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NetDragon Websoft Holdings Limited

網龍網絡控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 777)

**DISCLOSEABLE TRANSACTION IN RELATION TO THE
MERGER OF MERGER SUB WITH AND INTO EDMODO**

THE MERGER

The Board is pleased to announce that on 6 April 2018 (after trading hours), Best Assistant, a non wholly-owned subsidiary of the Company, the Purchaser, a wholly-owned subsidiary of Best Assistant, Merger Sub, a wholly owned subsidiary of the Purchaser, Edmodo, Stockholder Representative, and solely with respect to the Guarantee, the Company, entered into the Agreement pursuant to which Purchaser will acquire Edmodo, for consideration in the form of cash and stock collectively valued in the amount of US\$137,500,000, by way of merger under the laws of the State of Delaware. In the Merger, upon Closing, Merger Sub will merge with and into Edmodo, the separate corporate existence of Merger Sub will cease, and Edmodo shall continue its corporate existence as a wholly owned subsidiary of the Purchaser in accordance with Delaware law. The Consideration (subject to downward adjustment as provided in the Agreement) shall be satisfied by (i) payment of an amount in cash equal to US\$15,000,000 (including an aggregate US\$5,000,000 in the form of the January Note and the Promissory Note, as off-set as described in (iii) and (iv) below), subject to downward adjustment pursuant to the terms of the Agreement; (ii) the issue of 112,560,245 Best Assistant Series B Shares; (iii) the off-set of the January Note and, if funded by Best Assistant, an additional US\$2,000,000 in principal funded pursuant to the Promissory Note; and (iv) the issue and off-set of the Promissory Note.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios for the Agreement exceed 5% but all applicable ratios are less than 25%, the Transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors should note that the Transaction is subject to satisfaction (or, if applicable, waiver) of certain conditions. There is no assurance that the Agreement and the transactions contemplated thereunder will proceed. Shareholders and potential investors are advised to exercise caution in dealing in the Shares.

THE MERGER

The Board is pleased to announce that on 6 April 2018 (after trading hours), Best Assistant, a non wholly-owned subsidiary of the Company, the Purchaser, a wholly-owned subsidiary of Best Assistant, Merger Sub, a wholly owned subsidiary of the Purchaser, Edmodo, Stockholder Representative, and solely with respect to the Guarantee, the Company, entered into the Agreement pursuant to which Purchaser will acquire Edmodo, for consideration in the form of cash and stock collectively valued in the amount of US\$137,500,000, by way of merger under the laws of the State of Delaware. In the Merger, upon Closing, Merger Sub will merge with and into Edmodo, the separate corporate existence of Merger Sub will cease, and Edmodo shall continue its corporate existence as a wholly owned subsidiary of the Purchaser in accordance with Delaware law. The Consideration (subject to downward adjustment as provided in the Agreement) shall be satisfied by (i) payment of an amount in cash equal to US\$15,000,000 (including an aggregate US\$5,000,000 in the form of the January Note and the Promissory Note, as off-set as described in (iii) and (iv) below), subject to downward adjustment pursuant to the terms of the Agreement; (ii) the issue of 112,560,245 Best Assistant Series B Shares; (iii) the off-set of the January Note and, if funded by Best Assistant, an additional US\$2,000,000 in principal funded pursuant to the Promissory Note; and (iv) the issue and off-set of the Promissory Note.

THE AGREEMENT

The principal terms of the Agreement are summarized as follows:

Parties and Date

Date: 6 April 2018 (after trading hours)

- Parties:
1. the Company
 2. Best Assistant
 3. the Purchaser
 4. Merger Sub
 5. Edmodo
 6. Stockholder Representative

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Edmodo and its ultimate beneficial owners (including the Participating Stockholders) are third parties independent of, and not connected with, the Company and its connected persons as at the date of this announcement.

