

Alyst Acquisition Corp.  
Form PRER14A  
May 14, 2009

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

Amendment No. 2 To  
SCHEDULE 14A  
Proxy Statement Pursuant to Section 14(a)  
of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only  
(as permitted by  
Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to  
§240.14a-12

ALYST ACQUISITION CORP.  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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(a) Title of each class of securities to which transaction applies:

(b) Aggregate number of securities to which transaction applies:

(c) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): Pursuant to Rule 0-11(c)(1) and 0-11(c)(4) under

the Exchange Act as follows:

(d) Proposed maximum aggregate value of transaction:

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(e) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(a) Amount Previously Paid:

(b) Form, Schedule or Registration Statement No.:

(c) Filing Party:

(d) Date Filed:

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ALYST ACQUISITION CORP.  
233 East 69th Street, #6J  
New York, NY 10021

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS OF ALYST ACQUISITION CORP. TO BE HELD JUNE  
-, 2009

A Special Meeting of stockholders of Alyst Acquisition Corp. (“Alyst”), a Delaware corporation, will be held at 10:00 a.m., Eastern time, on June -, 2009, at 340 Madison Avenue, 2nd Floor, New York, New York 10173, to consider and vote upon proposals to approve:

- (a) The redomestication of Alyst from the State of Delaware to the British Virgin Islands by merging Alyst with and into China Networks International Holdings Ltd. (“CN Holdings”), its wholly-owned British Virgin Islands subsidiary (the “Redomestication Merger”), in conjunction with the acquisition of China Networks Media, Ltd. (“China Networks Media”), a private British Virgin Islands company with limited liability, as set out in paragraph (b) below. This proposal is called the “Redomestication Proposal” and is conditioned upon approval of the Business Combination Proposal discussed in paragraph (b) below.
- (b) The proposed merger of China Networks Merger Co., Ltd., a wholly-owned British Virgin Islands subsidiary of CN Holdings (“China Networks Merger Co.”), with and into China Networks Media, resulting in China Networks Media becoming a wholly-owned subsidiary of CN Holdings (the “Business Combination”), and the related transactions contemplated by the Agreement and Plan of Merger, dated August 13, 2008, by and among Alyst, China Networks Media, CN Holdings, China Networks Merger Co., Ltd., Mr. Li Shuangqing, Kerry Proper and MediaInv Ltd. (the “Merger Agreement”). This proposal is called the “Business Combination Proposal” and is conditioned upon approval of the Redomestication Proposal discussed in paragraph (a) above.
- (c) The 2008 Omnibus Securities and Incentive Plan pursuant to which directors, officers, employees and consultants of CN Holdings or its subsidiaries may be granted options to purchase up to 2,500,000 million ordinary shares of CN Holdings. This proposal is called the “Share Incentive Plan Proposal.”
- (d) Any adjournment or postponement of the Special Meeting for the purpose of soliciting additional proxies in the event Alyst does not receive the requisite stockholder vote for approval of the Redomestication Proposal and the Business Combination Proposal. This proposal is called the “Adjournment and Postponement.”

Pursuant to Alyst’s amended and restated certificate of incorporation and the Merger Agreement, Alyst is required to obtain stockholder approval of the Business Combination with China Networks Media. Pursuant to the Merger Agreement, the Redomestication Merger will not be consummated unless the Business Combination is approved. Similarly, the Business Combination will not take place if the Redomestication Merger is not approved. If China Networks Media’s Board of Directors chooses to waive those conditions to the Business Combination, Alyst will still not be able to go forward with the Business Combination. Consequently, each of the Redomestication Proposal and the Business Combination Proposal must be approved for either transaction to be completed.

As of April 30, 2009, there were 9,794,400 shares of Alyst common stock issued and outstanding and entitled to vote. The Board of Directors has fixed the record date as the close of business on ●, 2009, as the date for determining Alyst stockholders entitled to receive notice of and to vote at the Special Meeting and any adjournment or postponement thereof. Only holders of record of Alyst common stock on that date are entitled to have their votes counted at the Special Meeting or any adjournment or postponement. In order for the Business Combination Proposal to be approved, holders of a majority of the votes cast of the shares issued in Alyst's public offering must be voted in favor of such proposal. In addition, regardless of the number of votes cast in favor of the Business Combination Proposal, we cannot proceed with the Business Combination if holders of 2,413,320 (representing 30% of the shares sold in the IPO) or more shares of Alyst common stock sold in the IPO vote against the Business Combination Proposal and exercise their conversion rights to have their shares converted for cash.

Your vote is important. Whether or not you plan to attend the Special Meeting, please sign, date and return your proxy card as soon as possible to make sure that your shares are represented and your vote counted. You may also vote by telephone, as described on the proxy card. If you are a stockholder of record, you may also cast your vote in person at the Special Meeting. If your shares are held in an account at a brokerage firm or bank, you must instruct your broker or bank how to vote your shares, or you may cast your vote in person at the Special Meeting by obtaining a proxy from your brokerage firm or bank. If you fail to return your proxy card or instruct your broker or bank how to vote, your shares will not be counted for purposes of determining whether a quorum is present at the Special Meeting. An abstention or failure to vote will have the effect of voting against the Redomestication Proposal and the Share Incentive Plan Proposal.

After careful consideration of all relevant factors, Alyst's Board of Directors has determined that all four proposals are fair to and in the best interests of Alyst and its stockholders, and has recommended that you vote or give instruction to vote "FOR" adoption of each of them.

Dated: June , 2009

By Order of the Board of Directors,  
/s/ Robert A. Schriesheim  
Robert A. Schriesheim  
Chairman

HOW TO OBTAIN ADDITIONAL INFORMATION

If you would like to receive additional information or if you want additional copies of this document, agreements contained in the appendices or any other documents filed by Alyst with the Securities and Exchange Commission, or “SEC”, such information is available without charge upon written or oral request to:

Alyst Acquisition Corp.  
233 East 69th Street, Suite 6J  
New York, New York 10021  
Attention: Michael E. Weksel  
Tel: 646-290-6104

If you would like to request documents, please do so no later than June 5, 2009, to receive them before Alyst’s Special Meeting. Please be sure to include your complete name and address in your request. Please see “Where You Can Find Additional Information” to find out where you can find more information about Alyst and CN Holdings. You should rely only on the information contained in this proxy statement/prospectus in deciding how to vote on the Business Combination and related proposals. Neither Alyst nor CN Holdings has authorized anyone to give any information or to make any representations other than those contained in this proxy statement/prospectus. Do not rely upon any information or representations made outside of this proxy statement/prospectus. The information contained in this proxy statement/prospectus may change after the date of this proxy statement/prospectus. Do not assume after the date of this proxy statement/prospectus that the information contained in this proxy statement/prospectus is still correct.

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The information contained in this proxy statement/prospectus is not complete and may be changed. We may not sell these securities until the Registration Statement we filed with the Securities and Exchange Commission is effective.

This proxy statement/prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state or jurisdiction where the offer or sale is not permitted.

PRELIMINARY PROXY STATEMENT/PROSPECTUS  
SUBJECT TO COMPLETION, DATED MAY 14, 2009

PROXY STATEMENT FOR SPECIAL MEETING OF STOCKHOLDERS  
OF ALYST ACQUISITION CORP.  
AND PROSPECTUS FOR ORDINARY SHARES, WARRANTS AND UNITS,  
OF CHINA NETWORKS INTERNATIONAL HOLDINGS LTD.

Proxy Statement/Prospectus, dated June •, 2009  
and first mailed to stockholders on or about June •, 2009

To the Stockholders of Alyst Acquisition Corp.:

You are invited to attend a special meeting (the “Special Meeting”) of the stockholders of Alyst Acquisition Corp. (“Alyst”) relating to the agreement and plan of merger, dated August 13, 2008 (the “Merger Agreement”), by and among Alyst, China Networks Media Co., Ltd. (“China Networks Media”), China Networks International Holdings, Ltd. (“CN Holdings”), China Networks Merger Co., Ltd. (“China Networks Merger Co.”), Mr. Li Shuangqing, Kerry Propper and MediaInv. This document constitutes a proxy statement of Alyst and a prospectus of Alyst’s wholly-owned subsidiary, CN Holdings, a British Virgin Islands company, with respect to the securities to be issued to Alyst’s public stockholders.

Pursuant to the Merger Agreement and subject to stockholder approval, (a) Alyst will merge with and into CN Holdings, thereby redomesticating to the British Virgin Islands (the “Redomestication Merger”), and then (b) China Networks Merger Co., a wholly-owned subsidiary of CN Holdings, will merge with and into China Networks Media, a British Virgin Islands company (the “Business Combination”). China Networks Media will be the surviving entity of that merger. In the Business Combination, CN Holdings will issue to China Networks Media’s shareholders aggregate merger consideration of (i) 2,880,000 CN Holdings ordinary shares, (ii) an aggregate of \$17,000,000 in cash, (iii) deferred cash payments of up to \$6,000,000 and deferred share payments of up to 9,000,000 ordinary shares of CN Holdings, in each case subject to the achievement of specified financial milestones set forth in the Merger Agreement, and (iv) \$22,110,000 of proceeds from the exercise of CN Holdings warrants. If all merger consideration, including the deferred portion, is issued to China Networks Media, the market value thereof (based upon the closing price of Alyst’s common stock on the NYSE Amex on May 8, 2009, of \$7.75 per share) would be approximately \$137,180,000.

In the Redomestication Merger, CN Holdings will issue registered securities to the public stockholders of Alyst in exchange for their outstanding securities. The holders of the unit purchase option issued by Alyst to the representatives of the underwriters in Alyst’s IPO will receive an equivalent option from CN Holdings. In addition, 1,750,000 ordinary shares and 1,820,000 warrants, each exercisable for the purchase of one ordinary share, will be issued to the existing initial stockholders and warrant holders of Alyst who acquired their securities in a private placement. CN Holdings will issue its securities on the same terms as the outstanding corresponding securities of Alyst.

China Networks Media is a joint-venture provider of broadcast television services in the People’s Republic of China (“PRC”), operating in partnership with two local state-owned enterprises in the cities of Kunming and Yellow River which have been authorized by the PRC government to control the distribution of broadcast TV services. China

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Networks Media owns 100% of Advertising Networks Ltd., a Hong Kong holding company that owns PRC joint-venture advertising companies which provide services to the television stations. Alyst is a blank check company formed for the purpose of acquiring, through a merger, stock exchange, asset acquisition, reorganization or similar business combination, one or more operating businesses.

In addition to the proposals to approve the Redomestication Merger and the Business Combination, stockholders are being asked to approve (i) a proposal to adopt and approve the 2008 Omnibus Securities and Incentive Plan (the “Share Incentive Plan”) for the surviving corporation, CN Holdings, and (ii) a proposal to adjourn or postpone the Special Meeting in the event Alyst does not receive the requisite vote by the stockholders to approve the Redomestication Merger and the Business Combination. Each of these four proposals has been unanimously approved by the Alyst Board of Directors.

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CN Holdings is applying to have its ordinary shares, warrants and units listed on the NASDAQ Stock Market (“NASDAQ”) under the symbols CHTV, CHTV.W and CHTV.U, respectively, effective upon consummation of the transactions contemplated by the Merger Agreement. Alyst’s common stock, warrants and units are currently listed on the NYSE Amex under the symbols AYA, AYA.WS and AYA.U, respectively. On May 8, 2009, the last reported sale price of Alyst’s common stock on the NYSE Amex was \$7.75.

Holders of a majority of shares of Alyst’s common stock must vote in favor of the Redomestication Merger for it to be approved. The approval of the Business Combination requires the affirmative vote of a majority of the outstanding shares of common stock present in person or by proxy and entitled to vote at the Special Meeting, including the affirmative vote of a majority of the shares of common stock issued in the IPO present, in person or by proxy and entitled to vote at the Special Meeting, provided that there is a quorum. All of Alyst’s initial stockholders, including its directors and officers, have agreed to vote the shares of common stock acquired by them prior to Alyst’s initial public offering, or IPO, in accordance with the majority of the shares of common stock voted by the public stockholders. Each Alyst stockholder who holds shares of common stock issued as part of the units issued in the IPO (including shares purchased in the public market following the IPO) has the right to vote against the Redomestication Merger and Business Combination and demand that such shares be converted into cash equal to a pro rata portion of the trust account in which the net proceeds of Alyst’s IPO and private placement are deposited. As of March 31, 2009, there was approximately \$63,345,946 in the Alyst trust account (inclusive of deferred underwriting compensation) including accrued interest on the funds in the trust account and less accrued taxes, or approximately \$7.85 per share issued in the IPO. Alyst will not be permitted to consummate the Business Combination if public stockholders of 2,413,320 (which number represents 30% of the shares sold in Alyst’s IPO) or more shares vote against the Business Combination and demand conversion of their shares. Prior to exercising their conversion rights, stockholders should verify the market price of Alyst’s common stock, as they may receive higher proceeds from the sale of such stock in the public market than from exercising their conversion rights.

Holders of Alyst securities will not be entitled to any appraisal rights under the Delaware General Corporation Law in connection with the Business Combination or the Redomestication Merger.

Each stockholder’s vote is very important. Please submit your proxy card without delay even if you plan to attend the Alyst Special Meeting in person. You may revoke your proxy at any time before it is voted at the meeting. Voting by proxy will not prevent you from voting your shares in person if you subsequently choose to attend the Alyst Special Meeting.

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The place, date and time of the Alyst Special Meeting is as follows: 340 Madison Avenue, 2nd Floor, New York, New York, 10173, on June •, 2009 at 10:00 a.m., Eastern time.

We encourage you to read this proxy statement/prospectus carefully. In particular, you should review the matters discussed under the caption “RISK FACTORS” beginning on page 11.

Alyst’s board of directors unanimously recommends that Alyst stockholders vote “FOR” approval of each of the proposals.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in the Redomestication Merger or otherwise, or passed upon the adequacy or accuracy of this proxy statement/prospectus. Any representation to the contrary is a criminal offense.

/s/ Robert A. Schriesheim  
Robert A. Schriesheim  
Chairman of the Board of Directors of  
Alyst Acquisition Corp.

June , 2009

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ANNEXES

A — Agreement and Plan of Merger

B — Amendment No. 1 to the Merger Agreement

C — Amendment No. 2 to the Merger Agreement

D — Form of Amended and Restated Memorandum of Association of CN Holdings

E — Form of Amended and Restated Articles of Association of CN Holdings

F — Section 262 of the Delaware General Corporation Law

G — Section 179 of the British Virgin Islands Business Companies Act, 2004

H — Form of 2008 Omnibus Securities and Incentive Plan

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## SUMMARY

This section summarizes information related to the proposals to be voted on at the Special Meeting. These items are described in greater detail elsewhere in this proxy statement/prospectus. You should carefully read this entire proxy statement/prospectus and the other documents to which it refers.

### MATERIAL TERMS OF THE TRANSACTION

- The parties to the Merger Agreement are Alyst, China Networks Media, CN Holdings, China Networks Merger Co., Mr. Li Shuangqing, MediaInv Ltd., and Kerry Propper. See the section entitled “The Business Combination Proposal.”
- Alyst will merge with and into CN Holdings, Alyst’s wholly-owned subsidiary incorporated in the British Virgin Islands, or BVI, resulting in CN Holdings as the surviving corporation, for the purpose of redomesticating Alyst from the State of Delaware to the BVI as part of the acquisition of China Networks Media in the Business Combination. See the section entitled “The Redomestication Proposal.”
- In connection with the Redomestication Merger, all of Alyst’s issued and outstanding securities immediately prior to the Redomestication Merger will be converted into securities of CN Holdings as set forth in the Merger Agreement. See the section entitled “The Business Combination Proposal – Terms of the Merger Agreement – Basic Deal Terms.”
- China Networks Merger Co., a company incorporated in the BVI and a wholly-owned subsidiary of CN Holdings, will merge with and into China Networks Media, whereupon China Networks Media will be the surviving entity and the wholly-owned subsidiary of CN Holdings. See the section entitled “The Business Combination Proposal.”
- In connection with the Business Combination, each ordinary share of China Networks Media issued and outstanding prior to the business combination will be converted automatically into one ordinary share of CN Holdings and each class A preferred share of China Networks Media outstanding immediately prior to the business combination will be converted into one ordinary share of CN Holdings. See the section entitled “The Business Combination Proposal – Terms of the Merger Agreement – Basic Deal Terms.”
  - The current market value of the aggregate maximum merger consideration payable to China Networks Media in the Business Combination is approximately \$137,180,000, based upon the closing price of Alyst’s common stock on the NYSE Amex on May 8, 2009 of \$7.75 per share. CN Holdings will issue to China Networks Media’s shareholders aggregate merger consideration of (i) 2,880,000 CN Holdings ordinary shares (with a current market value of \$22,320,000), (ii) an aggregate of \$17,000,000 in cash, (iii) deferred cash payments of up to \$6,000,000 and deferred share payments of up to 9,000,000 ordinary shares of CN Holdings, in each case subject to the achievement of specified financial milestones set forth in the Merger Agreement, and (iv) \$22,110,000 of proceeds from the exercise of CN Holdings warrants. The deferred cash and deferred stock consideration will be payable as follows: (x) \$3,000,000 cash and 2,850,000 shares of stock upon China Networks Media achieving pro forma net income for fiscal year 2009 of greater than \$20,000,000; (y) \$3,000,000 cash and 3,075,000 shares of stock upon China Networks Media achieving pro forma net income for fiscal year 2010 of greater than \$30,000,000; and (z) 3,075,000 shares of stock upon China Networks Media achieving pro forma net income for fiscal year 2011 of greater than \$40,000,000. The pro forma net income of China Networks Media is calculated by determining the net income of China Networks Media in accordance with U.S. generally accepted accounting principles (“GAAP”), but excluding (i) equity-based compensation charges, (ii) extraordinary one-time charges, and

(iii) charges related to the Business Combination or impairment of goodwill; and including the net income generated by acquired businesses or persons only to the extent that such acquisitions are accretive on a net income per share basis. In addition, if acquisitions are included in the calculation of pro forma net income for any year, the calculation will assume that all such acquisitions occurred on the first day of such year.

