

SECURITIES AND EXCHANGE COMMISSION

FORM 425

Filing under Securities Act Rule 425 of certain prospectuses and communications in connection with business combination transactions

Filing Date: **2009-01-26**
SEC Accession No. **0001144204-09-003421**

([HTML Version](#) on [secdatabase.com](#))

SUBJECT COMPANY

Alyst Acquisition Corp.

CIK: **1378451** | IRS No.: **205385199** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **425** | Act: **34** | File No.: **001-33563** | Film No.: **09545561**
SIC: **6770** Blank checks

Mailing Address

233 EAST 69TH STREET, #6J
NEW YORK NY 10021

Business Address

233 EAST 69TH STREET, #6J
NEW YORK NY 10021
212-650-0232

FILED BY

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **January 20, 2009**

ALYST ACQUISITION CORP.
(Exact name of registrant as specified in its charter)

Delaware

001-33563

20-5385199

(State or Other Jurisdiction
of Incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

**233 East 69th Street, #6J
New York, New York**

10021

(Address of Principal Executive Offices)

(Zip Code)

(646) 290-6104

Registrant's Telephone Number, Including Area Code

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Items to be Included in this Report

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

Alyst Acquisiton Corp. (“Alyst”) issued a press release on January 26, 2009, confirming the resignation of Paul Levy, a director, on January 20, 2009. Mr. Levy resigned for personal reasons. There was no disagreement between Alyst and Mr. Levy that led to his resignation.

On January 23, 2009, Alyst’s board of directors (the “Board”) appointed Stephen J. DeGroat to Alyst’s Board as an independent director. Mr. DeGroat is a managing director with Channel Capital, LLC an information services company and broker dealer in New York City. Channel Capital operates HedgeFund.Net, Private EquityCentral.Net and CapDial.Net. Mr. DeGroat is the former chairman and chief executive officer of Jesup & Lamont and began his career on Wall Street in 1984. In 2002, Mr. DeGroat, along with Apex Venture Partners, acquired Jesup & Lamont. As chairman of that firm, Mr. DeGroat built a team that focused primarily on developing the infrastructure and capabilities to complete PIPE and SPAC transactions, including Media & Entertainment Holdings and Alyst. In 2006, DeGroat sold Jesup & Lamont to Empire Financial Holding and resigned his position as chairman of Jesup & Lamont in early 2008. Mr. DeGroat graduated from Fordham College with a B.A. in Economics. He has served as a director of public companies, including Patterson-UTI (PTEN).

A copy of the registrant’s press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

Item 8.01. Other Events

(1) Alyst confirms that Michael E. Weksel, Alyst’s Chief Financial Officer, Chief Operating Officer, Secretary and Director, was appointed by China Networks Media, Ltd. (“CN Media”) (Alyst’s announced merger partner) in January 2009 to serve as its chief financial officer. Mr. Weksel will continue to serve Alyst in his current capacities and is expected post-merger to serve as chief financial officer of the surviving entity, China Networks International Holdings, Ltd. (“CN Holdings”), currently a wholly-owned British Virgin Islands subsidiary of Alyst.

(2) Attached as Exhibit 99.2 and incorporated herein by reference is an investor presentation, dated January 2009, that Alyst, CN Holdings, CN Media, and/or Chardan Capital Markets, as financial advisor (“Chardan”), expect to utilize in meetings with investors regarding Alyst’s proposed business combination with CN Media, previously reported in August 2008. The January 2009 investor presentation reflects a further restatement by CN Media of the audited special purpose carve-out financial statements for each of Kunming Taishi Information Cartoon Co., Ltd. and Shanxi Yellow River and Advertising Networks Cartoon Technology Co., Ltd for the years ended December 31, 2007, 2006 and 2005, and updates certain other information contained in the November 2008 investor presentation previously filed on November 18, 2008 with the SEC as Exhibit 99.1 to Alyst’s Form 8-K. As a result of the restatements, the combined carve-out net income for the year ended December 31, 2007 is approximately \$12.4 million (\$13.3 million previously reported), with CN Media’s consolidation of each joint venture yielding net income (representing 50% on consolidation) of approximately \$6.2 million (\$6.7 million previously reported).

Alyst, CN Holdings and CN Media and their respective directors and executive officers, and Chardan and its partners and directors, may be deemed to be participants in the solicitation of proxies for the special meeting of Alyst stockholders to be held to approve, among other things, the proposed business combination with CN Media. In connection with the pending transaction, CN Holdings will file with the SEC a Registration Statement on Form S-4. The stockholders of Alyst are urged to read the Registration Statement and the preliminary proxy statement/prospectus, and the definitive proxy statement/prospectus when they are available, as well as all other relevant documents filed or to be filed with the SEC, because they will contain important information about CN Holdings, CN Media, Alyst and the proposed transaction. The final proxy statement/prospectus will be mailed to stockholders of Alyst after the Registration Statement is declared effective by the SEC.