Interests to be acquired

Pursuant to the Agreement, Merger Sub will merge with and into Edmodo, with Edmodo surviving the Merger (the “**Surviving Corporation**”) and Edmodo shall continue its corporate existence under the laws of the State of Delaware as a wholly owned subsidiary of the Purchaser. All of the properties, rights, privileges, powers and franchises of Edmodo will vest in the Surviving Corporation, and all of the debts, liabilities, obligations and duties of Edmodo will become the debts, liabilities, obligations and duties of the Surviving Corporation.

Consideration

The Consideration (subject to a downward adjustment in accordance with the Agreement) of up to US\$137,500,000 is to be settled as follows:

- (a) US\$15,000,000 (including an aggregate US\$5,000,000 in the form of the January Note and the Promissory Note, as off-set as described in (c) and (d) below), subject to downward adjustment pursuant to the terms of the Agreement shall be settled in cash by the Purchaser following the Closing;
- (b) US\$122,500,000 shall be settled by way of issue of 112,560,245 Best Assistant Series B Shares by Best Assistant following the Closing;
- (c) US\$3,000,000 shall be off-set by the January Note; and
- (d) US\$2,000,000 shall be off-set by the Promissory Note, which Best Assistant contemplates will be issued prior to Closing.

Basis of determination of the Consideration

The Consideration was determined based on arm's length negotiations between the Company and Edmodo with reference to the growth potential of Edmodo and business opportunities of building the largest learning community of the Group. The valuation of the Best Assistant Series B Shares is based on a pre-money valuation of US\$1,800,000,000 of Best Assistant. The Directors consider that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

The obligations of the Purchaser and Merger Sub to consummate the Closing are subject to the satisfaction or waiver (to the extent legally permissible) by the Purchaser of each of the following conditions:

- (a) (i) Edmodo having performed and satisfied in all material respects each of its obligations under the Agreement and Transaction Documents on or prior to the Closing Date; (ii) the representations and warranties given by Edmodo pursuant to the Agreement relating to the organization and qualification, capitalization, corporate authority and required consents being true and correct in all respects as of the date of the Agreement and as of the Closing (except that representations and warranties that are made as of a specified date shall be true and correct as of such specified date) (iii) all other representations and warranties given by Edmodo pursuant to the Agreement and the other Transaction Documents being true and correct in all material respects as of the date of the Agreement and as of the Closing (except that representations and warranties that are made as of a specified date shall be true and correct as of such specified date) and (iv) the Purchaser having received a certificate signed by a duly authorized executive officer of Edmodo to the foregoing effect;
- (b) all approvals and clearances of Governmental Entities applicable to the transactions contemplated by the Agreement and the Transaction Documents having been obtained and remaining in effect as of the Closing Date;
- (c) the approval of a majority of (i) the outstanding shares of all capital stock, voting on an as-converted basis (ii) the outstanding shares of common stock and (iii) the outstanding shares of preferred stock, voting as a single class on an as-converted basis, of Edmodo having been validly obtained, and Edmodo having delivered to Purchaser a written consent adopting the Agreement and approving the consummation of the transactions contemplated by the Agreement;

- (d) 95% of Participating Stockholders having executed and delivered a Joinder Agreement and none of them having revoked or indicating any intention to revoke such Joinder Agreement;
- (e) the vote of stockholders of Edmodo required to render the parachute payment provisions of Section 280G of the Code inapplicable to any and all payments and/or benefits provided to any “disqualified individual” (as defined in Section 280G(c) of the Code) having occurred and either (i) the requisite number of votes of the stockholders having been obtained with respect to any Waived 280G Benefits or (ii) the requisite number of votes not having been obtained, and, as a consequence, any Waived 280G Benefits not being made or provided;
- (f) all third party consents required of Edmodo under the Agreement having been obtained and Edmodo having obtained from the applicable third parties and delivered to the Purchaser the terminations and amendments of Contracts required by the Agreement;
- (g) no Law having been enacted or existing that would prohibit the transactions contemplated by the Agreement and the other Transaction Documents or the consummation of the Closing. No temporary restraining order, preliminary or permanent injunction or other order having been issued by any court of competent jurisdiction or other Governmental Entity (i) preventing the consummation of the Merger or other transactions contemplated by the Agreement or the other Transaction Documents or (ii) limiting or restricting Purchaser’s ownership, conduct or operation of the business of Edmodo and its subsidiaries following the Closing being in effect. There being no pending or threatened (in writing) Action seeking any of the foregoing or any other injunction, restraint or prohibition in connection with the Merger or the other transactions contemplated by the Agreement and the other Transaction Documents;
- (h) since the date of the Agreement, no Material Adverse Effect having occurred and continuing as of the Closing;
- (i) prior to the Closing, each Key Employee having entered into (1) offer letters in a form acceptable to Purchaser, with the Company and (2) a non-solicitation agreement with Best Assistant and the Company, in a form acceptable to Purchaser, to be effective upon the Closing. None of the Key Employees having terminated employment with Edmodo or having terminated or repudiated, or indicated an intention to terminate or repudiate, his or her employment arrangement or non-solicitation agreement or being unable to commence