- China Networks Media is a venture provider of broadcast television services in the People’s Republic of China, or PRC, operating in partnership with a local state-owned enterprise authorized by the PRC government to control the distribution of broadcast TV services. See the section entitled “Information about China Networks Media.”
- The closing of the acquisition of China Networks Media is subject to the satisfaction by each party of various conditions prior to closing. See the section entitled “The Business Combination Proposal – Terms of the Merger Agreement – Closing Conditions.”
- The Business Combination will not be consummated unless the Redomestication Proposal is approved, and the Redomestication Merger will not be consummated unless the Business Combination Proposal is approved. See the section entitled “The Alyst Special Meeting – Vote Required.”
- Stockholders are also being asked to approve the 2008 Omnibus Securities and Incentive Plan pursuant to which directors, officers, employees and consultants of the surviving corporation, CN Holdings, or its subsidiaries may be granted options to purchase up to 2,500,000 ordinary shares of CN Holdings. See the section entitled “The Share Incentive Plan Proposal.”

QUESTIONS AND ANSWERS ABOUT THE PROPOSALS TO BE CONSIDERED AT THE ALYST SPECIAL MEETING

These Questions and Answers are only summaries of the matters they discuss.  
Please read this entire proxy statement/prospectus.

Q. What is being voted on?

A. You are being asked to vote on four proposals:

- The merger of Alyst with and into its wholly-owned British Virgin Islands (“BVI”) subsidiary, CN Holdings, for the purpose of redomesticating Alyst to the BVI and increasing the authorized share capital to accommodate the Business Combination. This proposal is called the “Redomestication Merger Proposal.”
- The proposed merger of CN Holdings’ wholly-owned subsidiary, China Networks Merger Co., with and into China Networks Media, resulting in China Networks Media becoming a wholly-owned subsidiary of CN Holdings. This proposal is called the “Business Combination Proposal.”
- The approval of the 2008 Omnibus Securities and Incentive Plan pursuant to which directors, officers, employees and consultants of the surviving corporation, CN Holdings, or its subsidiaries may be granted up to 2.5 million ordinary shares of CN Holdings. This proposal is called the “Share Incentive Plan Proposal.”
- The approval of any adjournment or postponement of the Special Meeting for the purpose of soliciting additional proxies. This proposal is called the “Adjournment and Postponement Proposal.”

Q. Why are stockholders of Alyst being asked to approve actions that will be taken by CN Holdings?

A. Alyst stockholders are being asked to approve the entry into the Business Combination by CN Holdings. The Memorandum and Articles of Association of CN Holdings will include protective provisions identical in substance to those contained in Alyst’s amended and restated certificate of incorporation at the time of its IPO, although CN Holdings will have a perpetual, rather than limited, existence and its authorized share capital will increase to 75 million ordinary shares (compared to 30 million common and 1 million preferred shares for Alyst). As a result, immediately following the completion of the Redomestication Merger, the constitutional documents of CN Holdings will require that the majority of the shares issued in Alyst’s IPO approve its Business Combination with China Networks Media, as well as the Share Incentive Plan Proposal. Since the laws of the BVI also require the affirmative vote of a majority of the shares of China Networks Media and China Network Merger Co., the shareholders of each such corporation will be approving such actions by written consent, effective upon receipt of corresponding approval of Alyst’s



stockholders. Such action by written consent, together with the approval by Alyst's stockholders at the Special Meeting, will be effective under BVI law and CN Holdings' amended constitutional documents.

Q. Who is entitled to vote?

A. Holders of Alyst's outstanding common stock as of the close of business on , 2009, (the "Record Date") are entitled to vote on all proposals at the Special Meeting by proxy or in person.

Q. What vote is required to approve the Redomestication Merger Proposal?

A. Approval of the Redomestication Merger Proposal will require the affirmative vote of a majority of the outstanding shares of Alyst's common stock as of the Record Date, provided there is a quorum and that the Business Combination is also approved.

Q. What vote is required to approve the Business Combination Proposal?

A. The approval of the Business Combination requires the affirmative vote of a majority of the outstanding shares of common stock present in person or by proxy and entitled to vote at the Special Meeting, including the affirmative vote of a majority of the shares of common stock issued in the IPO present, in person or by proxy and entitled to vote at the Special Meeting, provided that there is a quorum. Alyst's initial stockholders have agreed to vote their 1,750,000 shares acquired prior to the IPO and as part of the insider units sold simultaneously with the consummation of the IPO in accordance with the holders of a majority of the public shares voting in person or by proxy at the meeting. Any other shares that may be acquired by Alyst's initial stockholders prior to the record date may be voted in any manner that they choose. Alyst's initial stockholders have not acquired any additional shares of common stock entitled to vote beyond their initial shares.

If the stockholders approve the Business Combination, the Business Combination will only proceed if holders of less than 30% of the shares of common stock sold in Alyst's IPO exercise their conversion rights and vote against the Business Combination. If the holders of 2,413,320 or more shares purchased in Alyst's IPO vote against the Business Combination and demand that Alyst convert their shares into their pro rata portion of the trust account established at the time of the IPO (as described below), Alyst will not be permitted to consummate the Business Combination pursuant to its amended and restated certificate of incorporation.

- Q. What vote is required to approve the Share Incentive Plan Proposal?
- A. Approval of the Share Incentive Plan Proposal will require the affirmative vote of a majority of the outstanding shares of Alyst's common stock represented in person or by proxy and entitled to vote at the Special Meeting, provided there is a quorum. Approval of this Proposal is not a condition to approval of the Business Combination Proposal or Redomestication Proposal.
- Q. What vote is required to adopt the proposal to adjourn or postpone the Special Meeting for the purpose of soliciting additional proxies?
- A. Approval of the Adjournment and Postponement Proposal will require the affirmative vote of holders of a majority of the shares of Alyst's common stock represented in person or by proxy and entitled to vote at the Special Meeting, provided there is a quorum.
- Q. Do Alyst stockholders have appraisal rights under Delaware law?
- A. The Alyst stockholders do not have appraisal rights under Delaware corporate law in connection with either the Redomestication Merger or the Business Combination.
- Q. How will the Redomestication Merger be accomplished?
- A. Alyst will merge into CN Holdings, Alyst's wholly - owned subsidiary that is incorporated as a BVI company. As a result of the Redomestication Merger, each currently issued outstanding security of Alyst will automatically convert into one corresponding security of CN Holdings. This procedure will result in your becoming a securityholder in CN Holdings instead of Alyst.
- Q. What happens post-Business Combination to the funds deposited in the trust account?
- A. Alyst stockholders exercising conversion rights will receive their pro rata portion of the trust account. The balance of the funds in the trust account will be released to CN Holdings and will be utilized to pay to the former shareholders of China Networks Media the cash portion of the merger consideration in the amount of \$17 million, and any remaining funds will be retained by CN Holdings to make payments aggregating \$13.6 million to the PRC TV Stations (as defined below under "The Companies") and approximately \$2 million in transaction expenses and commissions due on closing and for operating capital subsequent to the closing of the Business Combination.
- Q. What happens if the Business Combination and Redomestication Merger are not consummated?
- A. If Alyst does not redomesticate and acquire China Networks Media in the Business Combination, Alyst may seek an alternative business combination. However, under its amended and restated certificate of incorporation, if Alyst does not acquire at least majority control of a target business by June 29, 2009, Alyst must dissolve and distribute to its public stockholders the amount in the trust account plus any remaining net assets. Following dissolution, Alyst would no longer exist as a corporation.
- In any liquidation, the funds held in the trust account, plus any interest earned thereon (net of taxes payable), together with any remaining out-of-trust net assets, will be distributed pro rata to Alyst's common

stockholders who hold shares issued in Alyst's IPO (other than the initial stockholders, each of whom has waived any right to any liquidation distribution with respect to them). See the risk factor on page 26 of this proxy statement/prospectus relating to risks associated with the dissolution of Alyst.

- Q. Do Alyst stockholders have conversion rights?
- A. If you hold shares of common stock issued in Alyst’s IPO, then you have the right to vote against the Business Combination Proposal and demand that Alyst convert these shares into a pro rata portion of the trust account in which a substantial portion of the net proceeds of Alyst’s IPO are held. These rights to vote against the Business Combination and demand conversion of the shares into a pro rata portion of the trust account are sometimes referred to herein as conversion rights. Holders of warrants issued by Alyst do not have any conversion rights. Pursuant to the arrangements established at the time of Alyst’s IPO, shareholders of Alyst representing 30% less one share of the outstanding shares issued in Alyst’s IPO may exercise conversion rights in the event they vote against the Business Combination.
- SIMPLY VOTING AGAINST THE BUSINESS COMBINATION OR CHECKING THE “EXERCISE CONVERSION RIGHTS” BOX ON A PROXY CARD DOES NOT PERFECT YOUR CONVERSION RIGHTS – YOU MUST ALSO SEND ALYST THE WRITTEN DEMAND LETTER DESCRIBED UNDER “THE ALYST SPECIAL MEETING – CONVERSION RIGHTS.”**
- Q. Will the Alyst stockholders be taxed as a result of the Redomestication Merger?
- A. It is anticipated that Alyst stockholders or warrant holders generally should not recognize gain or loss as a result of the Redomestication Merger for U.S. federal income tax purposes. We urge you to consult your own tax advisors with regard to the particular tax consequences to you of the Redomestication Merger.
- Q. Will Alyst be taxed on the Redomestication Merger?
- A. It is anticipated that for U.S. federal income tax purposes, as to each of its assets, Alyst will recognize gain (but not loss) realized as a result of the Redomestication Merger in an amount equal to the excess (if any) of the fair market value of such asset over such asset’s adjusted tax basis at the effective time of the Redomestication Merger. Any U.S. federal income tax liability incurred by Alyst as a result of the recognition of such gain should become a liability of CN Holdings by reason of the Redomestication Merger.
- Q. If I am not going to attend the Special Meeting in person, should I return my proxy card instead?
- A. Yes. After carefully reading and considering the information in this proxy statement/prospectus, please fill out and sign your proxy card. Then return it in the return envelope as soon as possible, so that your shares may be represented at the Special Meeting. You may also vote by telephone, as explained on the proxy card. A properly executed proxy will be counted for the purpose of determining the existence of a quorum.
- Q. If I have conversion rights, how do I exercise them?
- A. If you wish to exercise your conversion rights, you must vote against the Business Combination Proposal in person, by submitting a proxy card, or by telephone, and at the same time send a written

demand that Alyst convert your shares for cash. In addition, prior to the Special Meeting, you must deliver your shares to the transfer agent in the manner described below. If, notwithstanding your vote, the Business Combination is completed, then you will be entitled to receive a pro rata portion of the trust account, including any interest earned thereon through the record date. You will be entitled to convert each share of common stock that you hold for approximately \$7.85. If you exercise your conversion rights, then you will be converting your shares of Alyst common stock for cash and will no longer own these shares. You will be entitled to receive cash for these shares only if you tender your stock certificate to our transfer agent, Continental Stock Transfer & Trust Company, at any time prior to the conclusion of the vote on the Business Combination. Alternatively, you may deliver your shares to the transfer agent electronically prior to the Special Meeting, at a nominal cost, using the Depository Trust Company's DWAC System. If you do not make a written demand to exercise your conversion rights prior to the Special Meeting (or if you do not vote against the Business Combination Proposal and tender your shares to the transfer agent prior to the vote), you will lose your conversion rights, and that loss cannot be remedied.

- Q. How do I withdraw my request for conversion?
- A. You may withdraw a request for conversion of your shares any time prior to the date of the Special Meeting by requesting that the transfer agent return your share certificate(s) either physically or electronically.
- Q. What will happen if I abstain from voting or fail to instruct my broker to vote?
- A. An abstention or the failure to instruct your broker how to vote (also known as a broker non-vote) is not considered a vote cast at the meeting with respect to the Business Combination Proposal. Therefore your vote will have no effect on the vote relating to the Business Combination, and you will not be able to convert your shares into a pro rata portion of the trust account. An abstention or failure to vote will have the effect of voting against the Redomestication Merger Proposal and the Share Incentive Plan Proposal.
- Q. If my shares are held in “street name,” will my broker automatically vote them for me?
- A. No. Your broker can vote your shares only if you provide instructions on how to vote. You should instruct your broker to vote your shares. Your broker can tell you how to provide these instructions.
- Q. How do I change my vote?
- A. You may send a later-dated, signed proxy card to Alyst’s secretary no later than June 1, 2009, prior to the date of the Special Meeting, or attend the Special Meeting in person and vote. You also may revoke your proxy no later than June 1, 2009 by sending a notice of revocation to Michael Weksel, Alyst Acquisition Corp., 233 E. 69th Street, #6J, New York, New York 10021.
- Q. Do I need to turn in my old certificates?
- A. If you wish to exercise your conversion rights, you must tender your shares to the transfer agent prior to the Special Meeting. If the Business Combination Proposal is approved and you hold your securities in Alyst in certificate form, as opposed to holding them through your broker, you do not need to exchange them for certificates issued by CN Holdings. Your current certificates will represent your rights in CN Holdings. You may exchange them by contacting the transfer agent, Continental Stock Transfer & Trust Company, Reorganization Department, and following their requirements for reissuance.
- Q. Who can help answer my questions?
- A. If you have questions, you may write or call Alyst Acquisition Corp., at 233 E. 69th Street, #6J, New York, New York 10021, (646) 290-6104, Attention: Michael Weksel.
- Q. When and where will the Special Meeting be held?
- A. The meeting will be held at 10:00 a.m. Eastern time on June 1, 2009 at 340 Madison Avenue, 2nd Floor, New York, New York.

#### The Companies

Alyst is a Delaware corporation incorporated on August 16, 2006 in order to serve as a vehicle for the acquisition of an operating business in any industry, with a focus on the telecommunications industry, through a merger, capital

stock exchange, asset acquisition or other similar business combination. The initial stockholders purchased 1,750,000 shares of common stock, par value \$0.0001 per share ("Common Stock"), in a private placement for \$25,000. On July 5, 2007, Alyst consummated its IPO of 8,044,400 of its units ("Units"). Each Unit consists of one share of Common Stock and one warrant to purchase one share of Common Stock at an exercise price of \$5.00 per share. The Units were sold at an offering price of \$8.00 per Unit, generating gross proceeds of \$64,355,200. Simultaneously with the consummation of the IPO, Alyst consummated a private placement of 1,820,000 warrants at a price of \$1.00 per warrant, generating total proceeds of \$1,820,000. After deducting the underwriting discounts and commissions and offering expenses, an amount of \$63,154,286 was placed in an interest-bearing trust account and the remaining proceeds of approximately \$50,000, plus interest of up to \$1,680,000 earned on the amount held in trust became available to be used to provide for business, legal, accounting, due diligence on prospective business combinations and continuing operating expenses. Alyst's management has broad discretion with respect to the specific application of the net proceeds of the private placement and the public offering, although substantially all of the net proceeds of the offerings are intended to be generally applied toward consummating a business combination. As of March 31, 2009, approximately \$63,345,947 (including accrued interest of \$191,661) was held in the trust account.