Stockholders will be able to obtain a copy of the definitive proxy statement/prospectus and any other relevant filed documents at no charge from the U.S. Securities and Exchange Commission's website (www.sec.gov). These documents will also be available from Alyst at no charge, once filed with the SEC, by directing a request to 233 East 69th Street, #6J, New York, New York 10021.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

| Exhibit No. | Description |
|--------------------|---|
| 99.1 | Press Release, dated January 26, 2009 |
| 99.2 | Investor Presentation, dated January 2009 |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ALYST ACQUISITION CORP.

Date: January 26, 2009

By: /s/ Michael E. Weksel
Name: Michael E. Weksel
Title: Chief Financial Officer

Exhibit Index

| Exhibit No. | Description |
|--------------------|---|
| 99.1 | Press Release, dated January 26, 2009 |
| 99.2 | Investor Presentation, dated January 2009 |

FOR IMMEDIATE RELEASE**ALYST ACQUISITION CORP. APPOINTS STEPHEN J. DEGROAT AS AN INDEPENDENT DIRECTOR**

NEW YORK, Jan. 26 /PRNewswire-FirstCall/ -- Alyst Acquisition Corp. (AMEX: AYA), a special purpose acquisition company ("Alyst"), has confirmed that on January 20, 2009, Paul Levy, one of Alyst's independent directors resigned for personal reasons. There was no disagreement between Alyst and Mr. Levy that led to his resignation.

On January 23, 2009, Alyst's board of directors (the "Board") appointed Stephen J. DeGroat to Alyst's Board as an independent director. Mr. DeGroat is a managing director with Channel Capital, LLC an information services company and broker dealer in New York City. Channel Capital operates HedgeFund.Net, Private EquityCentral.Net and CapDial.Net. Mr. DeGroat is the former chairman and chief executive officer of Jesup & Lamont and began his career on Wall Street in 1984. In 2002, Mr. DeGroat, along with Apex Venture Partners, acquired Jesup & Lamont. As chairman of that firm, Mr. DeGroat built a team that focused primarily on developing the infrastructure and capabilities to complete PIPE and SPAC transactions, including Media & Entertainment Holdings and Alyst. In 2006, DeGroat sold Jesup & Lamont to Empire Financial Holding and resigned his position as chairman of Jesup & Lamont in early 2008. Mr. DeGroat graduated from Fordham College with a B.A. in Economics. He has served as a director of public companies, including Patterson-UTI (PTEN).

Alyst also confirms that Michael E. Weksel, Alyst's Chief Financial Officer, Chief Operating Officer, Secretary and Director, has been appointed by China Networks Media, Ltd. (Alyst's merger partner) to serve as its chief financial officer. Mr. Weksel will continue to serve Alyst in his current capacities and is expected post-merger to serve as chief financial officer of the surviving entity, China Networks International Holdings, Ltd. ("CNIH"), currently a wholly-owned British Virgin Islands subsidiary of Alyst.

Alyst issued a press release on August 18, 2008, announcing it had entered into an agreement and plan of merger to acquire all of the issued and outstanding shares of China Networks Media, Ltd., which owns and is acquiring broadcast television advertising rights in the People's Republic of China. As part of the transaction, Alyst proposes to redomesticate to the British Virgin Islands by means of merging with its wholly-owned subsidiary, CNIH, immediately prior to consummating its transaction with China Networks Media, Ltd. Alyst expects to file with the SEC a preliminary proxy statement and registration statement on Form S-4 in connection with the proposed merger.

About Alyst

Alyst is a special purpose acquisition company formed in August 2006 for the purpose of acquiring, through a merger, asset acquisition or other similar business combination, an operating business. In July 2007, Alyst raised approximately \$63.2 million from the issuance of its common stock and warrants. Alyst has until June 29, 2009 to complete a business combination. Alyst's principal offices are in New York City.

Safe Harbor Statement

Stockholders of Alyst are advised to read, when available, Alyst's preliminary proxy statement and Alyst's definitive proxy statement in connection with Alyst's solicitation of proxies for the special meeting because these statements will contain important information. The definitive proxy statement will be mailed to stockholders as of a record date to be established for voting on the proposed transaction. Once filed, stockholders will be able to obtain a copy of the definitive proxy statement and any other relevant filed documents for free at the SEC's website (<http://www.sec.gov>). These documents will also be available for free, once filed, from Alyst by directing a request to 233 East 69th Street, # 6J, New York, New York 10021.

In connection with the transaction, CNIH will file with the SEC a registration statement on Form S-4. The stockholders of Alyst are also urged to read the registration statement, when it is available, as well as all other relevant documents filed or to be filed with the SEC, because they will contain important information about Alyst, CNIH and the proposed transaction.