employment under his or her employment arrangement upon Closing. Each of the Key Employees shall have signed offer letters from Edmodo in a form acceptable to the Purchaser confirming their acceptance of continued employment with Edmodo from and following the Closing, and Edmodo shall have delivered fully-executed copies of all such letters to the Purchaser. At least 75% of the Offered Service Providers not having terminated, or indicated an intention to terminate, their employment, and being ready to work upon the Closing;

- (j) Edmodo having delivered to Purchaser letters of resignation in form reasonably satisfactory to Purchaser duly executed by each member of the board of directors (or equivalent governing body) and officer of Edmodo and its subsidiaries, as applicable, in office immediately prior to the Closing, evidencing that each such director and officer (but only as an officer, not as an employee, unless otherwise required pursuant to the terms of the Agreement) resigns and waives any and all claims against Edmodo or the applicable subsidiary, as the case may be, for compensation, damages or similar payments or equitable relief (but excluding certain indemnification rights), in each case, effective as of the Closing;
- (k) Edmodo having terminated and cancelled all benefit plans, policies or arrangements as required by the Agreement and having provided evidence of such termination or cancellation acceptable to the Purchaser;
- (l) all Indebtedness of Edmodo for borrowed money, except for the Investor Bridge Notes, having been repaid and all liens in connection with such Indebtedness having been released, or in lieu thereof, Edmodo having delivered to the Purchaser payoff letters from each of the holders of Indebtedness accompanied by a confirmation in a form acceptable to the Purchaser of release of any liens upon the payment of the amount set forth in such payoff letters;
- (m) Edmodo having delivered to the Purchaser (i) a certificate in a form reasonably acceptable to the Purchaser to the effect that the shares of Edmodo are not “U.S. real property interests” within the meaning of the Code, and (ii) a notice to the IRS in accordance with the requirements of Treasury regulation section 1.897-2(h)(2), dated as of the Closing Date and executed by Edmodo, together with written authorization for the Purchaser to deliver such notice to the IRS on behalf of Edmodo after Closing;

- (n) Edmodo having delivered to the Purchaser the Certified Closing Report and a spreadsheet containing a list of each shareholder of Edmodo containing certain information as set forth in the Agreement;
- (o) the valid qualification for one or more applicable exemptions from the registration and prospectus delivery requirements of the Securities Act and the equivalent state “blue sky” Laws of the issuance of all Best Assistant Series B Shares contemplated by the Agreement;
- (p) each of the preferred stockholders of Edmodo having executed and delivered to Purchaser the Best Assistant Shareholders’ Agreement, and such agreement being in full force and effect and not having been repudiated;
- (q) none of Purchaser, Edmodo or any of their respective affiliates having received a request by CFIUS to submit a notification to CFIUS with respect to the transactions contemplated by the Agreement, and CFIUS not having initiated an investigation of such transactions;
- (r) Purchaser having obtained evidence of the affirmative vote of Best Assistant shareholders sufficient to amend and restate the current Shareholders’ Agreement of Best Assistant to (1) execute the Best Assistant Shareholders’ Agreement and (2) approve and adopt the Restated Memorandum, to be effective upon the Closing;
- (s) each holder of Investor Bridge Notes shall have (i) provided its written approval, in form and substance reasonably satisfactory to Purchaser, of the treatment of the Investor Bridge Notes pursuant to the transactions contemplated by the Agreement and (ii) surrendered its Investor Bridge Notes to the Company, effective as of the Closing; and
- (t) Edmodo and the Stockholder Representative having executed and delivered to the Purchaser all other Transaction Documents to which each is a party, and each document being in full force and effect and not having been repudiated.