The warrants issued in Alyst's private placement were purchased by Robert A. Schriesheim, Alyst's Non-Executive Chairman of the Board, Dr. William Weksel, Alyst's Chief Executive Officer, Robert H. Davies, Alyst's Chief Strategist, Michael E. Weksel, one of Alyst's directors, Paul Levy, one of Alyst's former directors, and Ira Hollenberg IRA, Silverman Realty Group, Inc. Profit Sharing Plan (LCPSP), Norbert W. Strauss, David Strauss and Jonathan Strauss, each a stockholder of Alyst. The warrants are identical to the warrants included in the Units sold in the IPO except that they are exercisable on a cashless basis if Alyst calls the warrants for redemption so long as they are held by these purchasers or their affiliates. The purchasers of the warrants issued in the private placement have agreed that the warrants issued in the private placement will not be sold or transferred by them until Alyst has completed a business combination. The mailing address of Alyst's principal executive office is 233 E. 69th Street, #6J, New York, NY 10021 and its telephone number is (646) 290-6104. Alyst's home page on the internet is at <http://www.alyst.net>, but the information on Alyst's website is not a part of this proxy statement/prospectus.

CN Holdings is a wholly-owned subsidiary of Alyst, incorporated in the British Virgin Islands on April 17, 2008. CN Holdings was formed to facilitate the proposed Business Combination and, assuming the Business Combination Proposal and Redomestication Proposal are approved at the Special Meeting, will become the surviving corporation of Alyst and ultimate parent of China Networks Media. The principal executive offices of CN Holdings are located at 233 E. 69th Street, Suite 6J, New York, NY 10021, telephone (646) 290-6104.

China Networks Media is a joint-venture provider of broadcast television services in the People's Republic of China ("PRC"), operating in partnership with two local state-owned enterprises ("SOE") in the cities of Kunming and Yellow River which have been authorized by the PRC government to control the distribution of broadcast TV services (collectively, "PRC TV Stations"). China Networks Media owns 100% of Advertising Networks Ltd., a Hong Kong holding company ("ANT"), that: (i) owns 50% of each of Shanxi Yellow River and Advertising Networks Cartoon Technology Co., Ltd. and Kunming Taishi Information Cartoon Co., Ltd., (collectively "JV Tech Cos"), PRC joint venture companies formed with PRC TV Stations, and (ii) controls Beijing Guangwang Hetong Advertising & Media Co., Ltd., a PRC company ("Hetong"), which in turn, owns (a) 50% of Kunming Kaishi Advertising Co. Ltd., and (b) 50% of Taiyuan Advertising Networks Advertising Co., Ltd. (collectively "JV Ad Cos") with PRC TV Stations. China Networks Media acquired its interests in these joint ventures in two transactions which were consummated in July 2008 and August 2008, and therefore China Networks Media has a limited operating history. JV Ad Cos collects 100% of advertising revenue earned by JV Tech Cos, joint ventures holding assets of PRC TV Stations, through a series of asset purchase and services agreements. In each locale, these companies form a group comprising of one JV Tech Co and one JV Ad Co (collectively referred to as the "Local JV Cos"). PRC TV Stations are owned directly or indirectly by local branches of the State Administration of Radio, Film and Television ("SARFT"). Due to restrictions on foreign ownership of PRC media and broadcasting entities, China Networks Media's 50% joint venture interest is held through a series of contractual arrangements intended to result in the risks and benefits of JV Ad Cos' operations being primarily borne by China Networks Media, rather than through a direct ownership of equity securities. In addition to seeking to avoid a violation of PRC law, these arrangements provide, under relevant principles of US generally accepted accounting principles ("U.S. GAAP"), for the consolidation of the results of operations, financial position and cash flows of JV Ad Cos by China Networks Media. In view of these PRC legal restrictions and prevailing industry practice with regard to structuring foreign direct investment in China, Alyst has determined that the Business Combination with China Networks Media satisfies the requirement contained in its amended and restated certificate of incorporation that it effect a business combination with an operating business. The principal executive offices of China Networks Media are located at 801 Block C, Central International Trade Center, 6A Jianguomenwai Avenue, Chaoyang District, Beijing, 100022, PRC, telephone +1-86-10-5904-0888.





### Rationale for the Business Combination

After careful consideration of the terms and conditions of each proposal, the board of directors of Alyst has determined that the Redomestication Merger, the Business Combination and the related transactions and each proposal made in this proxy statement/prospectus are fair to and in the best interests of Alyst and its stockholders. In reaching its decision with respect to the Redomestication Merger, the Business Combination and the related transactions, the board of directors of Alyst reviewed various industry and financial data and considered the due diligence and evaluation materials provided by China Networks Media and due diligence regarding the PRC television advertising market in order to determine that the consideration to be paid in connection with the Business Combination is reasonable. Based on such materials and information and on its own financial and business expertise the board of directors of Alyst also has concluded that the fair market value of China Networks Media was at least equal to 80% of the balance of the trust account. Accordingly, Alyst's board of directors concluded that the Business Combination meets the requirements for a business combination set forth in Alyst's IPO prospectus and amended and restated certificate of incorporation and recommends that Alyst stockholders vote "FOR" the Redomestication Proposal, the Business Combination Proposal, the Share Incentive Plan Proposal and the Adjournment and Postponement Proposal.

### The Merger Agreement

Pursuant to the Merger Agreement and subject to stockholder approval, (a) Alyst will merge with and into CN Holdings, thereby redomesticating to the British Virgin Islands (the "Redomestication Merger"), and then (b) China Networks Merger Co., a wholly-owned subsidiary of CN Holdings, will merge with and into China Networks Media, a British Virgin Islands company (the "Business Combination"). China Networks Media will be the surviving entity of that merger. In the Business Combination, CN Holdings will issue to China Networks Media shareholders aggregate merger consideration of (i) 2,880,000 CN Holdings ordinary shares, (ii) an aggregate of \$17,000,000 cash, (iii) deferred cash payments of up to \$6,000,000 and deferred share payments of up to 9,000,000 ordinary shares of CN Holdings, in each case subject to the achievement of specified financial milestones set forth in the Merger Agreement, and (iv) \$22,110,000 of proceeds from the exercise of CN Holdings warrants. If all merger consideration, including the deferred portion, is issued to China Networks Media, the market value thereof (based upon the closing price of Alyst's common stock on the NYSE Amex on May 8, 2009, of \$7.75 per share) would be approximately \$137,180,000.

The Redomestication Merger will result in all of Alyst's issued and outstanding shares of common stock immediately prior to the Redomestication Merger converting into ordinary shares of CN Holdings, and all units, warrants and other rights to purchase Alyst's common stock immediately prior to the Redomestication Merger being exchanged for substantially equivalent securities of CN Holdings at the rate set forth in the Merger Agreement. CN Holdings has applied to NASDAQ for the listing of its ordinary shares, units and warrants effective upon consummation of the Redomestication Merger. Alyst will cease to exist and the trading of its securities on the NYSE Amex will cease. CN Holdings will be the surviving corporation.

The Business Combination will be effected immediately after the Redomestication Merger. Each ordinary share of China Networks Media issued and outstanding prior to the Business Combination will be converted automatically into one ordinary share of CN Holdings, and each class A preferred share of China Networks Media outstanding immediately prior to the Business Combination will convert into one share of CN Holdings. The stockholders of China Networks Media will also receive the cash and other consideration described above. China Networks Merger Co. will cease to exist and China Networks Media will be the surviving corporation.

Upon the consummation of the Redomestication Merger and the Business Combination, CN Holdings will own 100% of the issued and outstanding shares of China Networks Media. As of the closing, the shares of CN Holdings will be owned 77% by the previous stockholders of Alyst, 15% by the previous holders of ordinary shares of China Networks Media and 8% by the previous holders of class A preferred shares of China Networks Media. However, these percentages will be affected by the amount of Alyst stockholders that elect to convert their shares into cash. For example, if the maximum number of Alyst stockholders (holding 2,413,319 common shares) elect to convert their shares into cash, the percentage of shares of CN Holdings held by the previous Alyst stockholders would decline to 72% with a corresponding increase in the percentage held by previous China Networks Media shareholders. In addition, in the years after the closing, subject to the achievement of certain financial milestones, up to 9,000,000 ordinary shares of CN Holdings may be issued to the previous holders of China Networks Media securities. If all 9,000,000 of these shares are issued, the percentage of shares of CN Holdings held by the previous Alyst stockholders would decline to 45%. A portion of the deferred consideration to be received by the former holders of shares of China Networks Media in connection with the Business Combination consists of ordinary shares of CN Holdings. The potential recipients of such shares will not have any voting rights with respect thereto prior to the issuance of the shares. In an effort to secure the approval of the Business Combination, Alyst, its officers, directors and founding stockholders, China Networks Media and the holders of China Networks Media common stock may enter into arrangements to provide for the purchase of the common stock issued in the IPO from holders thereof who indicate their intention to vote against the Business Combination and seek conversion or otherwise wish to sell their common stock issued in the IPO or other arrangements that would induce holders of common stock issued in the IPO not to vote against the Business Combination proposal. Definitive arrangements have not yet been determined but some possible methods are described in the section entitled "The Business Combination Proposal — Actions That May Be Taken to Secure Approval of Alyst's Stockholders." As it is not possible as of the date of this proxy statement/prospectus to determine the number of common stock issued in the IPO that may be purchased pursuant to such arrangements, if any, the actual percentage of the Alyst shares outstanding after the Business Combination that Alyst stockholders will own cannot presently be determined.

If Alyst does not consummate the Business Combination with China Networks Media, it will be required to liquidate and dissolve. Under its amended and restated certificate of incorporation, if Alyst does not acquire at least majority control of a target business by June 29, 2009, Alyst must dissolve and distribute to its public stockholders the amount in the trust account plus any remaining net assets. Following dissolution, Alyst would no longer exist as a corporation. See the risk factor on page 26 of this proxy statement/prospectus relating to risks associated with the dissolution of Alyst.

Management. The current management of China Networks Media and its subsidiaries is led by Mr. Li Shuangqing, its chief executive officer. After consummation of the Redomestication Merger and the Business Combination, Mr. Li will be the Chief Executive Officer and Chairman of China Networks Media and Zhou Chuansheng will be the Vice President of Sales and Marketing. CN Holdings' board of directors after the Redomestication Merger and the Business Combination is expected to consist of Li Shuangqing, Kerry Propper, Michael Weksel and four other individuals that will be appointed prior to Alyst's Special Meeting, of which three may be selected by Alyst. As a condition to the consummation of the Business Combination, Mr. Li Shuangqing will enter into an employment agreement with CN Holdings, pursuant to which he will serve as the Chief Executive Officer of CN Holdings; however, such condition may be waived by the parties. Michael Weksel, Alyst's Chief Operating Officer and Chief Financial Officer, has served as the Chief Financial Officer of China Networks Media since January 2009 and will serve as the Chief Financial Officer of CN Holdings after the consummation of the Business Combination. Other executive officers are expected to be appointed following consummation of the Business Combination.

#### Alyst's Recommendation; Interests of Management

After careful consideration, Alyst's board of directors has determined that the Redomestication Merger, the Business Combination and the other proposals to be presented at this Special Meeting are fair to, and in the best interests of, Alyst and its stockholders. The board of directors has approved and declared advisable the proposals, and recommends that you vote or direct that your vote to be cast "FOR" the adoption of each proposal.

When you consider the recommendation of the board of directors, you should keep in mind that the members of the board of directors have interests in the Business Combination that are different from, or in addition to, yours. These interests include, but are not limited to, the following:

- If the proposed Business Combination is not completed, and Alyst is unable to complete another acquisition by June 29, 2009, Alyst will be required to liquidate. Upon liquidation, the shares of common stock owned by Alyst's directors will be worthless because the shares will no longer have any value and the directors are not entitled to liquidation distributions from Alyst. In addition, the possibility that Alyst's officers and directors will be required to perform their obligations under the indemnity agreements referred to below will be substantially increased.
- In connection with Alyst's IPO, Alyst's current officers and directors agreed to indemnify Alyst for debts and obligations to vendors that are owed money by Alyst for services rendered or products sold to Alyst, but only to the extent necessary to ensure that certain liabilities do not reduce funds in the trust account. If the Business Combination is consummated, Alyst's officers and directors will not have to perform such obligations. If the Business Combination is not consummated, however, Alyst's officers and directors could potentially be liable for any claims against the trust account by vendors who did not sign waivers.
- All rights of Alyst's officers and directors to be indemnified by Alyst, and of Alyst's directors to be exculpated from monetary liability with respect to prior acts or omissions, will continue after the Business Combination pursuant to provisions in CN Holdings' Amended and Restated Memorandum and Articles of Association, forms of which are attached hereto as Annexes D and E, respectively. However, if the Business Combination is not approved and Alyst subsequently liquidates, its ability to perform its obligations under those provisions will be substantially impaired since it will cease to exist. If the Business Combination is ultimately completed, CN Holdings' ability to perform such obligations will be substantially enhanced.
- It is anticipated that China Networks Media's current Chief Executive Officer, Li Shuangqing, will enter into an employment agreement with CN Holdings as a condition to the consummation of the Merger Agreement, although

such condition may be waived by the parties. The employment agreement must be approved by a majority of the independent directors of CN Holdings' Board of Directors.

- Under the Share Incentive Plan, as proposed, directors of CN Holdings' Board of Directors may be granted options to purchase shares of CN Holdings. Under the Merger Agreement, Alyst is entitled to appoint three directors to the post-merger CN Holdings' Board of Directors, who will be entitled to receive shares or option grants under the Plan.
- It is expected that three of the current directors of Alyst, including Michael Weksel, will serve as directors of CN Holdings if the Business Combination is consummated.
- Michael Weksel entered into an employment agreement in January 2009 with China Networks Media to serve as its Chief Financial Officer, a role that is expected to continue if the Business Combination is consummated. The employment agreement provides that Mr. Weksel may continue in his current obligations to Alyst until such time as the Business Combination is consummated or Alyst is dissolved. Mr. Weksel receives no salary from Alyst, but for the period prior to the earlier of the consummation of the Business Combination or June 29, 2009 (the "Initial Term"), is entitled to receive from China Networks Media, a base salary equal to \$180,000 per annum. Such base salary will increase to \$360,000 after the Initial Term. Mr. Weksel is also entitled to receive a bonus of \$360,000 if China Networks Media achieves the net income targets for 2009 and 2010 set out in the Merger Agreement. In addition, if the Merger Agreement is consummated, Mr. Weksel will receive a 7-year non-qualified option under the Share Incentive Plan for the purchase of 500,000 ordinary shares of CN Holdings, subject to certain adjustments, 50,000 of which shall vest immediately upon issuance of the option. The balance of the entitlement under the option shall vest over a 36-month period.
- Warrants to purchase Alyst common stock held by Alyst's directors and officers are exercisable 90 days after consummation of the Business Combination. Based upon the closing price of Alyst's common stock on May 8, 2009 of \$7.75, if all warrants held by Alyst's directors and officers were exercised for common stock the value of such shares of common stock would be approximately \$14,105,000.
- Michael Weksel has entered into a Put-Call Option Agreement with Alyst pursuant to which (i) Alyst has the right to purchase from Mr. Weksel up to 559,794 of Alyst's publicly traded warrants (the "Warrants") at a price of \$0.0446 per warrant (the "Exercise Price") at any time through August 31, 2009 and (ii) Mr. Weksel has the right at any time after June 29, 2009 and before August 31, 2009 to sell such warrants to Alyst at the Exercise Price. The Warrants were purchased by Mr. Weksel in open market transactions at a price equal to the Exercise Price in order to enhance Alyst's ability to enter into arrangements with stockholders or third parties to facilitate consummation of the Business Combination without altering Alyst's existing capital structure. If the Business Combination is not consummated and Alyst is forced to liquidate, the Warrants would have no value in the open market.

#### Certain U.S. Federal Income Tax Consequences

As described below under the heading “Material United States Federal Income Tax Considerations,” subject to the qualifications included in that discussion, the Redomestication Merger should qualify as a “reorganization” under applicable U.S. federal income tax principles. In such case no gain or loss should be recognized by Alyst stockholders or warrant holders for U.S. federal income tax purposes as a result of their exchange of Alyst common stock or warrants for the ordinary shares or warrants of CN Holdings, but it is anticipated that for U.S. federal income tax purposes, as to each of its assets, Alyst will recognize gain (but not loss) realized as a result of the Redomestication Merger in an amount equal to the excess (if any) of the fair market value of such asset over such asset’s adjusted tax basis at the effective time of the Redomestication Merger. CN Holdings should not recognize any gain or loss for U.S. federal income tax purposes as a result of the Business Combination. Although it is anticipated that the “anti-inversion” provisions in the Internal Revenue Code of 1986, as amended, should not apply to treat CN Holdings as a U.S. corporation after the Redomestication Merger and Business Combination, this matter is not free from doubt. It is expected that these anti-inversion rules will apply, however, to restrict Alyst from using any net operating loss that might otherwise be available to it to offset any gain it will recognize as a result of the Redomestication Merger.

