

We began the fiscal year that ended 31st March 2011 with a Qinghai Earthquake Relief Fund Appeal in April 2010 in response to the devastating earthquake that hit Yushu County in Qinghai Province. We were able to raise over \$245,000 which were spent primarily to help the teachers and students of two earthquake-related schools, with the help of our local NGO partners, Friends of Rural Community Development Association and Tsongkha Charitable Association. As the fiscal year progressed, with the continued financial crisis and depressed economic climate affecting the purse strings of many of our donors, we found it increasingly difficult to raise funds for our programs. Nevertheless, we stayed the course with our budgeted program spending, subsidizing from our reserves, and ended the fiscal year with a gross income of \$6.63 million and a deficit of \$779,000.

Our Learning Centre celebrated its first anniversary in December 2010. We run most of our HK programs, including Pay It Forward and English Improvement programs, out of the centre and throughout the year had enrolled and benefited over 400 families in Pak Tin Estate and the surrounding Shamshuipo neighborhood. Under the expert guidance of our HK Programs Subcommittee, headed by Too So Kwok Chun, we continued to expand and develop our centre's activities, operating multi-intelligence workshops, learning and recreational fun days, skill and career training workshops for young people, as well as family activities and programs for mothers and toddlers. In total, we spent \$2,575,000 on HK programs this past year, an increase of 22% over last year's spending. We also have to thank Prof. Dominic Wong and his Centre Committee, for helping us look after the administration of the centre and troubleshooting all the expected teething problems during this first year of operations of the centre.

Our Mainland Programs Subcommittee, headed by Anthea Strickland, continues to focus our efforts on schools and children in targeted rural areas in Qinghai, Gansu and Guangxi. Four of our Council Members visited a number of our project schools in Qinghai in August 2010 and met with local government officials and principals of our NGO partners to cultivate our ongoing relationship and better understand the direction of Qinghai's education and poverty alleviation policies. They also attended the Teacher Training Program held in Xining around the same time, which provided training for 150 teachers of our project schools to enhance their teaching and school management skills. As with our HK programs, we continued unabated this past fiscal year with our ongoing Mainland programs including special school projects, the One Child One Dictionary initiative, teacher training, our health care project and Wishing Well. In total, we spent over \$1,045,000 on Mainland programs this past year, an increase of 9% over last year's spending.

Despite the difficulty in fundraising this past fiscal year, we were fortunate to have the support of our longtime donors and corporate partners, including Burberry Foundation who continued to generously sponsor our Slam Dunk Challenge. The shining light in an otherwise difficult year was the success of our Festival of Trees Shanghai Night which was held in December 2010 at the Chinese Cuisine Training Institute in Pokfulam. Thanks to Jim and Sally Thompson, as well as Jane Chao Lee, who generously and graciously co-chaired this successful Festival of Trees event for us, we raised just over \$2 million in net income, well exceeding our target for the year.

I would like to take the opportunity to thank all the hardworking members of our Council, including Dr Vincent Lee who joined us this past fiscal year, for their support, contribution and commitment throughout the year. Our thanks also go to Dr. Eleanor Wong, Chairman of our Board of Advisors, for her invaluable support. We are grateful to Marcia Aw, our Executive Director, who runs our tight ship, and all of our staff who work tirelessly on our programs for the benefit of all the children we serve both in Hong Kong and the Mainland.

Last but not least, I would like to thank our donors and volunteers for their support and their invaluable contribution to our work.