The obligations of Edmodo to consummate the Closing are subject to the satisfaction or waiver (to the extent legally permissible) by Edmodo of each of the following conditions:

- (a) Except as would not be reasonably expected to prevent consummation of the Merger,
 - i. the Purchaser, Merger Sub and Best Assistant having performed and satisfied in all material respects each of its covenants and obligations under the Agreement and Transaction Documents on or prior to the Closing Date;
 - ii. the representations and warranties given by the Purchaser, Merger Sub and Best Assistant pursuant to the Agreement relating to the organization and qualification, corporate authority, required consents and capitalization and voting rights being true and correct in all respects as of the date of the Agreement and as of the Closing (except that representations and warranties that are made as of a specified date shall be true and correct as of such specified date); and
 - iii. all other representations and warranties given by the Purchaser, Merger Sub and Best Assistant pursuant to the Agreement and the other Transaction Documents being true and correct in all material respects as of the date of the Agreement and as of the Closing (except that representations and warranties that are made as of a specified date shall be true and correct as of such specified date);
- (b) all approvals and clearances of Governmental Entities applicable to the transactions contemplated by the Agreement and the Transaction Documents having been obtained and remaining in effect as of the Closing Date;
- (c) no Law having been enacted or existing that would prohibit the transactions contemplated by the Agreement and the other Transaction Documents or the consummation of the Closing. No temporary restraining order, preliminary or permanent injunction or other order having been issued by any court of competent jurisdiction or other Governmental Entity (i) preventing the consummation of the Merger or other transactions contemplated by the Agreement or the other Transaction Documents or (ii) limiting or restricting Purchaser's ownership, conduct or operation of the business of Edmodo and its subsidiaries following the Closing being in effect. There being no pending or threatened (in writing) Action seeking any of the foregoing or any other

injunction, restraint or prohibition in connection with the Merger or the other transactions contemplated by the Agreement and the other Transaction Documents;

- (d) the Purchaser and the requisite shareholders having executed and delivered to Edmodo the Best Assistant Shareholders' Agreement, to be effective upon the Closing;
- (e) Best Assistant having approved and adopted the Restated Memorandum on or prior to the Closing Date, and such Restated Memorandum being in full force and effect;
- (f) the Purchaser having executed and delivered to Edmodo and the Stockholder Representative all other Transaction Documents to which it is a party, and each document being in full force and effect; and
- (g) in the event that, prior to the Closing, Purchaser, Edmodo or any of their respective affiliates receive a request by CFIUS for the parties to submit a notification to CFIUS with respect to the transactions contemplated by the Agreement or CFIUS initiates an investigation of such transactions, the CFIUS Approval having been obtained.

Guarantee

The Company, as the ultimate parent of Best Assistant and the Purchaser, guarantees the timely performance by Best Assistant and the Purchaser of their obligations pursuant to the terms of the Agreement (the "**Guarantee**").

Closing

Closing will take place no later than three Business Days following satisfaction or waiver of the conditions set out in the Agreement, or at such other place or at such other time as the parties may agree in writing.

Upon Closing, the parties will cause a certificate of merger to be executed and filed with the Delaware Secretary of State. Upon filing of the certificate, by operation of Delaware law Merger Sub will merge with and into Edmodo, the separate corporate existence of Merger Sub will cease, and Edmodo shall be the surviving corporation and shall continue as a wholly owned subsidiary of the Purchaser.