#### Listing

Alyst’s common stock (AYA), warrants (AYA.WS) and units (AYA.U) are currently listed on the NYSE Amex.

CN Holdings has applied to have its ordinary shares, warrants and units listed on the NASDAQ Stock Market under the symbols CHTV, CHTV.W, and CHTV.U, respectively, such listing to be effective upon consummation of the Redomestication Merger.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This proxy statement/prospectus contains or incorporates by reference certain forward-looking statements and information relating to Alyst, CN Holdings and China Networks Media that are based on the beliefs of their respective board of directors and officers, as well as certain assumptions and information currently available to them. Forward-looking statements include statements concerning projected financial data, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements which are other than statements of historical fact. When used in this proxy statement/prospectus, the words “anticipate,” “believe,” “estimate,” “expect,” “plan,” “intend,” “project,” “predict,” “may,” and “should” and similar expressions are intended to identify forward-looking statements. These statements are based on the parties’ current expectations and are naturally subject to uncertainty of and change in circumstances. Actual results may vary materially from the expectations contained in this document. The following factors, among others, could cause results to differ materially from those described in this proxy statement/prospectus: any economic, business, competitive and/or regulatory factors affecting China Networks Media’s business generally. Unless required by law, none of Alyst, CN Holdings or China Networks Media undertakes any obligation to update publicly any forward-looking statements set forth in this proxy statement/prospectus, whether as a result of new information, future events or otherwise.

## RISK FACTORS

You should carefully consider the following risk factors, together with all of the other information included in this proxy statement/prospectus, before you decide whether to vote or direct your vote to be cast to approve the Redomestication Merger, the Business Combination and the other proposals described in this proxy statement/prospectus.

China Networks Media's business substantially depends on the PRC TV Stations it partners with.

China Networks Media relies heavily on its access to advertising time slots on the PRC TV Stations to broadcast clients' advertisements. Any unfavorable change in the PRC TV Stations' advertising model, any changes that adversely affect their market position or any limitation on China Networks Media's access to desired television advertising time slots would materially adversely affect its results of operations and financial position.

The PRC TV Stations are the sole television networks for which China Networks Media currently sells advertising time and are owned by the Chinese government. As a result, the PRC TV Stations enjoy certain favorable governmental support that might not be available to privately owned networks. For example, the government mandates that the PRC TV Stations be broadcast in their local regions. The PRC TV Stations also face increasing competition from other regional and national television networks that strive to offer more attractive television programs to compete with the PRC TV Stations for television audiences. If the PRC TV Stations fail to compete successfully against these other networks, they may lose market share. Any changes that could potentially erode the PRC TV Stations' market position, such as relaxation of media control by the government or inadequate response to competition from other networks by the PRC TV Stations, could in turn reduce the attractiveness of China Networks Media's advertising offerings and materially adversely affect its results of operations and financial position.

Television advertising in China faces significant competition from existing and new competitors, and if China Networks Media does not compete successfully against them, it may lose market share and its profitability may be materially harmed.

The advertising industry in China is intensely competitive and highly fragmented. China Networks Media competes with other industry participants mainly on the basis of service quality, available advertising time slots, price, reputation and relationships with television networks. China Networks Media also faces significant competition in selling advertising space to advertisers and their advertising agencies mainly from other media sales companies that have dedicated relationships to particular PRC TV Stations and/or companies that broker timeslots from those stations. At the national level these include such companies as SinoMedia Holding Limited, Walk-on Advertising Co. Ltd., China Mass Media International Advertising Corporation and Charm Communication Group. At the local level, China Networks Media competes with other local television stations in the region on the basis of desirability of time slots offered, television network coverage, service quality, brand name and pricing.

In addition, in securing further media resources through JV or other contractual relationships, China Networks Media faces competition from other media sales companies and/or advertising agencies who could become its competitors for media resources on other stations. China Networks Media also faces competition from new entrants in the television advertising sector, including the wholly foreign-owned advertising companies that have been allowed to operate in China since December 2005, which exposes it to increased competition from advertising media companies that have greater financial and other resources than it does.

Television advertising in China competes against other forms of advertising media and advancing technology, and if China Networks Media does not adapt successfully, it may lose market share and its profitability may be materially harmed.



Television advertising, upon which China Networks Media depends for its business, competes with other forms of advertising media for overall advertising spending, such as

- radio,

- newspapers,
- magazines,
- the Internet,
- indoor or outdoor flat panel displays,
- billboards and
- public transport advertising.

According to ZenithOptimedia, advertising spending in media other than television collectively accounted for approximately 60.7% of total advertising spending in China in 2007. In particular, the Internet is becoming increasingly popular as an alternative advertising medium among advertisers.

In addition, technology in television, video, data services and other media used in the entertainment industry is changing rapidly, and advances in technology have led to alternative methods of content delivery and storage, including in the case of cable television, a significantly expanded menu of channel offerings. Certain changes in the behavior of television viewers driven by these methods of delivery and storage could have a negative effect on television advertising revenues. For example, devices that enable users to view television programs on a time-delayed basis or allow them to fast-forward or skip advertisements may cause changes in consumer behavior that could adversely affect the advertising revenues of television networks and China Networks Media's results of operations.

China Networks Media has a very limited operating history, which may make it difficult for you to evaluate its business and prospects.

In 2008, China Networks Media established certain equity joint ventures with PRC TV Stations through its Hong Kong wholly-owned subsidiary, ANT. ANT established an equity joint venture under the name of Shanxi Yellow River and Advertising Networks Cartoon Technology Co., Ltd. ("Taiyuan JV") with China Yellow River TV Station in Shanxi Province in June 2008; and ANT established an equity joint venture under the name Kunming Taishi Information Cartoon Co., Ltd. ("Kunming JV") with Kunming TV Station in Yunnan Province in July 2008 (Taiyuan JV and Kunming JV are collectively referred to as the "JV Tech Cos"). The respective historical operating results of the Kunming and Taiyuan TV stations' advertising operations may not provide a meaningful basis for evaluating China Networks Media's business, financial performance and prospects, particularly in view of the fact that the networks comprising the operations of China Networks have historically been operated independently.

China Networks Media also faces numerous risks, uncertainties, expenses and difficulties frequently encountered by companies at an early stage of development. Some of these risks and uncertainties relate to its ability to:

- develop new customers or new business from existing customers;
- expand the technical sophistication of the products it offers;
- respond effectively to competitive pressures; and
- attract and retain qualified management and employees.

China Networks Media cannot predict whether it will meet internal or external expectations regarding future performance. If China Networks Media is not successful in addressing these risks and uncertainties, its business, operating results and financial condition may be materially adversely affected.

China Networks Media may encounter difficulties in expanding into other regional television networks, which may materially and adversely affect its business, financial condition and results of operations.

One important element of China Networks Media's strategy is to expand its presence into other regional television networks. Implementation of this strategy will be subject to many risks, including, but not limited to, the following:

- China Networks Media has no track record in obtaining advertisement resources from other regional television networks;
- There is expected to be intense competition from advertising companies that are already well-established in those markets;
- China Networks Media may not be able to accurately assess and adjust to the consumer tastes, preferences and demands in the relevant regional markets; and
  - It may not be possible to generate enough revenue to offset costs.

These and other risks may make China Networks Media's expansion into other regional television networks unsuccessful. In addition, implementing this strategy may require it to devote significant resources to promoting advertising time slots on such regional television networks, which may divert management's attention from its existing business. If China Networks Media is not successful in expanding into other regional television networks, its business, financial condition and results of operations may be materially and adversely affected.

CN Holdings may need additional capital to fund the growth of China Networks Media's business, which may not be available on acceptable terms or at all, and which, if available, could dilute your interest in CN Holdings.

Capital requirements are difficult to plan in the rapidly changing advertising industry. China Networks Media expects that its current cash and cash equivalents, cash flow from operations and the proceeds from the Business Combination with Alyst will be sufficient to meet its anticipated cash needs, for both working capital and capital expenditures, for the foreseeable future. If, however, there are unforeseen changes in general business conditions or unexpected developments in its business or expansion, CN Holdings may require additional cash resources. For example, CN Holdings may seek to sell additional equity or debt securities or obtain a credit facility. The sale of convertible debt securities or additional equity securities could result in additional dilution to the shareholders of CN Holdings. Furthermore, if CN Holdings incurs more debt, it will be liable for increased debt service costs and might have to agree to operating and financing covenants that would restrict its operations and liquidity.

CN Holdings' ability to obtain additional capital on commercially acceptable terms is subject to significant risks and uncertainties, including:

- investors' perception of, and demand for, its securities;
- prevailing conditions in the global financial and capital markets in which it will seek to raise funds;
- the future results of operations, financial condition and cash flows of China Networks Media;
- PRC governmental regulation of foreign investment in advertising companies in China;
- PRC governmental policies relating to foreign exchange; and

- economic, political and other conditions in China.

Any failure to raise additional funds when needed could limit CN Holdings' ability to expand or develop its operations to respond to market demand or competitive challenges.

The Chinese government could change its policies toward, or even nationalize, private enterprise, which could reduce or eliminate the interests held in China Networks Media.

Over the past several years, the Chinese government has pursued economic reform policies, including the encouragement of private economic activities and decentralization of economic regulation. The Chinese government may not continue to pursue these policies or may significantly alter them to China Networks Media's detriment from time to time without notice. Changes in policies by the Chinese government that result in a change of laws, regulations, their interpretation, or the imposition of high levels of taxation, restrictions on currency conversion or imports and sources of supply could materially and adversely affect China Networks Media's business and operating results. The nationalization or other expropriation of private enterprises by the Chinese government could result in the total loss of China Networks Media's investment in China.

China Networks Media's business may be adversely affected by unforeseen events or natural disasters that are beyond its control, such as the 2008 earthquake in Sichuan Province, or the global financial crisis.

China Networks Media's business may be adversely affected by certain events, natural disasters beyond its control, such as the magnitude 8.0 earthquake that struck Sichuan Province in May 2008, or the global financial crisis. Many television stations in China significantly changed their programming after the earthquake to broadcast developments and rescue operations relating to the earthquake. All television channels in China ceased to broadcast any advertisements during a three-day national mourning period from May 19, 2008 to May 21, 2008. Certain television advertisements with content that was deemed to be inappropriate for broadcast during coverage of this tragic event were suspended in May and June 2008. Such unforeseen events, natural disasters or the global financial crisis may adversely affect advertisement spending of its clients which in turn may adversely affect its sales and results of operations. Furthermore, if other events occur in the future or the global financial crisis is prolonged or deepens, its business, financial condition and results of operations may be adversely affected.

China Networks Media may become subject to government actions due to its advertising content, which may have a material adverse effect on its financial condition and results of operations.

PRC advertising laws and regulations require advertisers, advertising distributors and advertising service providers, such as China Networks Media, to ensure that the content of the advertisements prepared or distributed are fair, accurate and in full compliance with applicable laws. Violation of these laws or regulations may result in penalties, including

- fines,
- confiscation of advertising fees,
- orders to cease disseminating the advertisements and
- orders to publish public announcements to correct the misleading information.

In circumstances involving serious violations, the PRC government may revoke a license to operate an advertising business. In addition, such noncompliance can constitute a violation of criminal law and criminal proceedings could be brought as a result.

Under the relevant PRC regulations, China Networks Media is required to independently review and verify the content of a client's advertisement for compliance and to confirm that any required government review has been performed and that all necessary approvals have been obtained. In addition, for advertising content related to certain types of

products, such as tobacco, alcohol, cosmetics, pharmaceuticals and medical instruments, China Networks Media is required to confirm that the advertisers have obtained requisite government approvals relating to their operations, including the advertisers' operating qualifications and proofs of quality inspection. Under contracts with advertising clients, advertisers are responsible for obtaining any PRC government approvals or licenses required for their advertisements and providing China Networks Media with proof of such approvals or licenses prior to it placing its clients' advertisements. While China Networks Media ensures advertising content is reviewed for compliance with relevant PRC laws and regulations, there can be no assurance that each advertisement placed is in compliance with the relevant PRC laws and regulations or that the supporting documentation and government approvals provided by advertising clients are true and complete. Any failure to conduct such review may subject China Networks Media to governmental inspections or actions.

Governmental proceedings may harm China Networks Media's reputation and may divert significant amounts of management's time and other resources. It may be difficult and expensive to defend against such proceedings. There can be no assurance that China Networks Media would successfully defend such claims, and if it fails to do so it would have to bear the costs of all such actions as well as any fines imposed. In addition, some of its existing contracts with advertising clients do not provide China Networks Media with any indemnity from its clients for claims relating to advertising content. As a result of the foregoing, any governmental proceedings brought could have a material adverse effect on its business, financial condition and results of operations.

China Networks Media may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt its business and operations.

China Networks Media places advertisements provided by advertising clients on television. In doing so, it may employ information, software programs, technology or equipment supplied by other parties, to which such parties may not have intellectual property rights. Some of its existing contracts with advertising clients do not provide indemnity for any intellectual property infringement claims relating to the advertisements provided. China Networks Media cannot be certain that its operations or any aspects of its business do not or will not infringe upon patents, copyrights or other intellectual property rights held by third parties. Although China Networks Media is not aware of any such claims, it may become subject to legal proceedings and claims from time to time relating to the intellectual property rights of others. If China Networks Media is found to have violated the intellectual property rights of others, it:

- may be subject to liability for infringement activities or may be prohibited from using such intellectual property,
  - may incur licensing fees or be forced to develop alternatives.
  - may incur significant expenses, and
- may be forced to divert management's time and other resources from its business and operations to defend against these third-party infringement claims, regardless of their merits.

Successful infringement or licensing claims may result in significant monetary liabilities and may materially disrupt China Networks Media's business and operations by restricting or prohibiting the use of the intellectual property in question.

Foreign exchange regulations in the PRC may affect China Networks Media's ability to pay dividends in foreign currency or conduct other foreign exchange business.

Renminbi, or RMB, is not presently a freely convertible currency, and the restrictions on currency exchanges may limit China Networks Media's ability to use revenues generated in RMB or to make dividends or other payments in U.S. dollars. The PRC government, through the State Administration for Foreign Exchange ("SAFE"), regulates conversion of RMB into foreign currencies. Currently, foreign invested enterprises are required to apply for "Foreign Exchange Registration Certificates" and to renew those certificates annually. In addition, SAFE recently issued a new regulation, under which RMB converted from the registered capital shall only be utilized in accordance with the purposes approved by the relevant government authority (including the local SAFE). The local SAFE has the right to

- take appropriate remedial action,
- confiscate any illegal income and
- impose a fine in the event of a contravention of the new regulation.





In the event that China Networks Media is unable to convert the registered capital conveniently, this would restrict its ability to operate its foreign exchange business.

China Networks Media may have difficulty establishing adequate management, legal and financial controls in the PRC, which could result in misconduct and difficulty in complying with applicable laws and requirements.

As quasi-governmental businesses in the PRC, the networks comprising China Networks Media have not historically focused on establishing Western-style management and financial reporting concepts and practices, as well as modern banking, computer and other internal control systems. China Networks Media may have difficulty in hiring and retaining a sufficient number of qualified internal control employees to work in the PRC. As a result of these factors, China Networks Media may experience difficulty in establishing management, legal and financial controls, collecting financial data and preparing financial statements, books of account and corporate records and instituting business practices that meet Western standards, especially on the operation level of China Networks Media's joint ventures with municipal broadcast TV network operators.

Advertising clients periodically review and change their advertising or marketing models and strategies, and if China Networks Media fails to adapt quickly to such changes, it may be unable to attract advertisers and increase the demand for its services.

Advertising service contracts with clients are generally entered into on a short-term and non-exclusive basis. A client's decision to place its advertisements with China Networks Media is affected by a number of factors, including

- the desirability of time slots it offers on the relevant PRC TV Stations,
- the extent of television network coverage provided,
- the service packages and pricing structure offered and
- the client's perception of the effectiveness and quality of its services.

If China Networks Media fails to retain its existing clients or increase advertisers' awareness and utilization of its services, or to formulate attractive service packages and pricing structures to attract new clients, demand for its services will not grow and may even decrease. Advertisers might be unwilling to seek time slots from China Networks Media or to pay the levels of advertising fees it requires to generate profits, which could materially and adversely affect its ability to increase revenues and profitability.

China Networks Media depends on the services of key personnel, including Mr. Li Shuangqing, chairman and chief executive officer, and its business and growth prospects may be severely disrupted if it loses his services.

Mr. Li Shuangqing, chairman and chief executive officer of China Networks Media, has led the company since its establishment. The business and operations of China Networks Media depend to a significant extent on his business vision, industry expertise, experience with its business operations and management skills, as well as his relationships with television stations, many key clients and employees. China Networks Media does not maintain key-man life insurance for Mr. Li Shuangqing. If he becomes unable or unwilling to continue in his present position, it may not be possible to replace him in a timely manner or at all, which would have a material adverse effect on business and growth prospects of China Networks Media.