Alyst and its directors and executive officers may be deemed to be participants in the solicitation of proxies for the special meeting of Alyst stockholders to be held to approve, among other things, the acquisition of all of the issued and outstanding shares of China Networks Media, Ltd.. Information regarding Alyst's directors and executive officers is available in its filings with the SEC and such information will be available in the proxy statements. No person other than Alyst has been authorized to give any information or to make any representations on behalf of Alyst or China Networks Media, Ltd. in connection with the acquisition, and if given or made, such other information or representations must not be relied upon as having been made or authorized by Alyst.

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 about Alyst and China Networks Media, Ltd. and their combined business after completion of the proposed acquisition. Forward-looking statements are statements that are not historical facts and may be identified by the use of forward-looking terminology, including the words "believes," "expects," "intends," "may," "will," "should" or comparable terminology. Such forward-looking statements are based upon the current beliefs and expectations of Alyst's and China Networks Media, Ltd.'s management and are subject to risks and uncertainties which could cause actual results to differ from the forward-looking statements.

Forward-looking statements are not guarantees of future performance and actual results of operations, financial condition and liquidity, and developments in the industry may differ materially from those made in or suggested by the forward-looking statements contained in this press release. These forward-looking statements are subject to numerous risks, uncertainties and assumptions. The forward-looking statements in this press release speak only as of the date of this press release and might not occur in light of these risks, uncertainties, and assumptions. Alyst undertakes no obligation and disclaims any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

For Further Information, please contact:

Alyst Acquisition Corp.
Michael E. Weksel
Tel: 212-650-0232
Email: mweksel@alyst.net

Company Advisor:
Chardan Capital Markets, LLC
George Kaufman
Tel: 646-465-9015
Email: gkaufman@chardancapitalmarkets.com

SOURCE Alyst Acquisition Corp.

EXHIBIT 99.2

Filed pursuant to Rule 425 under the Securities Act of 1933 and deemed filed pursuant to Rule 14a-12 under the Securities Exchange Act of 1934
Subject Company: Alyst Acquisition Corp.
SEC File No. 001-33563



China's Emerging TV Advertising Network

January 2009



Important Notice

The information contained in this presentation is intended solely for the benefit of investors interested in the proposed acquisition of China Networks Media Ltd. (China Networks) by Alyst Acquisition Corp. (Alyst). Except where otherwise indicated, the information in this presentation has been provided solely by China Networks and Chardan Capital Markets.

Alyst, China Networks and China Networks International Holdings (CN International), and their respective directors and executive officers, and Chardan Capital Markets and its partners and directors may be deemed to be participants in the solicitation of proxies for the special meeting of Alyst stockholders to be held to approve, among other things, the proposed business combination with China Networks. In connection with the pending transaction, CN International will also file with the SEC a Registration Statement on Form S-4. The stockholders of Alyst are urged to read the Registration Statement and the preliminary proxy statement/prospectus, and the definitive proxy statement/prospectus when they are available, as well as all other relevant documents filed or to be filed with the SEC, because they will contain important information about China Networks, Alyst, and the proposed transaction. The final proxy statement/prospectus will be mailed to stockholders of Alyst after the Registration Statement is declared effective by the SEC. Stockholders will be able to obtain a copy of the definitive proxy statement/prospectus and any other relevant filed documents at no charge from the U.S. Securities and Exchange Commission's website (www.sec.gov). These documents will also be available from Alyst at no charge, once filed with the SEC, by directing a request to 233 East 69th Street, #6J, New York, NY 10021.

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on current expectations or beliefs, including, but not limited to, statements concerning the company's operations and financial performance and condition. For this purpose, statements that are not statements of historical fact may be deemed to be forward-looking statements. The company cautions that these statements by their nature involve risks and uncertainties, and actual results may differ materially depending on a variety of important factors beyond the control of Alyst and China Networks.



Who We Are

China Networks is a fast-growing TV advertising network in China

China Networks operates as the exclusive advertising arm for TV stations within its network



The Company

China Networks

Founded in October 2007

112 employees

Consolidated stations as of November 2008:

- I. 50% of Yellow River TV Station
- II. 50% of Kunming TV Station

| Audited 2007 | Revenue (100% consolidation) | Net Income (50% consolidation) | Audience Coverage (population) | Number of TV Channels | Programming Hours per Day | ARPA* |
|--------------|------------------------------------|--------------------------------------|--------------------------------------|--------------------------|------------------------------|-----------|
| Yellow River | \$5.3mm | \$1.7 mm | 30 mm | 1 | 20 | \$0.18 |
| Kunming | \$15.4mm | \$4.5 mm | 6.2 mm | 6 | 130 | \$2.48 |
| TOTAL | \$20.7 mm | \$6.2 mm | 36.2 mm | 7 | 150 | NA |