ISSUANCE OF THE BEST ASSISTANT SERIES B SHARES

As part of the Consideration, a total of 112,560,245 Best Assistant Series B Shares, reflecting a value of US\$122,500,000 in the aggregate, will be issued to the shareholders of the Preferred Stock of Edmodo (the “**Participating Stockholders**”) in the manner set forth in the Agreement. The certificates representing the 112,560,245 Best Assistant Series B Shares will be endorsed with the following restrictive legend:

“THE SHARES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE BENEFIT OF, U.S. PERSONS IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO THE SHARES UNDER THE ACT AND ANY APPLICABLE STATE SECURITIES LAW OR AN EXEMPTION FROM SUCH REGISTRATION UNDER THE ACT. THE ISSUER OF THESE SHARES MAY REQUIRE AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE ISSUER THAT SUCH OFFER, SALE OR OTHER TRANSFER OTHERWISE COMPLIES WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.”

THE JANUARY NOTE

On January 2, 2018, Edmodo issued a senior promissory note to Best Assistant in exchange for US\$3,000,000 (the “**January Note**”), which, in accordance with the Agreement, will off-set part of the Consideration. The principal terms of the January Note are summarized below:

Issuer:	Edmodo
Noteholder:	Best Assistant
Principal Amount:	US\$3,000,000
Interest:	The January Note bears interest at the rate of 5% per annum, compounding annually.
Maturity date:	The January Note matures 30 days after the date on which Best Assistant notifies Edmodo that it no longer intends to proceed with an acquisition of Edmodo.

Other: The January Note will be canceled as a result of the Transaction.

THE PROMISSORY NOTE

Pursuant to the Agreement, Edmodo will issue to Best Assistant the Promissory Note in the principal amount of US\$2,000,000 (the “**Promissory Note**”) on or after the date of the Agreement, which will be used to off-set part of the Consideration. When issued, the Promissory Note will contain terms substantially similar to those of the January Note.

INFORMATION OF THE GROUP

The Purchaser

The Purchaser is an investment holding company that is an indirect non-wholly owned subsidiary of the Company incorporated in the British Virgin Islands. Best Assistant is a subsidiary of the Company. Best Assistant’s mission is to create the world’s largest lifelong learning community by integrating global resources and leveraging advanced technologies including VR/AR (virtual reality and augmented reality), cloud computing, big data and artificial intelligence.

Currently, Best Assistant’s products, services and solutions, in collaboration with world-class education institutions and innovative technology enterprises, cover more than 150 countries around the world. Best Assistant explores the origin of education and its future trends, such that lifelong learning becomes a part of everyone’s life.

The Merger Sub

The Merger Sub is an investment holding company incorporated in the state of Delaware, and is a direct and wholly-owned subsidiary of the Purchaser.

The Company and the Group

The Company is a global leader in building internet communities. Established in 1999, the Company is a vertically integrated, cutting-edge R&D powerhouse with a highly successful track record which includes the development of flagship MMORPGs including Eudemons Online, Heroes Evolved (formerly known as Calibur of Spirit) and Conquer Online. The Company also established China’s number one online gaming portal, 17173.com, and China’s most influential smartphone app store platform, 91 Wireless, which was sold to Baidu in 2013 in what was at the time the largest Internet M&A transaction in China. Being China’s pioneer in overseas expansion, the Company also directly operates a number of game titles in over 10

languages internationally since 2003. In recent years, the Company has emerged as a major player in the global online and mobile learning space as it works to leverage its mobile Internet technologies and operational know-how to develop a game-changing learning ecosystem.

INFORMATION OF EDMODO

Edmodo is a global education network offering a free communication and collaboration platform to K-12 schools targeting teachers, students, administrators and parents. The Edmodo network enables teachers to share resources, distribute quizzes and assignments, and connect with students, colleagues, and parents in safe, meaningful ways. With over 90 million registered users, in 400,000 schools across 192 countries, the Edmodo platform is one of the largest education community platforms in the world.