If China Networks Media fails to maintain an effective and adequate sales and marketing team, its sales and revenues could materially decrease.

China Networks Media depends on its sales personnel to increase advertisers' awareness, acceptance and utilization of its services, which are crucial to its revenues, business and growth. China Networks Media currently has 17 employees directly engaged in sales. Consistent with the industry norm, China Networks Media typically experiences a high turnover rate among sales personnel, and there can be no assurance that its current sales personnel will remain effective or loyal. China Networks Media faces intense competition for experienced sales personnel both from direct competitors and other advertising and media companies. Furthermore, China Networks Media will need to continue expanding its sales force if its business continues to grow. It may not be able to hire, retain, integrate or motivate an adequate number of qualified new sales personnel as it grows its business, which could disrupt its business and cause revenues to materially decrease.

## Risks Relating to China Networks Media's Corporate Structure

China Networks Media exercises voting and economic control over Hetong pursuant to contractual agreements among the Hetong shareholders, the JV Tech Cos and ANT that may not be as effective as direct ownership.

As a result of the contractual agreements entered into between ANT and the shareholders of Hetong, ANT controls and is considered the primary beneficiary of Hetong, and is entitled to consolidate the financial results of Hetong, which includes Hetong's 50% economic interest in the financial results of Kunming Kaishi Advertising Co., Ltd. and Taiyuan Advertising Networks Advertising Co., Ltd. (collectively, the "JV Ad Cos"). While the terms of these contractual agreements are designed to minimize the operational impact of governmental regulation of the media, cultural and telecommunications industries in the PRC, and provide ANT with voting control and the economic interests associated with the stockholders' equity interest in Hetong, they are not accorded the same status at law as direct ownership of Hetong and may not be as effective in providing and maintaining control over Hetong as direct ownership. For example:

- ANT may not be able to take control of Hetong upon the occurrence of certain events, such as the imposition of statutory liens, judgments, court orders, death or incapacity.
- If the PRC government proposes new laws or amends current laws that are detrimental to the contractual agreements with Hetong, such changes may effectively eliminate China Networks Media's control over the Hetong and its ability to consolidate the JV Tech Cos and the JV Ad Cos.
- If the shareholders of Hetong fail to perform as required under those contractual agreements, ANT will have to rely on the PRC legal system to enforce those agreements and there is no guarantee that it will be successful in an enforcement action.

Furthermore, if China Networks Media, or ANT, were found to be in violation of any existing PRC laws or regulations, the relevant regulatory authorities would have broad discretion to deal with such violation, including, but not limited to the following:

- levying fines;
- confiscating income; and/or
- requiring a restructuring of ownership or operations.

China Networks Media has obtained advice of its Chinese counsel regarding the validity of the contractual arrangements pursuant to which China Networks Media exercises control over, and derived economic benefits from, Hetong, the JV Tech Cos and the JV Ad Cos. In addition, the Merger Agreement contains representations and warranties from China Networks Media that such arrangements are valid and binding. There can be no guarantee, however, that a Chinese, U.S. or BVI court will conclude that such contractual arrangements are enforceable or that a Chinese court would enforce a judgment entered by a foreign jurisdiction.

The agreements that establish the structure for operating China Networks Media's business may result in the relevant PRC government regulators revoking or refusing to renew JV Tech Cos respective operating permits.

JV Tech Cos obtained exclusive operating rights by entering into exclusive cooperation agreements with PRC TV Stations who are 100% owned by different levels of branches of SARFT in Kunming and Taiyuan municipality. PRC TV Stations enjoy the right to provide broadcast television services in their territories. Any foreign-invested enterprise

incorporated in the PRC is prohibited from conducting a business that involves the transmission of broadcast television or the provision of cable access services. China Networks Media's contractual arrangements with Hetong and its shareholders provide it with the economic benefits of the JV Ad Cos. If SARFT determines that its control over Hetong, or relationship with the JV Ad Cos through those contractual arrangements is contrary to their generally restrictive approach towards foreign participation in the PRC broadcast television industry, there can be no assurance that SARFT will not reconsider JV Ad Cos' eligibility to hold exclusive rights to provide advertising services to PRC TV Stations. If that were to happen, China Networks Media might have to discontinue all or a substantial portion of its business pending the approval of exclusive service and operating rights on the required operating permit held by PRC TV Stations. In addition, if China Networks Media is found to be in violation of any existing or future PRC laws or regulations, the relevant regulatory authorities, including the SARFT, would have broad discretion in dealing with such violation, including:

- levying fines,
- confiscating its income,
- revoking the business licenses or operating licenses of its PRC affiliates and PRC TV Stations,
- requiring China Networks Media to restructure the relevant ownership structure or operations, and
  - requiring it to discontinue all or any portion of its operations.

Any of these actions could cause significant disruption to its business operations and may materially and adversely affect its business, financial condition and results of operations.

#### Risks Relating to the People's Republic of China

Adverse changes in economic policies of the PRC government could have a material adverse effect on the overall economic growth of the PRC, which could reduce the demand for China Networks Media's services and materially adversely affect its business.

All of China Networks Media's assets are located in and all of its revenue is sourced from the PRC. Accordingly, China Networks Media's business, financial condition, results of operations and prospects will be influenced to a significant degree by political, economic and social conditions in the PRC generally and by continued economic growth in the PRC as a whole.

The PRC economy differs from the economies of most developed countries in many respects, including the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the PRC government has implemented measures since the late 1970s emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in the PRC is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies. The PRC government also exercises significant control over the PRC's economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

While the PRC economy has experienced significant growth over the past decade, growth has been uneven, both geographically and among various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may also have a negative effect on China Networks Media. For example, China Networks Media's operating results and financial condition may be adversely affected by government control over capital investments or changes in tax regulations that are applicable to it.

Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and China Networks Media.

The PRC legal system is a civil law system based on written statutes. Unlike common law systems, it is a system in which legal decisions have limited value as precedents. In 1979, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation over the past three decades has significantly increased the protections afforded to various forms of foreign or private-sector investment in the PRC. These laws and regulations change frequently, and their interpretation and enforcement involve uncertainties. For example, China Networks Media may have to resort to administrative and court proceedings to enforce the legal protections that it enjoys either by law or contract. However, since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection China Networks Media enjoys than in more developed legal systems. These uncertainties may also impede China Networks Media's ability to enforce the contracts it has entered into. As a result, these uncertainties could materially adversely affect China Networks Media's business and operations.

Under the PRC's Enterprise Income Tax Law, it is unclear whether CN Holdings and China Networks Media will be classified as "resident enterprises" or "non-resident enterprises" of China. Depending on the classification, there could be certain unfavorable tax consequences to CN Holdings and China Networks Media and their non-PRC shareholders.

On March 16, 2007, the National People's Congress approved and promulgated a new tax law, the PRC Enterprise Income Tax Law, or "EIT Law," which took effect on January 1, 2008. The EIT Law and its implementation rules are relatively recent developments in the PRC and are ambiguous in terms of definitions, requirements and procedures. There is also a dearth of published official guidance with respect to the EIT Law, which makes it difficult at this stage to determine how the PRC tax authorities will interpret the provisions of the law and its implementing rules with respect to certain of the tax matters addressed below.

Pursuant to the EIT Law and its implementation rules, enterprises established outside the PRC whose actual management or control is located in the PRC can be considered "resident enterprises" for purposes of the EIT Law. According to the implementation rules of the EIT Law, "management" generally refers to the person or body of persons that exercises substantial and overall management and control over the manufacturing and business-operations, personnel, accounting and properties of an enterprise. China Networks Media's management is located in the PRC and is expected to remain located in the PRC in the future. Therefore, it is likely that China Networks Media and potentially CN Holdings could be considered "resident enterprises" by the PRC tax authorities. As indicated above, it is unclear as to how the PRC tax authorities will determine tax residency based on the facts of each case.

If the PRC tax authorities determine that CN Holdings or China Networks Media is a "resident enterprise" for purposes of the EIT Law:

- Such company would be subject to PRC enterprise income tax at a rate of 25 percent (the "EIT") on its worldwide income;
- Such company would be liable for the EIT on dividends it receives from subsidiaries unless such company is a "qualifying resident enterprise" and the dividend it receives is attributable to direct investment in another "qualifying resident enterprise" that is paying the dividend (it is unclear whether CN Holdings or China Networks Media would qualify as a "qualifying resident enterprise" in light of uncertainties of interpretation and lack of official guidance);
- Such company may be required to withhold a 10 percent PRC withholding tax on dividends it pays to non-resident enterprise shareholders (subject to possible reduction under an applicable income tax treaty); and

- Gains derived by non-resident enterprise shareholders upon disposition of shares of such company may be subject to a 10 percent PRC withholding tax (subject to possible reduction under an applicable income tax treaty).

Non-PRC shareholders may be entitled to a foreign tax credit with respect to the PRC withholding tax referred to above against their domestic income tax liability (subject to applicable conditions and limitations). Because of the lack of clarity and the complexities in interpretation associated with potential PRC tax liabilities, each holder of our securities should consult their own tax advisors regarding the applicability of any such taxes, the effects of any applicable income tax treaties, and any available foreign tax credits.

If CN Holdings or China Networks is classified as a “non-resident enterprise” for purposes of the EIT Law, PRC-source dividends received by them may be subject to a 10 percent PRC withholding tax. Under the EIT Law and its implementing rules, a withholding tax at the rate of 10 percent will normally apply to PRC-source dividends payable to investors who are “non-resident enterprises” — defined as enterprises that do not have an establishment or place of business in the PRC or that have such an establishment or place of business but the relevant income is not effectively connected with such establishment or place of business. Such withholding tax may be exempted or reduced by the State Council of the PRC or pursuant to a tax treaty between the PRC and the jurisdiction in which the non-resident enterprise resides.

Similar PRC tax considerations to those discussed above may pertain to Advertising Networks Ltd., (which also may be subject to local jurisdiction tax obligations). Although the arrangements with China Networks Media and CN Holdings have been structured with the advice of Chinese corporate and tax counsel to minimize the likelihood that these entities would be subjected to the unfavorable tax consequences described above, there can be no assurance that PRC governmental authorities will not consider them “resident enterprises.”

#### Risks Relating to the Redomestication Merger

Following consummation of the Redomestication Merger, Alyst will become a BVI company and, because the rights of shareholders under BVI law differ from those under U.S. law, you may have fewer protections as a shareholder.

Following the consummation of the Redomestication Merger, the resulting company’s corporate affairs will be governed by its Amended and Restated Memorandum and Articles of Association, the BVI Business Companies Act, 2004 (as amended) of the British Virgin Islands (the “Act”) and the common law of the British Virgin Islands. Forms of CN Holdings’ Amended and Restated Memorandum and Articles of Association are attached hereto as Annexes D and E, respectively. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary responsibility of the directors under BVI law are governed by the Act and the common law of the British Virgin Islands. The common law of the British Virgin Islands is derived in part from comparatively limited judicial precedent in the British Virgin Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the British Virgin Islands. The rights of shareholders and the fiduciary responsibilities of directors under BVI law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the British Virgin Islands has a less prescriptive body of securities laws as compared to the United States, and some states (such as Delaware) have more fully developed and judicially interpreted bodies of corporate law. The rights of minority shareholders are set forth below in the section entitled “The Redomestication Proposal – Rights of Minority Shareholders.”

BVI companies may not be able to initiate shareholder derivative actions, thereby depriving shareholders of the ability to protect their interests.

BVI companies may not have standing to initiate a shareholder derivative action in a federal court of the United States. The circumstances in which any such action may be brought, and the procedures and defenses that may be available in respect to any such action, may result in the rights of shareholders of a BVI company being more limited



than those of shareholders of a company organized in the United States. Accordingly, shareholders may have fewer alternatives available to them if they believe that corporate wrongdoing has occurred. The BVI courts are also unlikely to recognize or enforce against CN Holdings' judgments of courts in the United States based on certain liability provisions of U.S. securities law and to impose liabilities against it, in original actions brought in the British Virgin Islands, based on certain liability provisions of U.S. securities laws that are penal in nature.

Although there is no statutory enforcement in the British Virgin Islands of judgments obtained in the United States, the courts of the British Virgin Islands will recognize a foreign judgment as the basis for a claim at common law in the British Virgin Islands provided:

- the U.S. court issuing the judgment had jurisdiction in the matter and the company either submitted to such jurisdiction or was resident or carrying on business within such jurisdiction and was duly served with process;
- the judgment given by the U.S. court was not in respect of penalties, taxes, fines or similar fiscal or revenue obligations of the company;
- in obtaining judgment there was no fraud on the part of the person in whose favor judgment was given or on the part of the court;
  - recognition or enforcement of the judgment in the BVI would not be contrary to public policy; and
  - the proceedings pursuant to which judgment was obtained were not contrary to natural justice.

Under the laws of the British Virgin Islands, there are some statutory provisions for the protection of minority shareholders under the Act. The principal protection under the Act is that shareholders may bring an action to enforce the Amended and Restated Memorandum and Articles of Association of CN Holdings. The Act sets forth the procedure to bring such a claim. Shareholders are entitled to have the affairs of the company conducted in accordance with the general law and the Amended and Restated Memorandum and Articles of Association. Pursuant to CN Holdings' constitutional documents, the company is obliged to hold an annual general meeting and provide for the election of directors. Companies are not obligated to appoint an independent auditor and shareholders are not entitled to receive the audited financial statements of the company.

There are common law rights for the protection of shareholders that may be invoked. Such rights have also now been given a statutory basis under the Act. For further discussion of the rights of minority shareholders, see the section entitled "The Redomestication Proposal — Rights of Minority Shareholders." The Common law rights are largely dependent on English company law, since the common law of the British Virgin Islands for business companies is limited. Under the general rule pursuant to English company law, a court will generally refuse to interfere with the management of a company at the insistence of a minority of its shareholders who express dissatisfaction with the conduct of the company's affairs by the majority or the board of directors. However, every shareholder is entitled to have the affairs of the company conducted properly according to law and the constituent documents of the corporation. As such, if those who control the company have persistently disregarded the requirements of company law or the provisions of the company's memorandum or articles of association, then the courts will grant relief. Generally, the areas in which the courts will intervene are the following:

- an act complained of which is outside the scope of the authorized business or is illegal or not capable of ratification by the majority,
  - acts that constitute fraud on the minority where the wrongdoers control the company,
  - acts that infringe on the personal rights of the shareholders, such as the right to vote, and
- where the company has not complied with provisions requiring approval of a special or extraordinary majority of shareholders, which are more limited than the rights afforded minority stockholders under the laws of many states in the United States.



## Risks Relating to Tax Matters

There is a risk that CN Holdings could be treated as a U.S. domestic corporation for U.S. federal income tax purposes after the Redomestication Merger and Business Combination, which could result in significantly greater U.S. federal income tax liability to CN Holdings.

Section 7874(b) (“Section 7874(b)”) of the Internal Revenue Code of 1986, as amended, provides that a corporation organized outside the United States which acquires, directly or indirectly, pursuant to a plan or series of related transactions, substantially all of the assets of a corporation organized in the United States will be treated as a domestic corporation for U.S. federal income tax purposes if shareholders of the acquired corporation, by reason of owning shares of the acquired corporation, own at least 80% (of either the voting power or the value) of the stock of the acquiring corporation after the acquisition. If Section 7874(b) were to apply to the Redomestication Merger, then CN Holdings, as the surviving entity, would be subject to U.S. federal income tax on its worldwide taxable income following the Redomestication Merger and Business Combination as if CN Holdings were a domestic corporation.

Although it is anticipated that Section 7874(b) should not apply to treat CN Holdings as a domestic corporation for U.S. federal income tax purposes, due to the absence of complete guidance on how the rules of Section 7874(b) apply to the transactions contemplated by the Redomestication Merger and Business Combination, this result is not free from doubt. As a result, stockholders and warrant holders are urged to consult their own tax advisors on this issue. For a more detailed discussion of the foregoing, see “Material United States Federal Income Tax Considerations—U.S. Federal Income Tax Consequences of the Redomestication Merger—Tax Consequences to Alyst and CN Holdings.”

It is anticipated that Alyst will recognize gain (but not loss) for U.S. federal income tax purposes as a result of the Redomestication Merger, which may result in increased U.S. federal income tax liability to Alyst.