* Average revenue per audience coverage

Source: Yellow River and Kunming Stations



The Company

Current Network:



Kunming TV

ARPA: \$2.48
Channels: 6 TV
Coverage: 6.2 mm
2007 Revenue: \$15.4 mm*
2007 Net Income: \$4.5 mm*

Yellow River

ARPA: \$0.18
Channels: 1 TV, 1 Radio
Coverage: 30 mm
2007 Revenue: \$5.3 mm*
2007 Net Income: \$1.7 mm*



Near-term Potential Add-on Acquisitions:

ARPA range: \$0.53 to \$9.5 each
Coverage range: 2 mm – 10 mm each
Revenue range: \$5 mm - \$17 mm each*
Net Income range: \$2 mm - \$7 mm each*



** Under US GAAP, China Networks consolidates 100% of all income statement items less 50% minority interest which reduces net income by that amount and does not impact the revenue line.*



Growth Strategy

1. Improve core profitability – Organic Growth

- ⊗ Increase revenue ~20+% per annum through: ad sales effectiveness, network leveraged pricing, assisting the TV stations on improving their programming acquisition strategy
- ⊗ Reduce costs of ad delivery through storage/transmission technologies and economies of scale, holding net margins at 68 – 70%

2. Extend offering in network – Organic Growth

- ⊗ Expand full-service offering to include media planning and creative services
- ⊗ Leverage buying power by advising network stations on their programming acquisition
- ⊗ Develop new channel offerings in partnership with partners, e.g. Home Shopping

3. Expand network – M&A Growth

- ⊗ Acquire additional TV advertising network stakes: pipeline of >10 deals already prioritized from field of >350 potential broadcaster partners
- ⊗ Opportunity to build affiliate network with agency deals to sell partial ad inventory

Profile of Typical Add-on Acquisition

| | Revenue 100% consolidation | EBITDA 50% consolidation | Net Income 50% consolidation | ARPA | Audience coverage (population) | No. of Channels |
|-----------|----------------------------------|--------------------------------|------------------------------------|--------|--------------------------------------|--------------------|
| Company A | \$7.5 mm | \$3.0 mm | \$3.0 mm | \$0.53 | 10 mm | 4 |



Business Opportunity

Chinese TV industry is decentralized and highly fragmented

- ◉ 296 broadcasters operating over 2,983 channels, reaching 96% of the population through terrestrial and cable¹
- ◉ National and Provincial SARFT² who own all assets currently are keen to see performance and monetization

Huge growth in advertising spending

- ◉ Advertising growth set to continue at 17.33% per annum³
- ◉ China will become the 4th largest advertising economy in the world in 2010 worth \$24bn⁴
- ◉ TV advertising is largest (~40%) and fastest growing medium in the market⁴

Deregulation just beginning

- ◉ Industry has been highly regulated which has limited private investment and virtually precluded foreign investment to date
- ◉ Deregulation (in advertising initially) creates significant opportunities for companies that can improve the profitability and efficiency of broadcasters
- ◉ China Network's model builds and innovates on tested JV models

¹ National Statistics Bureau 2006

² China's media regulator: State Administration for Radio Film & Television

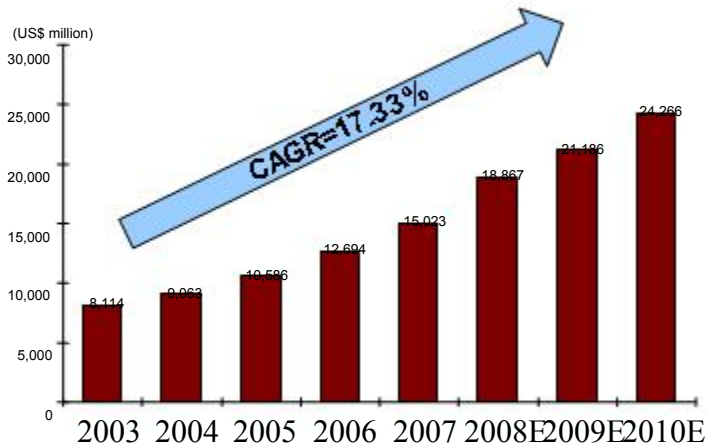
³ China Advertising Industry Forecast Report, 2007-2010