Based on the unaudited accounts of Edmodo, the revenue and net loss of Edmodo for the financial year ended 31 December 2016 and the year ended 31 December 2017 are as follows:

	For the year ended 31 December 2016 (audited) US\$'000	For the year ended 31 December 2017 (unaudited) US\$'000
Revenue	691	1,009
Net loss	(21,275)	(19,515)

The unaudited total asset value of Edmodo as at 31 December 2017 was approximately US\$5,027,000.

REASONS FOR AND BENEFITS OF THE TRANSACTION

By joining Edmodo's learning network and the Group's portfolio of interactive learning technologies and platforms, the combined entity will support the full learning process, in and out of the classroom, including lesson preparation, lesson delivery, student collaboration, homework features, teacher-student-parent communications, education content marketplace and resources sharing.

The acquisition of Edmodo is a testament to the Group's on-going commitment to building the largest online learning community on a global scale. Edmodo will join the Group's educational group that already includes Promethean, a leader in interactive learning technologies.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios for the Agreement exceed 5% but all applicable ratios are less than 25%, the Transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors should note that the Transaction is subject to satisfaction (or, if applicable, waiver) of certain conditions. There is no assurance that the Agreement and the transactions contemplated thereunder will proceed. Shareholders and potential investors are advised to exercise caution in dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“Action”	any action, audit, charge, claim, complaint, demand, grievance, hearing, inquiry, investigation, litigation, mediation, proceeding, subpoena or suit, whether civil, criminal, administrative, judicial or investigative, whether formal or informal, whether public or private, commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Entity or private arbitrator or mediator
“Agreement”	the Agreement and Plan of Merger dated April 6, 2018 entered into among the Purchaser, Edmodo, Merger Sub and the Company in relation to the Transaction
“Best Assistant”	Best Assistant Education Online Limited, an exempted company incorporated under the laws of the Cayman Islands and an indirect non wholly-owned subsidiary of the Company
“Best Assistant Series B Shares”	Newly-issued Series B convertible preferred shares of Best Assistant, holding a liquidation preference equal to US\$1.0883

“Best Assistant Shareholders’ Agreement”	the Amended and Restated Shareholders Agreement to be dated as of the Closing Date, in substantially the form prescribed by the Agreement and otherwise in form and substance mutually acceptable to Best Assistant and the Participating Stockholders, to be entered into by and among the current shareholders of Best Assistant and the Participating Stockholders
“Board”	the board of Directors of the Company
“Business Day”	a day, other than a Saturday or Sunday, on which banks are open for business in Santa Clara, California between the hours of 8:00 a.m. and 5:00 p.m. local time
“Certified Closing Report”	a report certified by the Chief Financial Officer of Edmodo containing certain financial information set forth in the Agreement, to be prepared and delivered by Edmodo to the Purchaser no later than three Business Days prior to the Closing Date
“CFIUS Approval”	receipt by the Purchaser and Edmodo of written notice from the Committee on Foreign Investment in the United States (CFIUS) stating that: (a) CFIUS has concluded that none of the transactions contemplated by the Agreement is a “covered transaction” under the CFIUS regulations; (b) the review of the transactions contemplated by the Agreement has been concluded and there are no unresolved national security concerns with respect to such transactions; or (c) CFIUS has sent a report to the President of the United States requesting the President’s decision on the transactions contemplated by the Agreement and either (i) the statutory period during which the President must announce his decision to take action to suspend or prohibit the transactions contemplated by the Agreement has expired without any such action being announced or taken or (ii) the President has announced a decision not to take any action to suspend or prohibit the transactions contemplated by the Agreement
“Closing”	the closing of the Merger
“Closing Date”	the day on which the Closing takes place

