion of the Award shall automatically become fully vested and exercisable and be released from any repurchase or forfeiture rights (other than repurchase rights exercisable at Fair Market Value) for all of the Shares at the time represented by such portion of the Award, immediately prior to the specified effective date of such Corporate Transaction, *provided* that the Participant remains an Employee, Consultant or Director on the effective date of the Corporate Transaction.

8.4 Outstanding Awards – Other Changes. In the event of any other change in the capitalization of the Company or corporate change other than those specifically referred to in this Article 8, the Committee may, in its absolute discretion, make such adjustments in the number and class of shares subject to Awards outstanding on the date on which such change occurs and in the per share grant or exercise price of each Award as the Committee may consider appropriate to prevent dilution or enlargement of rights.

8.5 No Other Rights. Except as expressly provided in the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of Shares of any class, the payment of any dividend, any increase or decrease in the number of shares of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Committee under the Plan, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of shares subject to an Award or the grant or exercise price of any Award.

ARTICLE 9

ADMINISTRATION

9.1 Committee. The Plan shall be administered by the Board or the Compensation Committee of the Board; *provided, however* that the Board or the Compensation Committee may delegate to a committee of one or more members of the Board the authority to grant or amend Awards to Participants other than senior executives of the Company. The Committee shall consist of at least two individuals, each of whom qualifies as an Independent Director. Reference to the Committee shall refer to the Board if the Compensation Committee has not been established or ceases to exist and the Board does not appoint a successor Committee. Notwithstanding the foregoing, the full Board, acting by majority of its members in office, shall conduct the general administration of the Plan if required by Applicable Laws, and with respect to Awards granted to Independent Directors and for purposes of such Awards the term "Committee" as used in the Plan shall be deemed to refer to the Board.

9.2 Action by the Committee. A majority of the Committee shall constitute a quorum. The acts of a majority of the members present at any meeting at which a quorum is present, and acts approved in writing by a majority of the Committee in lieu of a meeting, shall be deemed the acts of the Committee. Each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Subsidiary, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

9.3 Authority of the Committee. Subject to any specific designation in the Plan, the Committee has the exclusive power, authority and discretion to:

(a) Designate Participants to receive Awards;

(b) Determine the type or types of Awards to be granted to each Participant;

(c) Determine the number of Awards to be granted and the number of Shares to which an Award will relate;

(d) Determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, or purchase price, any restrictions or limitations on the Award, any schedule for lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, any provisions related to non-competition and recapture of gain on an Award, based in each case on such considerations as the Committee in its sole discretion determines;

(e) Determine whether, to what extent, and pursuant to what circumstances an Award may be settled in, or the exercise price of an Award may be paid in, cash, Shares, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;

(f) Prescribe the form of each Award Agreement, which need not be identical for each Participant;

(g) Decide all other matters that must be determined in connection with an Award;

(h) Establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan;

(i) Interpret the terms of, and any matter arising pursuant to, the Plan or any Award Agreement; and

(j) Make all other decisions and determinations that may be required pursuant to the Plan or as the Committee deems necessary or advisable to administer the Plan.

9.4 Decisions Binding. The Committee's interpretation of the Plan, any Awards granted pursuant to the Plan, any Award Agreement and all decisions and determinations by the Committee with respect to the Plan are final, binding, and conclusive on all parties.

ARTICLE 10

EFFECTIVE AND EXPIRATION DATE

10.1 Effective Date. The Plan is effective as of the date the Plan is approved by the Company's shareholders in accordance with the applicable provisions of the Company's Memorandum of Association and Articles of Association (the "Effective Date").

10.2 Expiration Date. The Plan will expire on, and no Award may be granted pursuant to the Plan after, the tenth anniversary of the Effective Date. Any Awards that are outstanding on the tenth anniversary of the Effective Date shall remain in force according to the terms of the Plan and the applicable Award Agreement.