⁴ Advertising Expenditure Forecasts, ZenithOptimedia, March 2008



China Advertising Growth

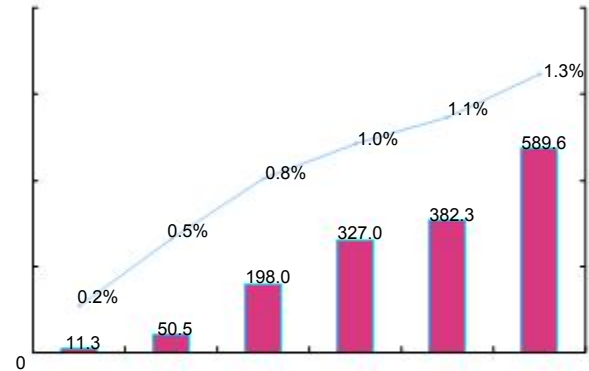
China Total Annual Advertising Revenue



2007 China Annual Advertising Spending

Spend per Capita US\$

Spend per GDP %



Highlights

- China is currently the 5th largest market in the world in 2008, projected to become the 4th by 2010
- Greatest growth rates projected in second and third-tier cities from 2005
- Despite rapid growth, Chinese advertising market is still small by international standards relative to the size of the economy
- China's per capita advertising expenditure was \$11.30 compared to \$589.60 in US in 2007
- China's advertising expenditure only represented 0.2% of GDP compared to 1.3% in US in 2007

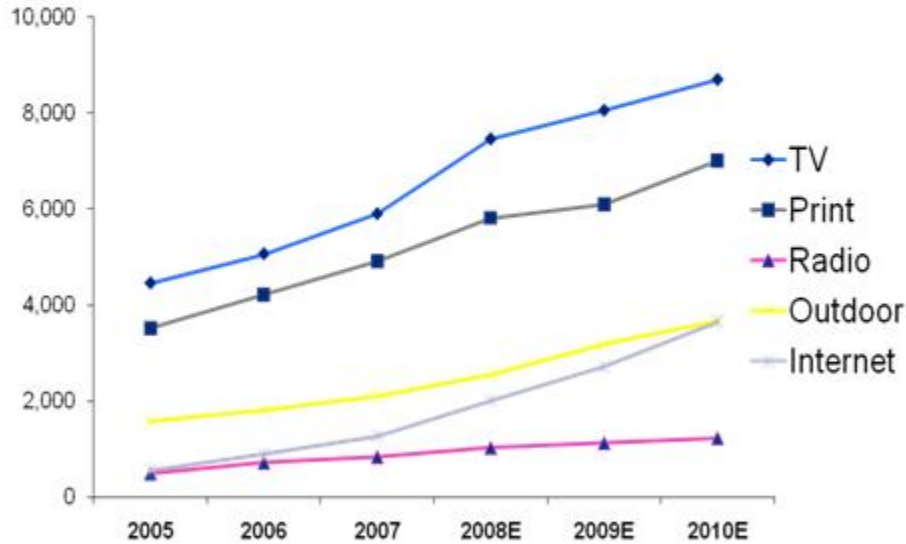
Source: Advertising Expenditure Forecasts,

8

ZenithOptimedia, March 2008

China Advertising Growth

China Annual Advertising Spending US\$ Million



Source: ZenithOptimedia Advertising Expenditure Forecasts, March 2008

Highlights

- TV advertising is the fastest growing advertising category
- Despite rapid growth, the Chinese advertising market is still small by international standards
- TV Advertising accounts for over 39.3% of total market share of advertising in 2007
- 2nd and 3rd tier market shows large growth potential
- Target regions' ratio of TV and radio ad income to total GDP is lower than the national average



CN Management Team

Mr. Li Shuangqing: Chairman and CEO

- ⊗ 2007 to present, Chairman and CEO of China Networks Media Limited
- ⊗ 2006 to 2007, Chairman of Shandong Huashi Media & Technology, a leading Electronic Program Guide provider in China
- ⊗ 2001 to 2006, General Manager of Huicong Advertising, a leading Chinese internet and TV advertising company
- ⊗ 1997 to 2001, Director of Advertising Department of Qilu TV Station
- ⊗ 1980 to 1997, management and TV production roles with Shandong and Qilu TV Stations
- ⊗ Graduated from Guanghua School of Management, Peking University, Executive MBA program

Mr. Michael E. Weksel: CFO

- ⊗ 2009 to present, CFO of China Networks Media Limited
- ⊗ 2006 to present, COO and CFO of Alyst Acquisition Corp.
- ⊗ 2000 to 2006, Principal of Industrial Acquisitions Management, LLC
- ⊗ 1994 to 1999, Co-founder of LogistiCare, CFO and VP of LogistiCare
- ⊗ 1992 to 1994, Managing Director of Weksel, Davies & Co. Inc
- ⊗ 1989 to 1992, Associate at the merchant banking firm of Joseph Littlejohn & Levy Inc.
- ⊗ Graduated from State University of New York, M.B.A from Columbia University

Ms. Wu Ying: COO

- ⊗ 2008 to present, COO of China Networks Media Limited
- ⊗ 2007-2008, CEO of Globereel.com , a leading video-website for world travel in China
- ⊗ 1993-2007, Executive Director and COO of HC International, Inc, a leading cross-media business information provider in China, listed on HK GEM in 2003 (HK8292)
- ⊗ Graduated from Guanghua School of Management in 2000, Peking University, Executive MBA program



