



April 7, 2017

**US\$500,000,000 3.75% guaranteed notes due 2023 (listed on the Singapore Exchange Securities Trading Limited) issued by PCCW-HKT Capital No. 5 Limited and guaranteed by HKT Group Holdings Limited and Hong Kong Telecommunications (HKT) Limited**

**To bondholders:**

Please find attached the consolidated financial statements of HKT Group Holdings Limited ("HKTGH") and Hong Kong Telecommunications (HKT) Limited ("HKTL") for the year ended December 31, 2016 for your reference.

HKTL is wholly-owned by HKTGH which is in turn wholly-owned by HKT Limited.

HKTGH and its subsidiaries (the "HKTGH Group") provide telecommunications and related services which include local telephony, local data and broadband, international telecommunications, mobile, and other telecommunications business such as customer premises equipment sales, outsourcing, consulting and contact centers. The HKTGH Group operates primarily in Hong Kong, and also serves customers in mainland China and other parts of the world. Revenues of the HKTGH Group accounted for approximately 100% of HKT Limited for the year ended December 31, 2016.

HKTL and its subsidiaries (the "HKTL Group") mainly provide wholesale mobile, local and international telecommunications services, Internet access services, sale and rental of telecommunications equipment, and the provision of computer, engineering and other technical services in Hong Kong. Revenues of the HKTL Group accounted for approximately 46% of total revenues of HKT Limited for the year ended December 31, 2016.

If you have any questions, please do not hesitate to contact us.

Regards,

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