



Cherie Hearts Child Development Pte Ltd

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Co. Reg No.: 200300145H

CH/HQ/LETTER/FRANCHISEES/0111/13 JUL

13th July 2011

To all franchisees
Of **Cherie Hearts Child Development Pte Ltd**

By email & post

Dear Sir/Madam,

DEED OF NOVATION OF FRANCHISE AGREEMENT WITH CHERIE HEARTS CHILD DEVELOPMENT PTE LTD

1. As you might be aware, our parent company, Cherie Hearts Group International Pte Ltd ("**CHGI**"), and a number of its subsidiaries including ourselves had previously agreed to sell parts of our businesses to G8 Education Limited ("**G8**"). This included the franchise agreement that we had entered into with you, which had since been assigned and novated to G8's subsidiary, Cherie Hearts Holdings Pte Ltd, between late last year and early this year.
2. Under the franchise agreement, which had been assigned and novated to Cherie Hearts Holdings Pte Ltd, it was agreed that you shall have the non-exclusive right and licence to operate the franchise business of providing infant and child care, preschool education, etc, operated and conducted under the proprietary marks (including the patents, trade marks, trade names etc) owned by us.
3. As **the owner of the proprietary marks**, we write to inform you of the following that have taken place recently.
4. About three months ago, CHGI and the founders of the Cherie Hearts Group commenced legal proceedings in the Singapore High Court against G8 in relation to the sale and purchase of the businesses. The legal proceedings are still ongoing.
5. In addition, CHGI and the founders have elected to terminate their agreements with G8, including their agreement with G8 to assign and novate the franchise agreement that we had entered with you. Please note that the issue of CHGI and the founders' right to terminate the agreements with G8 also forms part of the subject matter to be resolved by the Singapore High Court in the aforementioned legal proceedings.
6. We will write to you again to keep you informed of the outcome of the legal proceedings.

Yours faithfully

Dr Sam Yap Soon Guan
Group Executive Chairman
Cherie Hearts Child Development Pte Ltd