CN Management Team

Mr. Zhou Chuansheng: VP Sales/Marketing

- ⊗ 2007 to present, VP Sales/Marketing of China Networks Media Limited
- ⊗ 2006 to 2007, General Manager of Shandong Huashi Media & Technology, a leading Electronic Program Guide provider in China
- ⊗ 2003 to 2006, General Manager of Jinan Huamei Media Advertising
- ⊗ 2001 to 2003, General Manager of Zhengzhou Branch of Huamei Media Advertising

Ms. Guan Yong: VP Business Development

- ⊗ 2007 to present, VP Business Development of China Networks Media Limited
- ⊗ 2006 to 2007, Director of Greater China Sales Department, Zhuhai Cosmedia, branch of Hongkong Cosmedia Holding Ltd., a London AIM listed company, focusing on developing and implementing a multi-platform advertising and distribution network in mainland China and Hong Kong
- ⊗ 2004 to 2006, Director of Advertising Department of Economy & Life Channel in Henan TV Station
- ⊗ 2000 to 2004, Key Account Manager, Huicong Advertising
- ⊗ 1995 to 2000, Manager of East China region of Shandong Qilu TV Station Advertising Department

Mr. Liu Rui: Head of Media Planning

- ⊗ 2007 to present, Head of Media Planning of China Networks Media Limited
- ⊗ 2006 to present, Director of Strategy, at Daqi (www.daqi.com) web 2.0 site
- ⊗ 2002 to 2006, Vice President of Huamei Media, subsidiary of Huicong Advertising, specializing in advertising sales and planning
- ⊗ 1998 to 2002, Sichuan Gaoyang Advertising, media buying and data analysis for SCTV, CDTV & CQTV
- ⊗ 1996 to 1998, Institute of Classics, Sichuan University, engaged in editing classical literature



Capitalization Tables

Primary Share Basis Pre Business Combination

| | Common Shares | Ownership Percent |
|---------------------------|-------------------|-------------------|
| China Networks | | |
| Shareholders ¹ | 2,880,000 | 22.72% |
| Alyst | | |
| Common | 9,794,400 | 77.28% |
| TOTALS | 12,674,400 | 100.00% |

Fully Diluted Post Business Combination

| | Equity | Cash to Company ² | Ownership Percent |
|-----------------------|-------------------|------------------------------|-------------------|
| China Networks | | | |
| Common | 12,674,400 | | 56.23% |
| Warrants | 9,864,400 | \$ 24,399,900 | 43.77% |
| TOTALS | 22,538,800 | 24,399,900 | 100.00% |

¹ Includes as-converted preferred shareholders

² Upon cash conversion of all outstanding warrants less \$24,922,100 to be paid to holders of pre-business combination China Networks capital stock



Equity Earn-out Targets

Owners of China Networks, on an all-or-none basis each year, will be issued shares of common stock upon achieving net income¹ in the following amounts for each year from 2009 to 2011:²

| Year Ending 12/31 | Net Income | Shares |
|-------------------|---------------|-----------|
| 2009 | \$ 20,000,000 | 2,850,000 |
| 2010 | \$ 30,000,000 | 3,075,000 |
| 2011 | \$ 40,000,000 | 3,075,000 |

¹Net Income means the net income of the China Networks Surviving Corporation and its subsidiaries as determined in accordance with U.S. generally accepted accounting principles (“GAAP”), **excluding equity-based compensation charges, extraordinary one-time charges and charges related to the Business Combination or impairment of goodwill**.
²Owners of China Networks will also receive additional cash consideration of \$3 million per annum for achieving net income targets of \$15 million and \$25 million in years 2009 and 2010, respectively.



Takeaway Points

China's First TV Advertising Network

Profitable established business with significant scale

- ⊗ China Network's initial acquisitions provide a historically stable profit base with a large platform of established audiences in each market.

Rapidly growing market

- ⊗ China's advertising market was already large (\$15bn) in 2007 and growing rapidly (17.33% CAGR) and will become the 4th largest in the world in 2010, with TV advertising consisting of 40% share.¹

Unique and advantageous structural position

- ⊗ By securing exclusive contracts to provide advertising in multiple territories in partnership with SARFT, China Network enters the market with a unique and sustainable competitive advantage, and a highly scalable business model.

Strong growth prospects

- ⊗ In addition to expanding the core ad-sales business through operational improvements and market development, and growing the network through acquiring stakes in additional territories, China Network has a rich set of growth options including building an affiliate network of partner-channels and additional content provision.

Seasoned management team

- ⊗ China Network has attracted a highly-experienced team with solid experience and proven track record in the TV and advertising industry in China and internationally, as well as established relationships with national and local governments.



