

To the Independent Board Committee of Asia Satellite Telecommunications Holdings Limited

19 March 2007

Dear Sirs,

**PROPOSED PRIVATISATION OF
ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED
BY ASIACO ACQUISITION LTD.
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 99 OF THE COMPANIES ACT OF BERMUDA
INVOLVING THE CANCELLATION OF THE
SCHEME SHARES, ISSUE OF THE NEW SHARES
AND WITHDRAWAL OF LISTING
AND
POSSIBLE MANDATORY GENERAL OFFER**

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee, the Scheme Shareholders and Optionholders as to whether or not the terms and conditions of the proposal to privatise AsiaSat pursuant to the Scheme and the proposal to cancel all outstanding Options (together the "Proposals"), and more particularly, the cancellation price of HK\$18.30 per Scheme Share (the "Share Offer Price"), HK\$183.00 per ADS, HK\$0.82 per outstanding B Option and HK\$3.95 per outstanding C Option (the "Option Offer Price"), as defined and detailed herein below, are fair and reasonable so far as the Scheme Shareholders and Optionholders, respectively, are concerned.

This letter has been prepared for inclusion in the Scheme Document. Capitalised terms used in this letter shall have the same meanings as defined in the Scheme Document 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 Scheme Shareholders and Optionholders in respect of the Share Proposal and the Option Proposal respectively. In the event that the Possible MGO Share Offer and the Possible MGO Option Offer are subsequently made, the Independent Board Committee would also advise Scheme Shareholders and Optionholders in respect of such 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 SES, 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 Proposals, we have relied on the information, opinions and facts supplied, and representations made, to us by the Directors and representatives of AsiaSat (including those