

To the Independent Board Committee of Asia Satellite Telecommunications Holdings Limited

25 May 2007

Dear Sirs,

**UNCONDITIONAL MANDATORY GENERAL OFFERS
BY
MORGAN STANLEY ASIA LIMITED
ON BEHALF OF
ASIACO ACQUISITION LTD.
TO ACQUIRE ALL THE ISSUED SHARES OF
AND FOR CANCELLATION OF ALL OUTSTANDING OPTIONS OF
ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED
(OTHER THAN THOSE SHARES HELD BY ASIACO ACQUISITION LTD. (IF ANY) AND PARTIES
ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and AsiaSat Independent Shareholders as to whether or not the terms and conditions of the Offers by the Offeror to make an unconditional mandatory general offer for all the issued and to be issued AsiaSat Shares (other than those held by the Offeror and parties acting in concert with it) and for cancellation all outstanding Options, and more particularly, the Share Offer Price of HK\$16.00 per AsiaSat Share (the "Share Offer Price"), HK\$160.00 per ADS, HK\$0.01 per outstanding B Option and HK\$1.65 per outstanding C Option (the "Option Offer Price"), as defined and detailed herein below, are fair and reasonable so far as the AsiaSat Independent Shareholders and Optionholders, respectively, are concerned.

This letter has been prepared for inclusion in the Offer Documents. Capitalised terms used in this letter shall have the same meanings as defined in the Offer Documents unless the context otherwise requires.

INDEPENDENT BOARD COMMITTEE

Pursuant to resolutions of the Board dated 5 February 2007, the following independent non-executive directors of AsiaSat, being Prof. Edward Chen, Mr. Robert Sze and Mr. James Watkins, were appointed as members of the Independent Board Committee for the purposes of advising the AsiaSat Independent Shareholders and Optionholders in respect of the Offers.

As all of the Non-executive Directors of the Company (other than the members of the Independent Board Committee) were nominated by either CITIC Group or GE Equity, the Independent Board Committee therefore does not include the Non-executive Directors.

BASIS OF OUR OPINION

In connection with the preparation and delivery of our opinion to the Independent Board Committee and the Board, we performed a variety of financial and comparative analyses, as described below. The preparation of a fairness and reasonableness opinion involves various determinations as to the most appropriate and relevant methods of financial and comparative analysis, and the application of those methods to the particular

circumstances. Furthermore, in arriving at our opinion, we did not attribute any particular weight to any analysis or factor considered by us, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, we believe that our analyses must be considered as a whole and that considering any portion of such analyses and factors, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying our opinion.

In formulating our opinion with regard to the Offers, we have relied on the information, opinions and facts supplied, and representations made, to us by the Directors and representatives of AsiaSat (including those contained or referred to in the Offer Documents and the announcement issued by the Offeror and AsiaSat dated 24 April 2007 (the "MGO Announcement")). We have assumed that all such information, opinions, facts and representations which have been provided to us by the Directors, and representatives of AsiaSat, and for which they are wholly responsible, are true and accurate in all material respects. We have also relied on certain information available to the public and we have assumed such information to be accurate and reliable, and we have not independently verified the accuracy of such information. Further, we have relied on the representations of the Directors that they have made all reasonable inquiries, and that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement contained in the Offer Documents and MGO Announcement untrue or misleading. We have also assumed that statements and representations made or referred to in the Offer Documents and the MGO Announcement were accurate at the time they were made and continue to be accurate at the date of despatch of the Offer Documents.

We consider that we have reviewed sufficient information to enable us to reach an informed view regarding the Offers to justify our recommendation, relying on the accuracy of the information provided in the Offer Documents and the MGO Announcement as well as to provide a reasonable basis for our advice. As the independent financial adviser to the Independent Board Committee, we have not been involved in the negotiations in respect of the terms and conditions of the Offers. Our opinion with regard to the terms and conditions thereof has been made on the assumption that all obligations to be performed by the Offeror in relation to the Offers will be fully performed in accordance with the terms and conditions thereof. Further, we have no reason to suspect that any material facts or information have been omitted or withheld from the information supplied or opinions expressed to us nor to doubt the truth, accuracy and completeness of the information, facts and representations provided, or the reasonableness of the opinions expressed, to us by AsiaSat, its Directors and its representatives. In line with normal practice, we have not, however, made any independent verification of the information and facts provided, representations made or opinions expressed by AsiaSat, its Directors and its representatives, nor have we conducted any form of independent investigation into the business affairs or assets and liabilities of AsiaSat. Accordingly, we do not warrant the accuracy or completeness of any such information.

Our opinion is also subject to the following qualifications:

- (i) It is not possible to confirm whether or not the Share Offers and Option Offer are in the interests of each individual AsiaSat Independent Shareholder or Optionholder, respectively, and each AsiaSat Independent Shareholder and Optionholder should consider his/her/its acceptance on the merits or otherwise of the Share Offers and the Option Offer respectively, in his/her/its own circumstances and from his/her/its own point of view having regard to all the circumstances (and not only the financial perspective offered in this letter) as well as his/her/its own investment objectives;
- (ii) We express no opinion as to whether the Offers will be accepted;
- (iii) Nothing contained in this letter should be construed as us expressing any view as to the trading price or market trends of any securities of AsiaSat at any particular time; and
- (iv) Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any securities in AsiaSat.

This letter is for the information of the Independent Board Committee solely in connection with their consideration of the Offers and, except for its inclusion in the Offer Documents and for references thereto in the letter from the Independent Board Committee set out in the Offer Documents, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent. Our opinion is directed to the Independent Board Committee, addresses only the fairness and reasonableness of the