¹ Advertising Expenditure Forecasts, ZenithOptimedia, March 2008



Appendix



Audited Financials

Balance Sheet

KUNMING AND YELLOW RIVER: COMBINED BALANCE SHEETS FOR THE YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005

| | December 31, 2007 USD | December 31, 2006 USD | December 31, 2005 USD |
|--|-----------------------------|-----------------------------|-----------------------------|
| Assets | | | |
| Current Assets: - | | | |
| Cash | \$ 116,055 | \$ 450,501 | \$ 493,544 |
| Accounts Receivables, Net | 1,677,703 | 1,978,314 | 1,788,481 |
| Receivables from Television Stations | 1,858,956 | - | - |
| Other Receivables | 17,684 | - | - |
| Total Current Assets | <u>3,670,398</u> | <u>2,428,815</u> | <u>2,282,025</u> |
| TOTAL ASSETS | <u>\$3,670,398</u> | <u>\$2,428,815</u> | <u>\$2,282,025</u> |
| Liabilities and Invested Equities | | | |
| Current Liabilities: - | | | |
| Accounts Payables | \$ - | \$ 24,257 | \$ 23,691 |
| Accrued Expenses | 410,376 | 54,147 | 60,524 |
| Due to Television Station | - | 27,089 | 1,165,403 |
| Customer Deposits | 2,584,941 | 2,071,783 | 892,332 |
| Total Liabilities | <u>2,995,317</u> | <u>2,177,276</u> | <u>2,141,950</u> |
| Total Equity | <u>675,081</u> | <u>251,539</u> | <u>140,075</u> |
| TOTAL LIABILITIES AND EQUITY | <u>\$3,670,398</u> | <u>\$ 2,428,815</u> | <u>\$2,282,025</u> |



Audited Financials

Income Statement

KUNMING AND YELLOW RIVER: COMBINED STATEMENT OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005

| | Year ended December 31, 2007 | Year ended December 31, 2006 | Year ended December 31, 2005 |
|---|---------------------------------|---------------------------------|---------------------------------|
| | USD | USD | USD |
| Revenue | \$ 20,684,055 | \$ 16,350,638 | \$15,528,457 |
| Sales Tax | (1,696,906) | (1,199,132) | (1,122,206) |
| Cost of Revenue | <u>(4,844,541)</u> | <u>(3,757,422)</u> | <u>(1,925,034)</u> |
| Gross Profit | 14,142,608 | 11,394,084 | 12,481,217 |
| Other Income | <u>28,802</u> | <u>102,261</u> | <u>10,337</u> |
| Sales, General and Administrative Expenses | <u>(1,712,931)</u> | <u>(1,607,264)</u> | <u>(1 ,376,299)</u> |
| Income before Taxes | <u>12,458,479</u> | <u>9,889,081</u> | <u>11 ,115,255</u> |
| Income Taxes | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Income | <u>\$ 12,458,479</u> | <u>\$ 9,889,081</u> | <u>\$ 11,115,255</u> |



Company Details

Kunming



Kunming TV Station

- ⊗ Founded March 1985
- ⊗ Coverage: 6.2 million population in 5 areas, 8 counties and Kunming itself
- ⊗ Kunming City TV – General Channel ranked in the Top 3 audience rating stations in Kunming city in 2006
- ⊗ 6 TV channels:
 - ⊗ Terrestrial and Cable: General Channel, Movies Channel
 - ⊗ Cable Only: Entertainment Channel, Living Channel, Economic Channel and News Channel
- ⊗ More than 130 hours/day of programming including drama, documentary, news, and entertainment of which 7 hours/day produced in-house
- ⊗ KMTV studio facilities include office space of more than 33,000 square meters, including one large broadcast studio of 1,000 square meters and 9 mid- and small-sized studios
- ⊗ Advertisers include:
 - ⊗ Proctor & Gamble
 - ⊗ Samsung
 - ⊗ McDonald's Corp.
 - ⊗ KFC
 - ⊗ Audi
 - ⊗ Chery Automotive



Company Details

Kunming Station Ratings

Kunming TV Station

| Top 10 TV Channels by Average Rating in Kunming (4+, whole day, 2006) | | | |
|---|-----------------------------------|------------|------------|
| Ranking | Channel | Rating(%) | Share(%) |
| 1 | CCTV General Channel | 2.2 | 14.9 |
| 2 | Yunnan TV City Channel(TV2) | 1.8 | 12.2 |
| 3 | Kunming TV General Channel | 1.5 | 9.8 |
| 4 | Kunming TV Movies Channel | 0.8 | 5.6 |
| 5 | CCTV-6 | 0.8 | 5.1 |
| 6 | Yunnan TV Movies Channel(TV5) | 0.8 | 5.0 |
| 7 | CCTV-5 | 0.6 | 4.1 |
| 8 | CCTV-3 | 0.6 | 4.0 |
| 9 | CCTV-8 | 0.6 | 4.0 |
| 10 | Yunnan TV Satellite Channel(TV1) | 0.4 | 2.8 |