ARTICLE 11

AMENDMENT, MODIFICATION, AND TERMINATION

11.1 Amendment, Modification, And Termination. With the approval of the Board, at any time and from time to time, the Committee may terminate, amend or modify the Plan; *provided*, *however*, that (a) to the extent necessary and desirable to comply with Applicable Laws, the Company shall obtain shareholder approval of any Plan amendment in such a manner and to such a degree as required, unless the Company decides to follow home country practice as permitted under applicable stock exchange rules, and (b) unless the Company decides to

follow home country practice as permitted under applicable stock exchange rules, shareholder approval is required for any amendment to the Plan that (i) increases the number of Shares available under the Plan (other than any adjustment as provided by Article 8), (ii) permits the Committee to extend the term of the Plan or the exercise period for an Option beyond ten years from the date of grant, or (iii) results in a material increase in benefits or a change in eligibility requirements.

11.2 Awards Previously Granted. Except with respect to amendments made pursuant to Section 11.1, no termination, amendment, or modification of the Plan shall adversely affect in any material way any Award previously granted pursuant to the Plan without the prior written consent of the Participant.

ARTICLE 12

GENERAL PROVISIONS

12.1 No Rights to Awards. No Participant, employee, or other person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Committee is obligated to treat Participants, employees, and other persons uniformly.

12.2 No Shareholders Rights. No Award gives the Participant any of the rights of a Shareholder of the Company unless and until Shares are in fact issued to such person in connection with such Award.

12.3 Taxes. No Shares shall be delivered under the Plan to any Participant until such Participant has made arrangements acceptable to the Committee for the satisfaction of any income and employment tax withholding obligations under Applicable Laws. The Company or any Subsidiary shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy all applicable taxes (including the Participant's payroll tax obligations) required or permitted by law to be withheld with respect to any taxable event concerning a Participant arising as a result of this Plan. The Committee may in its discretion and in satisfaction of the foregoing requirement allow a Participant to elect to have the Company withhold Shares otherwise issuable under an Award (or allow the return of Shares) having a Fair Market Value equal to the sums required to be withheld. Notwithstanding any other provision of the Plan, the number of Shares which may be withheld with respect to the issuance, vesting, exercise or payment of any Award (or which may be repurchased from the Participant of such Award after such Shares were acquired by the Participant from the Company) in order to satisfy the Participant's income and payroll tax liabilities with respect to the issuance, vesting, exercise or payment of the Award shall, unless specifically approved by the Committee, be limited to the number of Shares which have a Fair Market Value on the date of withholding or repurchase equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for income tax and payroll tax purposes that are applicable to such supplemental taxable income.

12.4 No Right to Employment or Services. Nothing in the Plan or any Award Agreement shall interfere with or limit in any way the right of the Service Recipient to terminate any Participant's employment or services at any time, nor confer upon any Participant any right to continue in the employment or service of any Service Recipient.

12.5 Unfunded Status of Awards. The Plan is intended to be an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give the Participant any rights that are greater than those of a general creditor of the Company or any Subsidiary.

12.6 Indemnification. To the extent allowable pursuant to Applicable Laws, each member of the Committee or of the Board shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any

claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; *provided* that he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company's Memorandum of Association and Articles of Association, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

12.7 Relationship to other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits pursuant to any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

12.8 Expenses. The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

12.9 Titles and Headings. The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

12.10 Fractional Shares. No fractional shares of a Share shall be issued and the Committee shall determine, in its discretion, whether cash shall be given in lieu of fractional shares or whether such fractional shares shall be eliminated by rounding up or down as appropriate.

12.11 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan, the Plan, and any Award granted or awarded to any Participant who is then subject to Section 16 of the Exchange Act, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Laws, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

12.12 Government and Other Regulations. The obligation of the Company to make payment of awards in Shares or otherwise shall be subject to all Applicable Laws and to such approvals by government agencies as may be required. The Company shall be under no obligation to register any of the Shares paid pursuant to the Plan under the Securities Act or any other similar law in any applicable jurisdiction. If the Shares paid pursuant to the Plan may in certain circumstances be exempt from registration pursuant to the Securities Act or other Applicable Laws, the Company may restrict the transfer of such shares in such manner as it deems advisable to ensure the availability of any such exemption.

