

Alyst Acquisition Corp.  
Form 425  
August 27, 2008

**China s Emerging TV Advertising Network**

**August 2008**

**Filed by China Networks International  
Holding Ltd. pursuant to Rule 425  
under the Securities Act of 1933 and  
Deemed Filed Pursuant to Rule 14a-12  
under the Securities Act of 1934**

**Subject Company:**

**Alyst Acquisition Corp.**

**Commission File No. 001-33563**

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](http://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.

### **Important Notice**

3

**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*

4

**The Company**

**China Networks**

Founded in October 2007

63 employees

Consolidated stations as of August 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**

\$5.6mm

\$1.9 mm

30 mm

1

20

\$0.19

**Kunming**

\$15.4mm

\$5.5 mm

6.2 mm

6

130

\$2.53

**TOTAL**

**\$21 mm**

**\$7.4 mm**

**36.2 mm**

7

**150**

**NA**

Source: Yellow River and Kunming Stations

\* Average revenue per audience coverage

5

## **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*

## **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

***Profile of Typical Add-on Acquisition***

6

**The Company**

**Current Network:**

**Kunming TV**

**Yellow River**

ARPA: \$2.53

Channels: 6 TV

Coverage: 6.2 mm

2007 Revenue: \$15.4 mm\*

2007 Net Income: \$5.5 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\*

ARPA: \$0.19

Channels: 1 TV, 1 Radio

Coverage: 30 mm

2007 Revenue: \$5.6 mm\*

2007 Net Income: \$1.9 mm\*

*\* 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.*



7

## **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 cable<sup>1</sup>

National and Provincial SARFT<sup>2</sup> 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 annum<sup>3</sup>

China will become the 4<sup>th</sup> largest advertising economy in the world in 2010 worth \$24bn<sup>4</sup>

TV advertising is largest (~40%) and fastest growing medium in the market<sup>4</sup>

### **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

<sup>1</sup> *National Statistics Bureau 2006*

<sup>2</sup> *China's media regulator: State Administration for Radio Film & Television*

<sup>3</sup> *China Advertising Industry Forecast Report, 2007-2010*

<sup>4</sup> *Advertising Expenditure Forecasts, ZenithOptimedia, March 2008*

8

## **China Advertising Growth**

### **China Total Annual Advertising Revenue**

#### **Highlights**

China is currently the 5th largest market in the world in 2008, projected to become the 4<sup>th</sup> by 2010

Greatest growth rates projected in second and third-tier cities from 2005

*Source: Advertising Expenditure Forecasts, ZenithOptimedia, March 2008*

#### **Spend per Capita US\$**

#### **Spend per GDP %**

### **2007 China Annual Advertising Spending**

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

8,114

9,063

10,586

12,694

15,023

18,867

21,186

24,266

0

5,000

10,000  
15,000  
20,000  
25,000  
30,000  
2003  
2004  
2005  
2006  
2007  
2008E  
2009E  
2010E  
(US\$ million)  
11.3  
50.5  
198.0  
327.0  
382.3  
589.6  
1.3%  
1.1%  
0.2%  
0.5%  
0.8%  
1.0%

0  
250  
500  
750  
1,000  
China  
Brazil  
South Korea  
Japan  
United  
Kingdom  
United States  
0.0%  
0.4%  
0.8%  
1.2%  
1.6%

9

## **China Advertising Growth**

### **China Annual Advertising Spending**

**US\$ Million**

#### **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 3<sup>rd</sup> tier market shows large growth potential

Target regions ratio of TV and radio ad income to total GDP is lower than the national average

*Source: ZenithOptimedia Advertising Expenditure Forecasts, March 2008*

10

**Mr. Li Shuangqing: Co-Chairman and CEO**

2007 to present, Co-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. Sean Hinton: Co-Chairman**

2008 to present, Co-Chairman of China Networks Media Limited

2005 to present, Principal, Terbish Partners investment banking and strategic advisory specializing in the media sector in London and Beijing

2000 to 2005, Managing Director, Ealing Studios UK film and TV studio with feature film, TV production and studio facilities.

1995 to 2000, Senior Consultant, McKinsey & Co. Media Practice clients included major international media corporations (UK, Australia, China, US)

Graduated from MIT Sloan School of Management, Cambridge University, Guildhall School of Music and Drama

**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

**CN Management Team**

11

**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

1988 to 1995, Shandong Linyi TV Station

**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](http://www.daqi.com)) web 2.0 site

2002 to 2006, Vice President of Huamei Meidia, 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

**CN Management Team**

12

**Capitalization Tables**

Primary Share Basis Pre Business Combination

Fully Diluted Post Business Combination

<sup>1</sup> Includes as-converted preferred shareholders

<sup>2</sup> 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 income<sup>1</sup> in the following amounts for each year from 2009 to 2011:<sup>2</sup>

<sup>1</sup>Net 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.**

<sup>2</sup>Owners 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.