Data Source: CSM Media Research 2007, China TV Rating Yearbook 2007



Company Detail

Yellow River



China Yellow River TV Station

- ⊙ Founded in July 1991, and has been broadcasting both domestically and internationally for 16 years
- ⊙ 1 Domestic TV channel: Yellow River Minsheng Channel
 - ⊙ Coverage: Shanxi Province, 30 million population
 - ⊙ Broadcasting Time: 20 hours per day, including 2.5 hours self-produced programs, 17.5 hours purchased programs
- ⊙ 1 Radio Station: Art & Entertainment Radio
 - ⊙ Coverage: Shanxi Province, 20 million population
- ⊙ 2 International Channels: (not for profit)
 - ⊙ SCOLA Channel: Satellite TV, 24 hour broadcasting 3 channels
 - ⊙ International Channel: cooperation with ECHO Star, Chinese language and culture learning channel, 50,000 subscribers
- ⊙ Advertisers include:
 - ⊙ China Mobile
 - ⊙ HPGC
 - ⊙ Arche



Chinese 4 level TV System

| Level | | | Number | Examples | Characteristics |
|----------------|--|---|--------|--|---|
| Central level | CCTV | | 1 | | CCTV has 16 channels |
| | CETV (China Education TV) | | 1 | | |
| Province level | Province TV station | | 27 | | Each TV station has one satellite channel |
| | Education TV station | | 45 | | |
| | TV of municipalities directly under the central government | | 4 | Beijing, Shanghai, Tianjin, Chongqing | Each TV station has one satellite channel |
| City level | Subordinate province-level City TV | Large capital city | 11 | Hangzhou, Harbin, Najing, Jinan, Guangzhou | |
| | | City with independent budgetary status | 5 | Shenzhen, Dalian, Ningbo, Qingdao, Xiamen | Shenzhen and Xiamen have their own satellite TV channel |
| | Prefecture-level City TV | Small and mid-sized province capital city | 16 | Kunming, Zhengzhou, Nanning etc. | |
| | | Other cities | 232 | Zhuhai, Tai'an etc. | <ul style="list-style-type: none"> Some top City TV stations in East China such as Suzhou, Wenzhou, Wuxi have more ad income than some capital City TV stations in West China Yanbian is the only TV station with a satellite channel |
| County level | | | 1935 | Sunde | They are broadcast-television stations, they only transmit programs from CCTV, province TV and City TV. They do not produce their own programs |



Source: Chinese Media University Publishing

House, Report on the development of Chinese City

TV station, 2007; Skillnet ML, 2008

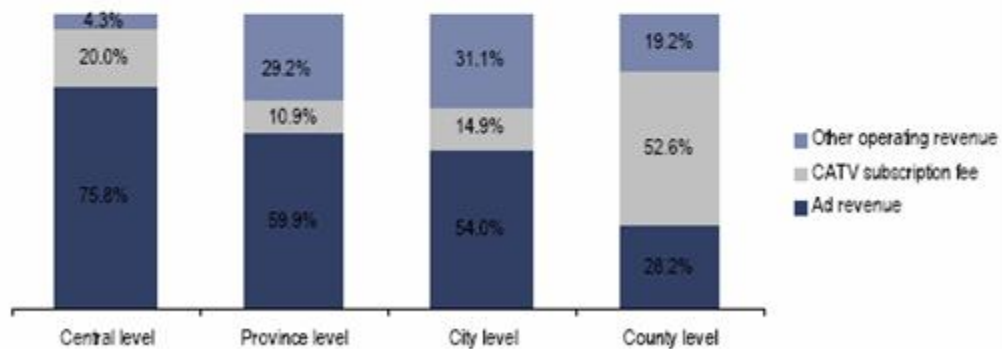


TV Station Revenue Structure

| <i>In USD bn</i> | Ad Revenue | CATV Subscription Fee | Other Operating Revenue* | Total Operating Revenue |
|------------------|--------------|-----------------------|--------------------------|-------------------------|
| Central Level | 1.63 (21.8%) | 0.43 | 0.09 | 2.15 |
| Provincial Level | 3.56 (47.6%) | 0.65 | 1.74 | 5.95 |
| City Level | 1.77 (23.7%) | 0.49 | 1.02 | 3.28 |
| Country Level | 0.52 (6.95%) | 0.97 | 0.36 | 1.85 |
| Total | 7.48 | 2.54 | 3.2 | 13.22 |

*Other operating revenue:
such as events sponsoring

Percentage of revenue at different levels



Source: SARFT statistic 2007, Skillnet MI, 2008



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