“Code”	the United States Internal Revenue Code of 1986, as amended
“Company”	NetDragon Websoft Holdings Limited, a company incorporated in Cayman Islands with limited liability and listed on the Main Board of the Stock Exchange
“Consideration”	the total consideration of US\$137,500,000 to be satisfied by the Purchaser for the Merger pursuant to the Agreement
“Contract”	any contract, agreement, instrument, option, lease, license, sales and purchase order, warranty, note, bond, mortgage, indenture, obligation, commitment, binding application, arrangement or understanding, whether written or oral, express or implied, in each case as amended and supplemented from time to time
“Directors”	the directors of the Company
“Edmodo”	Edmodo Inc., a company incorporated in the state of Delaware
“Employee Bridge Notes”	any Indebtedness owed by Edmodo to any employee of Edmodo, including Indebtedness owed by Edmodo to Vibhu Mittal, Manish Kothari or Ketan Kothari.
“Governmental Entity”	any federal, national, supranational, state, provincial, local or similar government, governmental, regulatory, administrative or quasi-governmental authority, branch, office agency, commission or other body, or any court, tribunal, or arbitral or judicial body (including any grand jury), whether domestic or foreign, <i>provided that</i> the term “Governmental Entity” shall not include a school, school district or other educational institution
“Group”	the Company and its subsidiaries
“Guarantee”	as defined in the body of this announcement
“HK\$”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Indebtedness”

the sum of the following, whether or not contingent or due and payable: (i) indebtedness of Edmodo or any of its subsidiaries for borrowed money, including convertible debt; (ii) obligations of Edmodo or any of its subsidiaries evidenced by bonds, debentures, notes or other similar instruments; (iii) obligations of Edmodo in respect of letters of credit, notes, bonds, debentures, derivatives or other similar instruments (or reimbursement agreements in respect thereof) or banker’s acceptances; (iv) obligations of Edmodo or any of its subsidiaries to pay the deferred and unpaid purchase price of property or services, which purchase price is due more than three (3) months after the date of placing such property in service or taking delivery thereof and title thereto or the completion of such services; (v) capitalized lease obligations of Edmodo or any of its subsidiaries; (vi) indebtedness of third parties which is either guaranteed by Edmodo or any of its subsidiaries or secured by an encumbrance on the assets of Edmodo or any of its subsidiaries; (vii) any accounts payable of Edmodo or any of its subsidiaries that are more than 60 days overdue, (viii) any non-recurring provisions; (ix) any outstanding principal and interest under the January Note and the Promissory Note, together with any additional promissory notes issued by Edmodo to Best Assistant or its affiliates; (x) any outstanding principal and interest under the Employee Bridge Notes, together with any premium or multiple on principal or accrued interest, as applicable, payable as a result of the transactions contemplated by the Agreement; (xi) any acceleration, termination fees, pre-payment fees, balloons or similar payments on any of the foregoing; (xii) all accrued interest on any of the foregoing; and (xiii) any obligations in the nature of a guarantee of any of the foregoing. Notwithstanding the foregoing, “Indebtedness” shall not include (A) any fees or expenses incurred by Edmodo, its subsidiaries in connection with the Agreement and the other Transaction Documents and the transactions contemplated thereby, or (B) accounts payable, accruals, and other liabilities not yet due that do not represent indebtedness and are incurred in the ordinary course of business consistent with past practice

“Investor Bridge Notes”	any Indebtedness owed by Edmodo to any Preferred Stockholder of Edmodo that is convertible into equity of Edmodo (which, for the avoidance of doubt, excludes Indebtedness owed by the Company to Vibhu Mittal, Manish Kothari or Ketan Kothari)
“IRS”	Internal Revenue Service
“January Note”	as defined in the body of this announcement
“Joinder Agreement”	a joinder agreement to be solicited from Participating Stockholders and delivered by Edmodo to the Purchaser pursuant to the Agreement on the date of the Agreement
“Key Employee”	each employee of Edmodo so specified in the Agreement
“Law”	any statute, law, treaty, ordinance, regulation, ruling, directive, rule, code, executive order, injunction, judgment, decree, writ, order or other requirement, including any successor provisions thereof, of any Governmental Entity
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Material Adverse Effect”