12.13 Governing Law; Dispute Resolution. The Plan and all Award Agreements shall be construed in accordance with and governed by the laws of the Cayman Islands. Any dispute, controversy or claim arising out of or relating to the Plan and all Award Agreements, or the breach, termination or invalidity thereof, shall be settled by arbitration in accordance with the UNCITRAL Arbitration Rules as at present in force and as may be amended by the rest of this Section 12.13. The appointing authority shall be Hong Kong International Arbitration Centre. The place of arbitration shall be in Hong Kong at Hong Kong International Arbitration Centre. There shall be only one arbitrator. The language to be used in the arbitral proceedings shall be English.

12.14 Section 409A of the Code. To the extent that the Committee determines that any Award granted under the Plan is or may become subject to Section 409A of the Code, the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A of the Code. To the extent applicable, the Plan and the Award Agreements shall be interpreted in accordance with Section 409A of the Code and the U.S.

Department of Treasury regulations and other interpretative guidance issued thereunder, including without limitation any such regulation or other guidance that may be issued after the Effective Date. Notwithstanding any provision of the Plan to the contrary, in the event that following the Effective Date the Committee determines that any Award may be subject to Section 409A of the Code and related Department of Treasury guidance (including such Department of Treasury guidance as may be issued after the Effective Date), the Committee may adopt such amendments to the Plan and the applicable Award agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Committee determines are necessary or appropriate to (a) exempt the Award from Section 409A of the Code and /or preserve the intended tax treatment of the benefits provided with respect to the Award, or (b) comply with the requirements of Section 409A of the Code and related U.S. Department of Treasury guidance.

12.15 Appendices. The Committee may approve such supplements, amendments or appendices to the Plan as it may consider necessary or appropriate for purposes of compliance with Applicable Laws or otherwise and such supplements, amendments or appendices shall be considered a part of the Plan; *provided, however*, that no such supplements shall increase the share limitations contained in Section 3.1 of the Plan.

Exhibit 8.1

List of Significant Subsidiaries and Principal Consolidated Affiliated Entities*

Significant Subsidiaries	**Jurisdiction of Incorporation**
21ViaNet Group Limited	Hong Kong
21Vianet Mobile Limited	Hong Kong
Hongkong Fastweb Holdings Co., Limited	Hong Kong
Diyixian.com Limited	Hong Kong
DYXNet Limited	Hong Kong
Dermot Holdings Limited	British Virgin Islands
WiFire Group Inc.	British Virgin Islands
Fastweb International Holdings	Cayman Islands
21Vianet Data Center Co., Ltd.	PRC
21Vianet Anhui Suzhou Technology Co., Ltd.	PRC
Joytone Infotech Co., Ltd.	PRC
21Vianet (Foshan) Technology Co., Ltd.	PRC
Abitcool (China) Broadband Inc.	PRC
21Vianet Hangzhou Information Technology Co., Ltd.	PRC
Beijing Fastweb Technology Co., Ltd.	PRC
Shenzhen Diyixian Communication Co., Ltd.	PRC
Principal Consolidated Affiliated Entities	
Beijing Yiyun Network Technology Co., Ltd. (previously known as Beijing aBitCool Network Technology Co., Ltd.)	PRC
Beijing iJoy Information Technology Co., Ltd.	PRC
Shanghai iJoy Information Technology Co., Ltd.	PRC
Beijing 21Vianet Broad Band Data Center Co., Ltd.	PRC
Dongguan Asia Cloud Investment Co., Ltd.	PRC
Dongguan Asia Cloud Network Technology Co., Ltd.	PRC
Dongguan Asia Cloud Broad Band Service Co., Ltd.	PRC
Beijing Chengyishidai Network Technology Co., Ltd.	PRC
Beijing Yilong Xinda Technology Co., Ltd.	PRC
Guangzhou Gehua Network Technology and Development Co., Ltd.	PRC
Langfang Xunchi Computer Data Processing Co., Ltd.	PRC
Sichuan Aipu Network Co., Ltd.	PRC
Beijing Tianwang Online Communication Technology Co., Ltd.	PRC
Beijing Fastweb Network Technology Co., Ltd.	PRC
aBitCool Small Micro Network Technology (BJ) Co., Ltd.	PRC
Shanghai Guotong Network Co., Ltd.	PRC
Shanghai Blue Cloud Technology Co., Ltd.	PRC