It is anticipated that for U.S. federal income tax purposes, as to each of its assets, Alyst will recognize gain (but not loss) realized as a result of the Redomestication Merger in an amount equal to the excess (if any) of the fair market value of such asset over such asset’s adjusted tax basis at the effective time of the Redomestication Merger. Since any such gain will be determined based on the value of its assets at that time, the amount of such gain (and any U.S. federal income tax liability to Alyst by reason of such gain) cannot be determined at this time. If, as expected, former shareholders of Alyst will, by reason of their ownership of Alyst shares, own at least 60 % (but less than 80 %) of the shares of CN Holdings following the Redomestication Merger and Business Combination, Alyst will not be permitted to use any net operating losses otherwise available to Alyst to offset such gain. Stockholders and warrant holders are urged to consult their own tax advisors on this tax issue and other tax issues in connection with the Redomestication Merger. For a more detailed discussion of the foregoing, see “Material United States Federal Income Tax Considerations—U.S. Federal Income Tax Consequences of the Redomestication Merger—Tax Consequences to Alyst and CN Holdings.”

There is a risk that CN Holdings will be classified as a passive foreign investment company, or “PFIC,” which could result in adverse U.S. federal income tax consequences to U.S. holders of ordinary shares or warrants of CN Holdings.

CN Holdings will be treated as a PFIC for any taxable year in which either (1) at least 75% of its gross income (looking through certain corporate subsidiaries) is passive income or (2) at least 50% of the average value of its assets (looking through certain corporate subsidiaries) produce, or are held for the production of, passive income. Passive income generally includes dividends, interest, rents, royalties, and gains from the disposition of passive assets. If CN Holdings were a PFIC for any taxable year during which a U.S. holder held its ordinary shares or warrants, the U.S. holder may be subject to increased U.S. federal income tax liability and may be subject to additional reporting requirements. The actual PFIC status of CN Holdings for any taxable year, however, will not be determinable until after the end of its taxable year, and accordingly there can be no assurance as to the status of CN Holdings as a PFIC for the current taxable year or any future taxable year. We urge U.S. holders to consult their own tax advisors regarding the possible application of the PFIC rules. For a more detailed discussion of the foregoing, see “Material United States Federal Income Tax Considerations—U.S. Federal Income Tax Consequences to U.S. Holders of Ordinary Shares and Warrants of CN Holdings—Passive Foreign Investment Company Rules.”

The tax disclosure included as part of this Registration Statement expresses uncertainty as to certain tax issues and does not address all tax issues, including those that are dependent on future facts or events.

Due to the absence of complete guidance as to how the transactions contemplated by the Redomestication Merger and Business Combination and other transactions discussed in the tax disclosure would be treated for U.S. federal income tax purposes, there is a degree of uncertainty as stated in the tax disclosure with respect to the U.S. federal income tax consequences of certain of the tax matters considered therein. Moreover, certain tax matters that are discussed in the tax disclosure are dependent on future facts or events, such as whether CN Holdings will be classified as a PFIC for U.S. federal income tax purposes following the Redomestication Merger and Business Combination, and as to which no conclusion therefore can be expressed. Finally, no assurance can be given that positions contrary to those discussed in the tax disclosure may not be taken by the Internal Revenue Service (“IRS”) or a court considering the tax issues discussed in the tax disclosure. Accordingly, each stockholder and warrant holder is urged to consult its own tax advisor on the tax issues discussed in the tax disclosure and how they may relate to the holder’s particular circumstances. See “Material United States Federal Income Tax Considerations.”

#### Risks Relating to the Business Combination

Because CN Holdings is organized under the laws of the British Virgin Islands, it may be difficult to serve CN Holdings with legal process or enforce judgments against it, its directors or its management.

CN Holdings is organized under the laws of the British Virgin Islands. After the Business Combination, substantially all of its assets will be located outside of the United States, its principal executive offices will be located in China, and some of its directors and officers will reside outside the United States. As a result, it may be difficult or impossible for you to bring an action against CN Holdings or against its directors or its management in the United States if you believe that your rights have been infringed under securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the British Virgin Islands and of other jurisdictions, including China, may prevent or restrict you from enforcing, or make it difficult to enforce, a judgment against CN Holdings’ assets or its directors and officers.

The price of CN Holdings' ordinary shares after the Business Combination may be volatile.

The price of CN Holdings' ordinary shares after the Business Combination may be volatile, and may fluctuate due to factors such as:

- actual or anticipated fluctuations in quarterly and annual results;
- limited operating history;
- mergers and strategic alliances in the television industry in China;
- market conditions in the industry;
- changes in U.S. or Chinese government regulation;
- fluctuations in CN Holdings' revenues and earnings and those of its competitors;
- shortfalls in CN Holdings' operating results from levels forecasted by securities analysts;
- announcements covering CN Holdings or its competitors; and
- the general state of the financial and capital markets.

The effects of the global financial crisis, which are far-reaching and difficult to predict, may adversely affect the ability to secure the requisite stockholder approval of the proposed transactions and the ability of China Networks Media to execute its business plan successfully.

Since the date of the Merger Agreement and the most recent audited financial statements included in this proxy statement/prospectus, the international capital markets have experienced severe volatility and exhibited overall significant declines in prices of equity securities, which events taken in combination with a freezing of international credit markets and lack of availability of private capital have led to severe constraints in private flows of capital. In addition, the alleged fraud perpetrated by Bernard Madoff has exacerbated a lack of confidence in global financial institutions and their oversight.

Alyst's ability to secure the necessary approval by stockholders of the Business Combination Proposal and the Redomestication Proposal may be adversely effected if certain investors vote against these proposals without regard to the merits thereof and choose to liquidate their investment in Alyst. In addition, the effects of the global financial crisis on the industry and geographic sectors that China Networks Media is engaged in are just beginning to become apparent and it is impossible to predict the full impact they may have on China Networks Media, including with respect to its expansion plans and the capital required to implement such strategy.

If shareholders sought to sue China Networks Media officers or directors, it may be difficult to obtain jurisdiction over the parties and access to the assets located in the PRC.

Because most of China Networks Media's officers and directors will reside outside of the United States, it may be difficult, if not impossible, to acquire jurisdiction over these persons in the event a lawsuit is initiated against such officers and directors by shareholders in the United States. It also is unclear if extradition treaties now in effect between the United States and the PRC would permit effective enforcement of criminal penalties of the federal securities laws. Furthermore, because substantially all of China Networks Media's assets are located in the PRC, it

would also be extremely difficult to access those assets to satisfy an award entered against CN Holdings in U.S. court. Moreover, Alyst has been advised that the PRC does not have treaties with the United States providing for the reciprocal recognition and enforcement of judgments of courts. As a result, it may not be possible for investors in the United States to enforce their legal rights, to effect service of process upon China Networks Media's directors or officers or to enforce judgments of U.S. courts predicated upon civil liabilities and criminal penalties of its directors and officers under Federal securities laws.

Alyst and China Networks Media have incurred and expect to incur significant costs associated with the Business Combination, whether or not the Business Combination is completed and the incurrence of these costs will reduce the amount of cash available to be used for other corporate purposes.

Alyst and China Networks Media expect to incur significant costs associated with the Business Combination. If the Business Combination is completed, they expect to incur an aggregate or approximately \$2.9 million in expenses. These expenses will reduce the amount of cash available to be used for other corporate purposes.

Alyst may waive one or more of the conditions to the Business Combination without resoliciting stockholder approval.

Alyst may agree to waive, in whole or in part, certain of the conditions to its obligations to complete the Business Combination, to the extent permitted by applicable laws. Conditions deemed to be material may not be waived, or may only be waived with stockholder consent. The board of directors of Alyst will evaluate the materiality of any waiver to determine whether amendment of this proxy statement/prospectus and resolicitation of proxies is warranted. In some instances, if the board of directors of Alyst determines that a waiver is not sufficiently material to warrant resolicitation of stockholders, Alyst has the discretion to complete the Business Combination without seeking further stockholder approval. A detailed discussion of the closing conditions is included under "The Business Combination Proposal — Terms of the Merger Agreement — Closing Conditions."

The combined company's working capital could be reduced if stockholders exercise their conversion rights.

Pursuant to Alyst's amended and restated certificate of incorporation, holders of shares purchased in Alyst's IPO (other than Alyst's initial stockholders) may vote against the Business Combination and demand that Alyst convert their shares into pro rata portions of the trust account, net of taxes payable, as of the record date. Alyst and China Networks Media will not consummate the Business Combination if holders of 2,413,320 or more publicly-held shares exercise these conversion rights. To the extent the Business Combination is consummated and holders have demanded to so convert their shares, there will be a corresponding reduction in the amount of funds available to the combined company following the Business Combination. As of March 31, 2009, assuming the Business Combination is approved, the maximum amount of funds that could be disbursed to Alyst's stockholders upon the exercise of their conversion rights is approximately \$18,980,148.

If outstanding warrants are exercised, the underlying common shares will be eligible for future resale in the public market. "Market overhang" from the warrants results in dilution and has an adverse effect on the ordinary shares' market price.

Outstanding warrants and unit purchase options to purchase an aggregate of 10,464,400 shares of common stock issued in connection with Alyst's IPO will become exercisable after consummation of the Business Combination. If they are exercised, a substantial number of additional ordinary shares of CN Holdings will be eligible for resale in the public market, which could adversely affect the market price.

Registration rights held by Alyst's initial stockholders who purchased shares prior to Alyst's IPO may have an adverse effect on the market price of CN Holdings.

Alyst's initial stockholders who purchased common stock prior to its IPO are entitled to demand that Alyst register the resale of their shares at any time after they are released from escrow. In addition, the investors in China Networks Media's bridge financing have the ability to request registration of the shares they will own subsequent to the consummation of the Business Combination on substantially the same terms as enjoyed by such shareholders. If such stockholders exercise their registration rights with respect to all of their shares, there will be an additional 2,730,000 ordinary shares eligible for trading in the public market. The presence of these additional shares may have an adverse effect on the market price of CN Holdings' ordinary shares.

Alyst's directors and officers have interests in the Business Combination that are different from yours, because if the Business Combination is not approved, their shares may become worthless.

In considering the recommendation of Alyst's Board of Directors to vote to approve the Business Combination, you should be aware that Alyst's directors, officers and initial stockholders have agreements or arrangements that provide them with interests in the Business Combination that differ from, or are in addition to, those of Alyst stockholders generally. Alyst's initial stockholders, including its directors and officers, are not entitled to receive any of the funds that would be distributed upon liquidation of the trust account. Therefore, if the Business Combination is not approved, these original shares may become worthless. The personal and financial interests of directors and officers may have influenced their motivation in identifying and selecting a target business and in timely completion of a business combination. Consequently, their discretion in identifying and selecting a suitable target business may result in a conflict of interest when determining whether the terms, conditions and timing of a particular business combination are appropriate and in the best interests of Alyst's stockholders.

Because CN Holdings does not intend to pay dividends on its ordinary shares, stockholders will benefit from an investment in Alyst's common stock only if the ordinary shares of CN Holdings appreciate in value.



Alyst has never declared or paid any cash dividends on its shares of common stock. Post-merger, CN Holdings currently intends to retain all future earnings, if any, for use in the operations and expansion of the business. As a result, CN Holdings does not anticipate paying cash dividends in the foreseeable future. Any future determination as to the declaration and payment of cash dividends will be at the discretion of CN Holdings' Board of Directors and will depend on factors CN Holdings' Board of Directors deems relevant, including among others, CN Holdings' results of operations, financial condition and cash requirements, business prospects, and the terms of CN Holdings' credit facilities, if any, and any other financing arrangements. Accordingly, realization of a gain on stockholders' investments will depend on the appreciation of the price of CN Holdings' ordinary shares. There is no guarantee that CN Holdings' ordinary shares will appreciate in value.

CN Holdings may choose to convert Alyst's outstanding warrants at a time that is disadvantageous to the warrant holders.

Subject to there being a current prospectus under the Securities Act of 1933, CN Holdings may redeem all of Alyst's currently outstanding warrants at any time after they become exercisable at a price of \$.01 per warrant, upon a minimum of 30 days prior written notice of redemption, if and only if, the last sale price of China Networks Media's ordinary shares equals or exceeds \$11.50 per share for any 20 trading days within a 30-trading day period ending three business days before CN Holdings sends the notice of redemption. Calling all of such warrants for redemption could force the warrant holders:

- To exercise the warrants and pay the exercise price for such warrants at a time when it may be disadvantageous for the holders to do so;
- To sell the warrants at the then current market price when they might otherwise wish to hold the warrants; or
- To accept the nominal redemption price which, at the time the warrants are called for redemption, is likely to be substantially less than the market value of the warrants.

If holders of 2,413,320 or more of the shares of Alyst's common stock purchased in Alyst's IPO (which number represents 30% or more of the common stock sold in Alyst's IPO) decide to vote against the Business Combination and opt to convert their shares to cash, Alyst may be forced to dissolve and liquidate, stockholders may receive less than \$7.85 per share, and Alyst's warrants may expire worthless.

Under the terms of Alyst's amended and restated certificate of incorporation, if holders of 2,413,320 or more of the shares of Alyst's common stock purchased in Alyst's IPO (which number represents 30% of the common stock issued in its IPO) decide to vote against the acquisition and opt to convert their shares to cash, Alyst may ultimately be forced to dissolve and liquidate. Under its charter as currently in effect, if Alyst does not acquire at least majority control of a target business by June 29, 2009, Alyst will dissolve and distribute to its public stockholders the amount in the trust account plus any remaining net assets. Following dissolution, Alyst would no longer exist as a corporation. If Alyst does not consummate the acquisition of China Networks Media by that time, it will be forced to dissolve and liquidate in accordance with the provisions of Delaware law.

In any liquidation, the net proceeds of Alyst's IPO and private placement and the deferred underwriting compensation held in the trust account, plus any interest earned thereon (net of taxes payable), will be distributed on a pro rata basis to the holders of Alyst's common stock issued in Alyst's IPO. As of March 31, 2009, and assuming Alyst expended all of the funds not in the trust account, the per-share liquidation price would have been approximately \$7.85, or \$0.15 less than the price (\$8.00 per unit) that Alyst sold each unit for in its IPO. The proceeds deposited in the trust account could, however, become subject to the claims of Alyst's creditors which could be prior to the claims of Alyst's public stockholders. Notwithstanding the enforceability of any indemnity from Alyst's officers and directors, Alyst cannot assure you, that the actual per-share liquidation price will not be less than \$7.85, due to claims of creditors. Furthermore, in the event of liquidation, there will be no distribution with respect to Alyst's outstanding warrants and, accordingly, the warrants will expire worthless. As of April 30, 2009, Alyst has sufficient funds from available working capital to pay all creditors who have not waived their rights to seek payment from the trust, including its legal advisors, accountants and auditors, of the amounts owed to them. Alyst expects that it will continue to have sufficient working capital for additional amounts due to such creditors in the event the Business Combination is not consummated.

## SELECTED SUMMARY HISTORICAL FINANCIAL INFORMATION

You are being provided the following financial information to assist you in your analysis of the financial aspects of the Business Combination with China Networks Media. China Networks Media's historical, stand-alone results of operations prior to the acquisition of JV Ad Cos are insignificant and not reflective of the results of operations it anticipates immediately following the consummation of the proposed transactions included in this proxy statement/prospectus. Accordingly, selected summary historical financial information relating to the acquisition of JV Ad Cos has been provided to assist investors in evaluating the historical performance of these businesses.

Alyst's balance sheet data as of June 30, 2008 and the statements of operations data for the year then ended and for the periods from August 16, 2006 (inception) through June 30, 2007 and June 30, 2008, are derived from Alyst's financial statements audited by Marcum & Kliegman LLP, independent registered public accountants, which are included elsewhere in this proxy statement/prospectus.

Alyst's balance sheet data as of March 31, 2009, and the statements of operations data for the three and nine months ended March 31, 2009 are derived from Alyst's unaudited financial statements, which are included elsewhere in this proxy statement/prospectus.

China Networks Media's balance sheet data as of December 31, 2008 and 2007 and the statements of operations data for the year ended December 31, 2008 and for the period from March 30, 2007 (inception) to December 31, 2008 are derived from China Networks Media's financial statements audited by UHY LLP, independent registered public accountants, which are included elsewhere in this proxy statement/prospectus.

PRC TV Stations' balance sheet data as of December 31, 2007 and the statement of operations data for the period from March 30, 2007 (inception) to December 31, 2007 are derived from PRC TV Stations' financial statements audited by UHY Vocation HK CPA Limited, independent registered public accountants, which are included elsewhere in this proxy statement/prospectus.

PRC TV Stations' balance sheet data as of September 30, 2008 and the statement of operations data for the nine months ended September 30, 2008 are derived from PRC TV Stations' unaudited financial statements, which are included elsewhere in this proxy statement/prospectus.