any event, circumstance, condition, occurrence, change, effect or fact that, individually or in the aggregate, results in or would reasonably be expected to result in, a material adverse effect on or a material adverse change in the business, liabilities, condition (financial or otherwise), results of operations or prospects of Edmodo and its subsidiaries, taken as a whole; provided, however, that “Material Adverse Effect” will not include any event, circumstance, condition, occurrence, change, effect or fact, directly or indirectly, arising solely out of or solely attributable to: (i) any changes, conditions or effects in the United States economies or securities or financial markets in general; (ii) changes, conditions or effects that generally affect the industries in which Edmodo operates; (iii) any change, effect or circumstance resulting from an action required by the Agreement; (iv) conditions caused by acts of God, acts of terrorism, sabotage or war (whether or not declared) or similar event; (v) changes in Laws or US GAAP or the interpretation thereof; (vi) the identity of the Company, Best Assistant, Purchaser or Merger Sub or any of their affiliates; (vii) the announcement of the transactions contemplated by the Agreement or the Transaction Documents or (viii) any failure by Edmodo to meet internal projections or forecasts or revenue or earnings predictions for any periods (but not the facts underlying any such failure); except, in the case of the foregoing clauses (i), (ii), (iv) and (v), only to the extent such changes do not materially disproportionately impact Edmodo and its subsidiaries, relative to other companies operating in the industries in which Edmodo and its subsidiaries conducts their business

“Merger”

the merger of Merger Sub with and into Edmodo in accordance with the Delaware General Corporation Law and the terms of the Agreement

“Merger Sub”

Educate Merger Sub, Inc., a company incorporated in the state of Delaware, a direct and wholly-owned subsidiary of the Purchaser

“Offered Service Provider”	an employee, consultant or other service provider of Edmodo or its subsidiaries who receives an offer of continued employment or engagement by the Purchaser following the Closing
“Participating Stockholders”	as defined in the body of this announcement
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Taiwan and the Macau Special Administrative Region
“Preferred Stock”	collectively, the Series A Preferred Stock, the Series A-1 Preferred Stock, the Series B Preferred Stock, the Series C Preferred Stock, Series D Preferred Stock, and the Series E Preferred Stock of Edmodo
“Promissory Note”	as defined in the body of this announcement
“Purchaser”	Digital Train Limited, a British Virgin Islands company and a wholly-owned subsidiary of Best Assistant
“Restated Memorandum”	the Amended and Restated Memorandum and Articles of Association of Best Assistant, to be approved and adopted in connection with the Closing
“RMB”	Renminbi, the lawful currency in the PRC
“Securities Act”	the Securities Act of 1933, as amended
“Shareholder(s)”	holder(s) of Shares of the Company
“Shares”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Stockholder Representative”	Fortis Advisors LLC, in its capacity as representative of the shareholders of Edmodo
“Surviving Corporation”	as defined in the body of this announcement
“Transaction”	the transactions contemplated under the Agreement

“Transaction Documents”	the Agreement, the Disclosure Schedule, the Confidentiality Agreement, the Escrow Agreement, the Written Consent, the Joinder Agreements, the Employment Arrangements, and each of the other agreements, certificates, documents and instruments contemplated by the above
“US GAAP”	the generally accepted accounting principles in the United States
“US\$”	United States dollars, the lawful currency of the United States
“Waived 280G Benefits”	any payment or benefit that could constitute a “parachute payment” (within the meaning of Section 280G(b)(2) of the Code)
“%”	per cent

By Order of the Board
NetDragon Websoft Holdings Limited
Liu Dejian
Chairman

Hong Kong, 8 April 2018

As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Liu Dejian, Dr. Leung Lim Kin Simon, Mr. Liu Luyuan, Mr. Zheng Hui and Mr. Chen Hongzhan; one non-executive Director, namely Mr. Lin Dongliang; and three independent non-executive Directors, namely Mr. Chao Guowei, Charles, Mr. Lee Kwan Hung and Mr. Liu Sai Keung, Thomas.