14

**Comparable Analysis**

Source: Capital IQ as of August 14, 2008

\$ in millions

## **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 4<sup>th</sup> largest in the world in 2010, with TV advertising consisting of 40% share.<sup>1</sup>

#### **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.

<sup>1</sup> *Advertising Expenditure Forecasts, ZenithOptimedia, March 2008*

16

**Appendix**

17

December 31,

2007

December 31,

2006

December 31,

2005

USD

USD

USD

**Assets**

Current Assets: -

Accounts Receivables

\$ 4,019,922

\$ 1,978,313

\$ 1,693,318

Other Receivables

38,621,846

22,301,989

10,480,950

Bills Receivables

-

-

95,163

Cash at Bank

116,055

450,501

493,544

Total Current Assets

\$42,757,823

\$24,730,803

\$12,762,975

TOTAL ASSETS

\$42,757,823

\$24,730,803

\$12,762,975

**Liabilities and Invested**

**Equities**

Current Liabilities: -

Accounts Payables

-

24,257

23,466

Other Payables

-

-

6,421

Accrued Expenses

128,782

103,876

54,327

Deposit Received

1,632,860

1,163,332

693,896

Receipts in Advance

840,731

165,463

198,436

TOTAL LIABILITIES

\$ 2,602,373

\$ 1,456,928

\$ 976,546

Commitment and Contingencies

-

-

-

Invested Equity: -

Retained Profits

37,291,598

22,549,277

11,639,706

Accumulated Other Comprehensive Income

2,863,852

724,598

146,723

\$ 40,155,450

\$ 23,273,875

\$ 11,786,429

Total Liabilities and Invested Equity

\$ 42,757,823

\$ 24,730,803

\$ 12,762,975

**KUNMING AND YELLOW RIVER**

**SPECIAL PURPOSE COMBINED CARVE-OUT STATEMENTS OF OPERATIONS**

**FOR THE YEARS ENDED DECEMBER 31, 2007 (UNAUDITED), 2006 (AUDITED) AND 2005 (AUDITED)**

**Audited Financials**

**Balance Sheet\***

\*Carve-out financial statements represent financial condition for the combination of Kunming and Yellow River TV stations through December 31, 2007 *prior* to 2008 consolidation by China Networks Media Ltd.



18

**Audited Financials  
Income Statement \***

**Year ended**

**December 31, 2007**

**Year ended**

**December 31, 2006**

**Year ended**

**December 31, 2005**

USD

USD

USD

Revenue

\$ 20,989,849

\$ 17,081,520

\$15,528,457

Sales Tax

1,267,418

1,199,131

1,122,205

Cost of Revenue

3,295,981

3,467,815

1,925,218

Gross Profit

\$ 16,426,450

\$ 12,414,574

\$ 12,481,218

Other Income

28,802

102,262

10,337

Sales and General and

Administrative Expenses

1,712,931

1,607,265

,376,299

Income Before Taxes

14,742,321

10,909,571

1,115,256

Income Tax

-

-

-

Net Income

\$ 14,742,321

\$ 10,909,571

\$ 11,115,256

**KUNMING AND YELLOW RIVER**

**SPECIAL PURPOSE COMBINED CARVE-OUT STATEMENTS OF OPERATIONS**

**FOR THE YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005**

\*Carve-out financial statements represent financial condition for the combination of Kunming and Yellow River TV stations through December 31, 2007 *prior* to 2008 consolidation by China Networks Media Ltd.

19

Dec 31<sup>st</sup> 2007

USD

Dec 31<sup>st</sup> 2006

USD

Dec 31<sup>st</sup> 2005

USD

Cash flows from operating activities:

Net income before tax

14,742,321

10,909,571

11,115,256

Changes in assets and liabilities:

Trade accounts receivables

(1,839,824)

(224,226)

(1,629,208)

Other receivables

(14,265,229)

(11,280,994)

(10,230,553)

Bills receivables

-

96,766

(93,978)

Prepayments

-
-
815,693
Accounts payables
(25,111)
-
(1,958)
Other payables
-
(6,529)
(125,752)
Accrued expenses
17,018
46,940
53,651
Deposit received
374,905
438,786
685,258
Receipts in advance
641,805
(39,013)
(152,868)
Net cash (used in)/provided
by operating activities
(354,115)

58,699

435,541

Effect of foreign exchange rate changes

19,669

15,656

6,798

Net increase in cash

(334,446)

(43,043)

442,339

Cash, beginning of period

450,501

493,544

51,205

Cash, end of period

116,055

450,501

493,544

Supplemental disclosures of cash flow  
and non cash information:

Interest paid

Income tax paid

-

-

-

-

-

-

**KUNMING AND YELLOW RIVER**

**SPECIAL PURPOSE COMBINED CARVE-OUT STATEMENTS OF OPERATIONS**

**FOR THE YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005**

**Audited Financials**

**Statement of Cash Flows\***

\*Carve-out financial statements represent financial condition for the combination of Kunming and Yellow River TV stations through December 31, 2007 *prior* to 2008 consolidation by China Networks Media Ltd.

20

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**



21

**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**

Kunming TV Station

**Company Details**

**Kunming Station Ratings**

22

### 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

### **Company Detail**

#### **Yellow River**

23

**Chinese 4 level TV System**

Source: Chinese Media University Publishing  
House, Report on the development of Chinese City  
TV station, 2007; Skillnet MI, 2008

24

**TV Station Revenue Structure**

*In USD bn*

**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

Source: SARFT statistic 2007, Skillnet MI, 2008

25

Contact

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