The selected financial information of China Networks Media, PRC TV Stations, and Alyst is only a summary and should be read in conjunction with each company's historical financial statements and related notes and "China Networks Media Limited's Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Alyst Management's Discussion and Analysis of Financial Condition or Plan of Operations" contained elsewhere in this proxy statement/prospectus. The "carve-out" historical financial statements of Kunming Television Station – Advertising Center and Yellow River Television Station – Advertising Center contained herein were derived by PRC TV Station management of the respective JV Cos from the financial statements of such PRC TV Stations in order to demonstrate the financial results of the Advertising Centers if operated as a stand-alone business during the periods presented. The information presented may not be indicative of future performance of China Networks Media, PRC TV Stations, CN Holdings or the combined companies resulting from the Redomestication Merger and the Business Combination.

## ALYST HISTORICAL FINANCIAL INFORMATION

	For the nine months ended March 31, 2009	For the three months ended March 31, 2009	For the year ended June 30, 2008	For the period from August 16, 2006 (inception) through March 31, 2009	For the period from August 16, 2006 (inception) through June 30, 2008
<b>Statement of Operations Data:</b>					
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Formation and operating costs	537,452	234,477	319,003	861,303	323,851
Loss from operations	(537,452)	(234,477)	(319,003)	(861,303)	(323,851)
Interest income, net	601,144	119,927	2,426,933	3,029,613	2,428,469
Income (loss) before provision for income taxes	63,692	(114,550)	2,107,930	2,168,310	2,104,618
Benefit (provision) for income taxes	(38,848)	41,443	(951,394)	(990,846)	(951,998)
Net income (loss)	\$ 24,844	\$ (73,107)	\$ 1,156,536	\$ 1,177,464	\$ 1,152,620
Accretion of trust income related to common stock subject to possible conversion	(33,872)	(25,044)	-	(33,872)	-
Net income (loss) attributable to common stockholders	\$ (9,028)	\$ (98,151)	\$ 1,156,536	\$ 1,143,592	\$ 1,152,620
Basic and diluted net income (loss) per share	\$ (0.00)	\$ (0.01)	\$ 0.16		
Weighted average number of shares outstanding excluding shares subject to possible conversion - basic and fully diluted	7,381,081	7,381,081	7,319,371		

As of  
March 31, 2009As of  
June 30, 2008**Balance Sheet Data:**

Total assets	\$ 65,146,211	\$ 64,838,909
Total Liabilities	\$ 741,483	\$ 459,025
Common Stock Subject to Possible Conversion	\$ 18,980,148	\$ 18,946,276
Total Stockholders' equity	\$ 45,424,580	\$ 45,433,608



KUNMING TELEVISION STATION – ADVERTISING CENTER AND  
YELLOW RIVER TELEVISION STATION – ADVERTISING CENTER COMBINED CARVE-OUT HISTORICAL  
FINANCIAL  
INFORMATION

	Year ended December 31, 2008	Year ended December 31, 2007	Year ended December 31, 2006	Year ended December 31, 2005
<b>Statements of Operations Data:</b>				
Revenue	\$ 14,225,237	\$ 18,987,149	\$ 15,151,506	\$ 14,406,251
Cost of Revenue	(4,660,441)	(4,844,541)	(3,757,422)	(1,925,034)
Gross Profit	9,564,796	14,142,608	11,394,084	12,481,217
Other Income	-	28,802	102,261	10,337
Selling, General and Administrative Expenses	2,468,316	(1,712,931)	(1,607,264)	(1,376,299)
Income Before Income Taxes	7,096,480	12,458,479	9,889,081	11,115,255
Income Taxes	-	-	-	-
Net Income	\$ 7,096,480	\$ 12,458,479	9,889,081	\$ 11,115,255

	As of December 31, 2008	December 31, 2007	December 31, 2006	December 31, 2005
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<b>Balance Sheet Data:</b>				
Total Assets	\$ 2,627,223	\$ 3,670,398	\$ 2,428,815	\$ 2,282,025
Total Liabilities	\$ 1,711,540	\$ 2,995,317	\$ 2,177,276	\$ 2,141,950
Total Equity	\$ 915,633	\$ 675,081	\$ 251,539	\$ 140,075

## CHINA NETWORKS MEDIA, LTD. HISTORICAL FINANCIAL INFORMATION

	Year ended December 31, 2008	For the period from March 30, 2007 (inception) to December 31, 2007
<b>Income Statement Data:</b>		
Net Revenue	\$ 4,344,012	\$ -
Cost of revenue	950,257	-
Operating expenses	3,264,683	31,220
Income (loss) from operations	129,072	(31,220)
<b>Other income (expense)</b>		
Other expense	(5,723)	-
Interest expense	(3,027,511)	-
Interest income	132,180	-
	(2,901,054)	-
Income Tax	637,691	-
Net loss before noncontrolling interest	(3,409,673)	(31,220)
Non-controlling interest	(1,127,391)	-
Net loss	\$ (4,537,064)	\$ (31,220)

	December 31, 2008	For the period from March 30, 2007 (inception) to December 31, 2007
<b>Balance Sheet Data:</b>		
Total assets	\$ 46,269,332	\$ 36,731
Total liabilities	\$ 45,697,690	\$ 66,951
Noncontrolling Interest	\$ 1,257,807	\$ -
Total stockholders' equity (deficit)	\$ (686,165)	\$ (30,220)



ALYST ACQUISITION CORP./CHINA NETWORKS INTERNATIONAL HOLDINGS LTD.  
CHINA NETWORKS MEDIA LTD.  
CHINA NETWORKS MEDIA, LTD. (CARVE-OUT)

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008 AND THE NINE MONTHS ENDED MARCH 31, 2009

The following unaudited pro forma condensed combined financial statements of Alyst Acquisition Corp./China Networks International Holdings Ltd. (“CN Holdings”), China Networks Media, Ltd. (“CN Networks”) and China Networks Media, Ltd. (Carve-out) (“CN Media”) are provided to assist you in your analysis of the financial aspects of the transactions described in the agreement and plan of merger, dated August 13, 2008 (“Merger Agreement”).

The unaudited pro forma condensed combined statement of operations for the year ended June 30, 2008 combines the historical statements of operations of CN Holdings, CN Networks and CN Media giving effect to the acquisition as if it had occurred on July 1, 2007.

The unaudited pro forma condensed combined statement of operations for the nine months ended March 31, 2009 combines the historical statements of operations of CN Holdings, CN Networks and CN Media giving effect to the acquisition as if it had occurred on July 1, 2008.

The unaudited pro forma condensed combined balance sheet combines the historical balance sheets of CN Holdings, CN Networks and CN Media giving effect to the transactions described in the merger agreement as if they had occurred on March 31, 2009.

The pro forma adjustments give effect to events that are directly attributable to the transactions discussed below and that have a continuing impact on the operations of CN Holdings and are based on available data and certain assumptions that management believes are factually supportable. In addition, the effects of the Redomestication Merger have been treated as if it occurred at the beginning of each period for which a pro forma statement of operations is presented and as of the date of the pro forma balance sheet presented below.

The unaudited pro forma condensed combined financial statements described above should be read in conjunction with the historical consolidated financial statements of Alyst for the period August 16, 2006 (Inception) to June 30, 2007 and the year ended June 30, 2008 and the related notes thereto, the historical financial statements of CN Networks for the period March 30, 2007 (Inception) to December 31, 2008 and the unaudited historical financial statements for the three months ended March 31, 2009 and the related notes thereto and the historical special purpose combined carve-out financial statements of CN Media for the years ended December 31, 2007, 2006 and 2005 and in conjunction with the unaudited historical financial statements of Alyst for the three and nine months ended March 31, 2009 and 2008 and the related notes thereto, the CN Networks consolidated financial statements for the year ended December 31, 2008 and the related notes thereto, the CN Networks unaudited condensed consolidated historical financial statements and related notes thereto, the unaudited historical financial statements of CN Media for the twelve months ended December 31, 2008 and the related notes thereto and the CN Networks unaudited condensed consolidated historical financial statements for the three months ended March 31, 2009 and related notes thereto which are contained elsewhere in this proxy statement. The appropriate historical periods derived from CN Networks financial statements were added and subtracted to arrive at the appropriate periods included in these pro forma statements of operations. The following table is the derivation of the historical unaudited pro forma condensed combined statement of operations of China Networks Media, LTD. (Carve - out) for the twelve months ended June 30, 2008:

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	China Networks Media LTD. (Carve - out)			
	A	B	C	A+B-C
	Six months			
	ended June 30, 2008 Historical	Year ended December 31, 2007 Historical	Six months ended June 30, 2007 Historical	Year ended June 30, 2008 Derived
Revenues	\$ 8,772,248	\$ 18,987,149	\$ 9,664,794	\$ 18,094,603
Cost or revenue	3,037,439	4,844,541	1,948,853	5,933,127
Amortization of intangibles				
General and administrative	1,032,904	1,712,931	818,524	1,927,311
Operating income (loss)	4,701,905	12,429,677	6,897,417	10,234,165
Other income	-	28,802	-	28,802
NET INCOME	4,701,905	12,458,479	6,897,417	10,262,967

On August 13, 2008, CN Holdings entered into an Agreement and Plan of Merger (the "Merger Agreement") with CN Networks, and specified other persons, providing for, among other things, the redomestication of Alyst from the State of Delaware to the British Virgin Islands (the "Redomestication Merger") and the merger of a wholly-owned subsidiary of Alyst into CN Networks (the "Business Combination"). Consummation of the transactions contemplated by the Merger Agreement are conditioned upon, among other things, (i) approval of the Redomestication Merger and the Business Combination by our shareholders and (ii) approval of the Merger Agreement and the Business Combination by the shareholders of CN Networks. In connection with the Redomestication Merger, all of the holders of our common stock outstanding immediately prior to the Redomestication Merger will receive, on a one-for-one basis, ordinary shares of CN Holdings in exchange for their Alyst common stock, and all units, warrants and other rights to purchase Alyst common stock immediately prior to the Redomestication Merger will be exchanged for substantially equivalent securities of CN Holdings at the rate set forth in the Merger Agreement. For this pro forma presentation, the ratio is assumed to be 1:1.

CN Networks is a provider of broadcast television advertising services in the People's Republic of China ("PRC"), operating joint-venture partnerships with PRC state-owned television broadcasters in Kunming and Taiyuan (collectively, "PRC TV Stations"). It manages these regional businesses through a series of joint ventures and contractual arrangements to sell broadcast television advertising time slots and so-called "soft" advertising opportunities to local advertisers directly and through advertising agencies and brokers. CN Networks assists PRC TV Stations in selling advertising time slots and "soft" advertising opportunities to national advertisers, specifically by offering multi-region campaigns to maximize value and cut costs these national advertisers would otherwise face when dealing with individual stations on a station by station basis. It also provides advisory services to PRC TV Stations to help optimize the impact that their program scheduling and content has on their key advertising demographics. CN Networks owns 100% of Advertising Networks Ltd., a Hong Kong holding company that owns the PRC joint-venture partnerships that provide these services to the PRC TV Stations.

In the Business Combination, (upon consummation of the Redomestication Merger) it is assumed that on closing CN Network shareholders will receive aggregate merger consideration of (i) 2,880,000 shares of CN Holdings ordinary shares and (ii) an aggregate of \$17,000,000 in cash in exchange for their shares of preferred and common stock. Further, upon the satisfaction of certain financial performance milestones set forth in the Merger Agreement in each of the three years ending after the consummation of the Merger. CN Holdings could be obligated for the payment of additional contingent consideration to the shareholders of CN Networks comprised of (i) cash payment of \$3,000,000 and 2,850,000 ordinary shares for year 1 (ii) \$3,000,000 and 3,075,000 ordinary shares for year 2 and (iii) 3,075,000 for year 3 of CN Holdings upon the attainment of certain financial milestones in each year, as defined in the Merger Agreement.

In addition, up to approximately \$22,110,000 of the potential proceeds from the exercise of the post-merger CN Holdings' warrants (which are to be issued in exchange for Alyst IPO and insider warrants with similar terms and conditions upon consummation of the Business Combination) would be payable to the holders of ordinary and preferred shareholders of CN Networks. The cash amount payable to these holders upon exercise of the warrants represents up to 66% of the actual cash proceeds to be received upon exercise, if any. For purposes of these unaudited pro forma financial statements, management is unable to determine if and/or when we would receive proceeds from the exercise of these warrants. Therefore, no proceeds on warrant exercises can be assumed and consequently any future payments related to this provision would be considered to be contingent purchase price payments.

For purposes of these unaudited pro forma financial statements, we have applied the provisions of Statement of Financial Standards ("SFAS") No. 141, "Business Combinations", since the fiscal year of Alyst commenced on July 1, 2008 and the merger would close within this fiscal year (no later than June 29, 2009). Therefore, none of the aforementioned contingent consideration has been included in the total purchase price for CN Networks.

There remain a number of conditions to completion of the Business Combination with CN Networks and there is no guarantee that the Merger Agreement will be approved by our stockholders or the shareholders of CN Networks. In addition, in connection with the transaction, CN Holdings has filed with the SEC a registration statement on Form S-4 in connection with the proposed Redomestication Merger, and Alyst has filed a preliminary and, will file a definitive, proxy statement in connection with the solicitation of proxies for the Special Meeting of stockholders to approve the Merger Agreement and related transactions. If Alyst's stockholders do not approve the Merger Agreement, Alyst may continue to pursue other target business candidates time permitting, or will be required to return the trust funds balance to the holders of our shares issued in our IPO, as described elsewhere herein.

Consummation of the Business Combination is conditioned upon, among other things, the Alyst stockholders adopting and approving the merger. If Alyst stockholders owning 30% or more of the common stock sold in the IPO vote against the merger and exercise their right to convert their shares of Alyst common stock issued in the IPO into a pro rata portion of the funds held in the trust account, then the merger would not be consummated. Consequently, up to 2,414,319 common shares of Alyst, representing 30% of the 8,044,400 shares of Alyst common stock minus one share

issued in the IPO are subject to possible conversion in this manner. This would represent an aggregate maximum conversion liability of \$18,980,148 as of March 31, 2009 which Alyst may be required to pay from the trust account under certain circumstances. As indicated in the pro forma balance sheet as of March 31, 2009 which follows, Alyst would have adequate cash resources to satisfy this liability.

These pro forma financial statements have been presented using two assumptions, as follows:

- Assuming no conversions – under this assumption, no holders of Alyst’s common stock sold in the IPO seek to convert their shares into a pro rata share of the trust account, and
- Assuming maximum conversions – under this assumption, holders of 30% minus one share of Alyst’s common stock sold in the IPO seek to convert their shares into a pro rata share of the trust account.

The total merger consideration as of March 31, 2009 determined based upon the pro forma assumptions contained herein is as follows:

<b>Total Purchase Price and Consideration:</b>	
Cash – CN Network Preferred Shareholders	\$ 7,000,000
Cash – CN Network Common Shareholders	10,000,000
980,000 shares of Alyst/CN Holdings common stock (\$7.86 per share) issuable to CN Network Preferred Shareholders	7,708,000
1,900,000 shares of Alyst/CN Holdings common stock (\$7.86 per share) issuable to CN Network Common Shareholders	14,943,000
Consideration to selling stockholders on closing	39,651,000
Acquisition and closing costs	2,902,000
Total Purchase Price	42,553,000
Assumption of Bridge Loan Indebtedness (including allocation to preferred stock)	27,991,000
Total Purchase Price, including assumption of indebtedness	\$ 70,544,000

The following are the components of the gross contingent consideration payable by year assuming the attainment in that year of annual financial performance milestones as defined in the merger agreement, based upon the trust account value per share of \$7.865 as of March 31, 2009:

	Total	Year 1	Year 2	Year 3
Cash	\$ 6,000,000	\$ 3,000,000	\$ 3,000,000	\$ —
Issuance of shares to CN Network holders	70,783,000	22,415,000	24,184,000	24,184,000
Amount	\$ 76,783,000	\$ 25,415,000	\$ 27,184,000	\$ 24,184,000
Shares of common stock	9,000,000	2,850,000	3,075,000	3,075,000

In addition, as described above, up to an additional \$22,110,000 would be payable from the exercise of CN Holdings warrant proceeds.

#### Recent accounting changes

SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements, will apply to financial statements for fiscal years and interim periods within those fiscal years, beginning on or after December 15, 2008. Therefore SFAS No 160 will apply to our post merger consolidated financial statements for our fiscal year beginning July 1, 2009. Had the provisions of SFAS No. 160 been applicable to these unaudited pro forma condensed combined financial statements, then the Noncontrolling interest liability as of March 31, 2009 in the amount of \$3,492,052 (to the extent that it is reported as equity in the subsidiaries financial statement) would have been required to be shown within equity, separately from the parent’s equity. Revenues, expenses, gains, losses, net income or net loss, and other comprehensive income will be reported in the consolidated financial statements at the consolidated amounts, which

include the amounts attributable to the owners of the parent and the noncontrolling interest, which is consistent with the current accounting methodology. However, under the new rules, losses attributable to the parent and the noncontrolling interest in a subsidiary may exceed their interests in the subsidiary's equity. The excess, and any further losses attributable to the parent and the noncontrolling interest, will be attributed to those interests. That is, the noncontrolling interest will continue to be attributed its share of losses even if that attribution results in a deficit noncontrolling interest balance.