* Other entities of 21Vianet Group, Inc. have been omitted from this list since, considered in the aggregate as a single entity, they would not constitute a significant subsidiary.

Exhibit 12.1

Certification by the Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Sheng Chen, certify that:

1. I have reviewed this annual report on Form 20-F of 21Vianet Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 10, 2015

By: /s/ Sheng Chen
Name: Sheng Chen
Title: Chief Executive Officer

Exhibit 12.2

Certification by the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Shang-Wen Hsiao, certify that:

1. I have reviewed this annual report on Form 20-F of 21Vianet Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent function):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 10, 2015

By: /s/ Shang-Wen Hsiao
Name: Shang-Wen Hsiao
Title: Chief Financial Officer

Exhibit 13.1

Certification by the Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of 21Vianet Group, Inc. (the "Company") on Form 20-F for the year ended December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sheng Chen, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 10, 2015

By: /s/ Sheng Chen
Name: Sheng Chen
Title: Chief Executive Officer

Exhibit 13.2

Certification by the Principal Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of 21Vianet Group, Inc. (the "Company") on Form 20-F for the year ended December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Shang-Wen Hsiao, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 10, 2015

By: /s/ Shang-Wen Hsiao
Name: Shang-Wen Hsiao
Title: Chief Financial Officer

Exhibit 15.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements:

i) Form S-8 No. 333-177273, pertaining to the 2010 Share Incentive Plan;

ii) Form S-8 No. 333-187695, pertaining to the 2010 Share Incentive Plan, as amended and;

iii) Form S-8 No. 333-197495, pertaining to the 2014 Share Incentive Plan,

of 21Vianet Group, Inc. of our reports dated April 10, 2015, with respect to the consolidated financial statements of 21Vianet Group, Inc. and the effectiveness of internal control over financial reporting of 21Vianet Group, Inc., included in its Annual Report (Form 20-F) for the year ended December 31, 2014, filed with the Securities and Exchange Commission.

/s/ Ernst & Young Hua Ming LLP

Shanghai, People's Republic of China

April 10, 2015

Exhibit 15.2

Consent of Beijing DHH Law Firm

To: 21Vianet Group, Inc.

M5, 1 Jiuxianqiao East Road
Chaoyang District, Beijing 100016
the People's Republic of China

Date: April 10, 2015

Dear Sirs,

We consent to the reference to our firm under the headings "Item 3.D—Risk Factors," "Item 4.B—Business Overview—Regulation," "Item 4.C—Organizational Structure—Contractual Arrangements with Our Variable Interest Entities and Their Shareholders" and "Item 5.A—Operating Results" in 21Vianet Group, Inc.'s Annual Report on Form 20-F for the year ended December 31, 2014, which will be filed with the Securities and Exchange Commission (the "SEC"), and further consent to the incorporation by reference of the summaries of our opinions under these captions into the registration statement on Form S-8 (File No. 333-177273) pertaining to 21Vianet Group, Inc.'s 2010 Share Incentive Plan, the registration statement on Form S-8 (File No. 333-187695) pertaining to 21Vianet Group, Inc.'s 2010 Share Incentive Plan, as amended, and the registration statement on Form S-8 (File No. 333-197495) pertaining to 21Vianet Group, Inc.'s 2014 Share Incentive Plan. We also consent to the filing with the SEC of this consent letter as an exhibit to the Annual Report on Form 20-F for the year ended December 31, 2014.

Yours faithfully,

/s/ Beijing DHH Law Firm
Beijing DHH Law Firm