The Unaudited Pro Forma Condensed Combined Financial Statements reflect that the Alyst/CN Holdings acquisition of 100% of CN Networks and CN Media is accounted for under the purchase method of accounting in accordance with SFAS No. 141. Based upon a preliminary allocation, utilizing currently available information and contingent upon the closing of the merger transaction and other necessary transactions, the excess of purchase price of assets acquired over their carrying value as of March 31, 2009 has been allocated entirely to Contractual and Program Rights in the amount of \$42,522,861 (excluding contingent consideration of up to \$76,783,000 based upon future operating results and up to \$22,110,000 of proceeds from the exercise of CN Holdings warrants). All other assets and liabilities acquired are preliminarily estimated to be stated at their fair values, which approximates their recorded historical cost. It is contemplated that the Redomestication Merger should be a reorganization within the meaning of Section 368(a) of the U.S. Internal Revenue Code of 1986, as amended. It is also contemplated that the Redomestication Merger should have no adverse U.S. federal income tax consequences to the shareholders of Alyst. However, Alyst should recognize taxable gain (but not loss) to the extent (if any) that the fair market value of each of its assets exceeds the adjusted tax basis of such asset at the effective time of the merger for income tax purposes. Since any such gain will be determined based on the value of the relevant Alyst assets at the effective time of the Redomestication Merger for U.S. federal income tax purposes, the amount of such gain cannot be determined at this time.

Upon the closing of the merger, CN Holdings will engage a firm to prepare a final valuation of the acquired assets and liabilities. At such time as the valuation is complete, CN Holdings will adjust the allocation of the purchase price among the acquired assets and assumed liabilities to reflect the final valuation as prescribed by SFAS No. 141. While Alyst does not anticipate any material changes to this preliminary allocation, material changes may occur. The principal assets that may be subject to adjustment upon closing are the Program Rights, or the identification of other intangible assets not previously considered, including goodwill.

ALYST ACQUISITION CORP./CHINA NETWORKS INTERNATIONAL HOLDINGS LTD.  
AND CHINA NETWORKS MEDIA LTD.  
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET  
March 31, 2009

Assets	Alyst Acquisition Corp./China Networks International Holdings LTD.	China Networks Media, LTD. (CN BVI Company)	Pro Forma Adjustments—no conversion		Notes	Pro Forma Combined-no conversion	ProFormaAdjust maximum allow conversion	
			Dr	Cr			Dr	Cr
<b>Current assets:</b>								
Cash and cash equivalents	\$ 716,618	\$ 12,941,200	\$ 63,518,925	\$ 22,633,980	5, 7	\$ 54,542,763	\$ -	\$ 18,98
Cash held in trust account, interest available for working capital and taxes	251,733	-	-	251,733	1	-	-	-
Accounts receivable, net	-	1,447,037	-	-		1,447,037	-	-
Receivable from television stations	-	906,531	-	-		906,531	-	-
Other receivables and prepaid expenses	13,807	749,734	-	-		763,541	-	-
Loan receivable from related party	-	1,311,111	-	-		1,311,111	-	-
<b>Total current assets</b>	<b>982,158</b>	<b>17,355,613</b>	<b>63,518,925</b>	<b>22,885,713</b>		<b>58,970,983</b>	<b>-</b>	<b>18,98</b>
<b>Trust Account:</b>								
	63,267,192	-	-	63,267,192		-	-	-



Cash held in  
trust  
account,  
restricted

Property  
and  
equipment,  
net

- 132,988 - - 132,988 -

Intangible  
assets -  
Program  
and  
Contractual  
rights

- 27,307,154 - - 27,307,154 -

Film library  
and  
program  
inventory

- 2,543,579 - - 2,543,579 -

Goodwill

- - 42,552,861 - 5,7 42,552,861 -

Deferred  
target  
acquisition  
and  
financing  
costs

896,861 1,146,886 - 896,861 5 1,146,886 -

Total assets

\$ 65,146,211 \$ 48,486,220 \$ 106,071,786 \$ 87,049,766 \$ 132,654,451 \$ - \$ 18,98

ALYST ACQUISITION CORP./CHINA NETWORKS INTERNATIONAL HOLDINGS LTD.  
AND CHINA NETWORKS MEDIA LTD.  
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET  
March 31, 2009

Alyst Acquisition Corp./China Networks International Holdings LTD.	China Networks Media, LTD and Subsidiaries	Pro Forma Adjustments - no conversion		Notes	Pro Forma Combined-no conversion	Pro Forma Adjustments - maximum allowable conversion		Notes
		Dr	Cr			Dr	Cr	
-	598,694	-	-		\$ 598,694			
-	15,210,862	-	-		15,210,862	-	-	
-	292,047	-	-		292,047	-	-	
741,483	3,261,760	960,000	-	4	3,043,244	-	-	
-	1,791,468	-	-		1,791,468	-	-	
-	503,442	-	-		503,442	-	-	
741,483	21,658,273	960,000	-		21,439,756	-	-	
-	3,492,052	-	-		3,492,052	-	-	
-	23,231,039	-	-		23,231,039	-	-	
-	678,374	-	-		678,374	-	-	
18,980,148	-	18,980,148	-	2	-	18,980,148	18,980,148	8,9
19,721,631	49,059,738	19,940,148	-		48,841,221	18,980,148	18,980,148	
-	490	490	-		-	-	-	
738	950	950	529	2,5	1,267	241	-	8
44,246,378	3,951,599	2,668,980	41,632,059	2,3,5	87,161,056	18,979,907	-	9
1,177,464	(4,470,210)	-	-		(3,292,746)	-	-	

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d

y

-	(56,347)	-	-	(56,347)	-	-
45,424,580	(573,518)	2,670,420	41,632,588	83,813,230	18,980,148	-
\$ 65,146,211	\$ 48,486,220	\$ 22,610,568	\$ 41,632,588	\$ 132,654,451	\$ 37,960,296	\$ 18,980,148

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NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS  
March 31, 2009

Balance Sheet pro forma notes  
assuming no conversions:

Note 1	To reflect release of cash held in trust		
	Increase	Cash and cash equivalents	\$ 63,518,925
	Decrease	Cash held in trust account, interest available for working capital and taxes	(251,733)
	Decrease	Cash held in trust account- restricted	(63,267,192)
Note 2	To record reversal of conversion liability upon consummation of merger		
	Decrease	Common stock subject to conversion	\$ 18,980,148
	Increase	Par Value	(241)
	Increase	Additional Paid-in Capital ("APIC")	(18,979,907)
Note 3	To record additional underwriters compensation payable upon consummation of merger		
	Decrease	APIC-3.277% underwriters commission	\$ 2,108,980
	Decrease	APIC-non-accountable expense allowance	560,000
	Decrease	Cash	(2,668,980)
Note 4	To record contractual payment of bridge loan placement fee for CN Network on consummation of merger		
	Decrease	Accrued expenses	\$ 960,000
	Decrease	Cash	(960,000)
Note 5	To record Purchase Price consideration to be paid and incurred on closing:		
	Increase	Goodwill	\$ 40,547,861
	Decrease	Cash	(17,000,000)
	Increase	Common Stock - CN Holdings	(288)
	Decrease	Preferred Stock - China Networks Media Ltd.	490
	Decrease	Common Stock - China Networks Media Ltd.	950
	Increase	APIC	(22,652,152)
	Decrease	Deferred target acquisition costs	(896,861)
Note 6	Not Used		
Note 7	To record estimated contractual additional deal costs to be incurred in the period from November 1, 2008 to the merger closing date		
	Decrease	Goodwill	2,005,000
	Decrease	Cash	(2,005,000)
(a)	These estimated additional deal costs include legal and accounting - \$1,000,000; investment banking fees - \$880,000; and printing and other - \$125,000.		
Assuming maximum conversion:			

Note 8	To reinstate the conversion liability – full redemption assumption		
	Decrease	Par Value	\$ 241
	Decrease	APIC	18,979,907
	Increase	Common stock subject to redemption	(18,980,148)
Note 9	To reflect cash payment in satisfaction of redemption liability		
	Increase	Common stock subject to redemption	\$ 18,980,148
	Decrease	Cash	(18,980,148)

ALYST ACQUISITION CORP./CHINA NETWORKS INTERNATIONAL HOLDINGS LTD.  
AND CHINA NETWORKS MEDIA LTD.  
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS  
Nine Months Ended March 31, 2009

Alyst Acquisition  
Corp./China

Networks International Holdings LTD.	China Networks Media, LTD. BVI Company)	China Networks Media, LTD. (Carve-Out)	Pro Forma Adjustments - no conversion		Notes	Pro Forma Combined-no conversion	Pro Forma Adjustments - maximum allowable conversion		No
			Dr	Cr			Dr	Cr	
\$ -	\$ 9,306,695	\$ 4,890,942	\$ -	\$ -		\$ 14,197,637	\$ -	\$ -	
-	1,916,096	1,060,955	-	-		2,977,051	-	-	
537,452	4,434,304	1,435,412	-	14,281	F	6,392,887	-	-	
(537,452)	2,956,295	2,394,575	-	(14,281)		4,827,699	-	-	
567,272	146,767	-	179,000	-	C	535,039	170,000	-	
-	(4,728,620)	-	-	-		(4,728,620)	-	-	
-	(34,966)	-	-	-		(34,966)	-	-	
567,272	(4,616,819)	-	(179,000)	-		(4,228,547)	170,000	-	
29,820	(1,660,524)	2,394,575	(179,000)	(14,281)		599,152	(170,000)	-	
-	(2,543,555)	(1,197,288)	-	-	D	(3,740,843)	-	-	
29,820	(4,204,079)	1,197,287	(179,000)	(14,281)		(3,141,691)	(170,000)	-	
(38,848)	(1,466,841)	-	599,000	38,848	B,F	(2,065,841)	-	-	
\$ (9,028)	\$ (5,670,920)	\$ 1,197,287	\$ (778,000)	\$ 53,129		\$ (5,207,532)	\$ (170,000)	\$ -	
7,381,081				5,293,319	H	12,674,400	2,413,319		
7,381,081				8,447,243	H	15,828,324	2,413,319		
						\$ (0.41)			

\$ (0.33)

\$ 6.61

ALYST ACQUISITION CORP./CHINA NETWORKS MEDIA LTD.  
 UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS  
 Year Ended June 30, 2008

Alyst Acquisition Corp.	China Networks Media, LTD. (CN Media, LTD. BVI Company)	China Networks (Carve-Out)	Pro Forma Adjustments - no conversion		Notes	Pro Forma Combined conversion	Pro Forma Adjustments - maximum allowable conversion		Notes
			Dr	Cr			Dr	Cr	
\$ -	\$ -	\$ 18,094,603	\$ -	\$ -		\$ 18,094,603	\$ -	\$ -	
		5,933,127	896,000	-	A	6,829,127	-	-	
319,003	128,152	1,927,311	-	52,175	F	2,322,291	-	-	
(319,003)	(128,152)	10,234,165	(896,000)	(52,175)		8,943,185	-	-	
2,426,933	-	-	766,000	-	C	1,660,933	728,000	-	E
-	-	-	3,535,000	-	C	(3,535,000)	-	-	
-	-	28,802	-	-		28,802	-	-	
2,426,933	-	28,802	(4,301,000)	-		(1,845,265)	728,000	-	
2,107,930	(128,152)	10,262,967	(5,197,000)	(52,175)		7,097,920	728,000	-	
-	-	-	3,848,000	-		(3,848,000)	-	-	
2,107,930	(128,152)	10,262,967	(1,349,000)	(52,175)		3,249,920	728,000	-	
(951,394)	-	-	2,566,000	951,394	D,F	(2,566,000)	-	-	
\$ 1,156,536	\$ (128,152)	\$ 10,262,967	\$ 1,217,000	\$ 899,219		\$ 683,920	\$ 728,000	\$ -	
7,381,081				5,293,319	H	12,674,400	2,413,319		
7,381,081				8,607,653	H	15,988,734	2,413,319		



\$	0.05
\$	0.04

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS  
June 30, 2008 and March 31, 2009

Income Statement Pro Forma Notes to Pro Forma Statements of Operations for the year ended June 30, 2008 and nine months ended March 31, 2009

Assuming no conversions:

		Nine months ended March 31, 2009	Year ended June 30, 2008
Note A	To record amortization - contract rights	—	\$ 896,600
Note B	To record estimated PRC income tax provision on carve-outs		
	Expense	\$ 599,000	\$ 2,566,000
Note C	To adjust interest income for impact on application towards merger		
	Expense	\$ 179,000	\$ 766,000
	Expense	—	\$ 3,525,000
Note D	To reflect Non Controlling interest expense associated with carved out entities on earnings of merger		
	Expense	\$	\$ 3,848,000
Note F	To eliminate income tax provision assuming status BVI entity		
	Income	\$ (14,281)	\$ (52,175)
	Income	\$ (38,848)	\$ (951,394)

Assuming full conversions:

		Nine months ended March 31, 2009	Year ended June 30, 2008
Note E	To adjust impact on interest income for conversion liability assuming full conversion		
	Expense	\$ 170,000	\$ 728,000

## Notes H and I

Determination of additional shares that would have been required to be issued and the resulting pro forma common shares outstanding as of June 30, 2008 and March 31, 2009:

Reconciliation of weighted average common shares outstanding - June 30, 2008

	Without Contingent Consideration Basic	Without Contingent Consideration Diluted	With Contingent Consideration Basic	With Contingent Consideration Diluted
Shares outstanding, June 30, 2008	9,794,400	9,794,400	9,794,400	9,794,400
Less conversion shares as a liability	(2,413,319)	(2,413,319)	(2,413,319)	(2,413,319)
Shares assumed outstanding on maximum conversion	7,381,081	7,381,081	7,381,081	7,381,081
Conversion shares add-back assuming no conversion	2,413,319	2,413,319	2,413,319	2,413,319
Shares issued - merger consideration on closing	2,880,000	2,880,000	2,880,000	2,880,000
Fully diluted - before contingent consideration	12,674,400	12,674,400	12,674,400	12,674,400
Dilutive shares issuable based upon the application of the treasury stock method with respect to dilutive Alyst warrants outstanding		3,314,334		3,314,334
Shares issued - purchase price - contingent consideration			9,000,000	9,000,000
Assuming no conversion	12,674,400	15,988,734	21,674,400	24,988,734
Note Reference	H	H		
Less conversion shares - assuming maximum conversion	(2,413,319)	(2,413,319)	(2,413,319)	(2,413,319)
Shares outstanding assuming maximum conversion, June 30, 2008	10,261,081	13,575,415	19,261,081	22,575,415
Note Reference	I	I		

Reconciliation of weighted average common shares outstanding - March 31, 2009

	Without Contingent Consideration Basic	Without Contingent Consideration Diluted	With Contingent Consideration Basic	With Contingent Consideration Diluted
Shares outstanding, March 31, 2009	9,794,400	9,794,400	9,794,400	9,794,400
Less conversion shares as a liability	(2,413,319)	(2,413,319)	(2,413,319)	(2,413,319)
Shares assumed outstanding on maximum conversion	7,381,081	7,381,081	7,381,081	7,381,081
	2,413,319	2,413,319	2,413,319	2,413,319

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Conversion shares add-back assuming no conversion				
Shares issued - merger consideration on closing	2,880,000	2,880,000	2,880,000	2,880,000
Fully diluted - before contingent consideration	12,674,400	12,674,400	12,674,400	12,674,400
Dilutive shares issuable based upon the application of the treasury stock method with respect to dilutive Alyst warrants outstanding		3,442,265		3,442,265
Shares issued - purchase price - contingent consideration			9,000,000	9,000,000
Assuming no conversion	12,674,400	16,116,665	21,674,400	25,116,665
Note Reference	H	H		
Less conversion shares - assuming maximum conversion				
	(2,413,319)	(2,413,319)	(2,413,319)	(2,413,319)
Shares outstanding assuming maximum conversion, March 31, 2009	10,261,081	13,703,346	19,261,081	22,703,346
Note Reference	I	I		

## COMPARATIVE PER SHARE DATA

The following table sets forth unaudited pro forma combined per share ownership information of Alyst and China Networks Media as of March 31, 2009 after giving effect to the merger, assuming (i) no conversions and (ii) conversion of 30% of Alyst's common shares (less one share) by Alyst stockholders. You should read this information in conjunction with (a) the Selected Summary Historical Financial Information; (b) the Unaudited Pro Forma Condensed Combined Financial Information; and (c) the historical financial statements of Alyst and China Networks Media and related notes attached thereto that are included elsewhere in this proxy statement/prospectus. The unaudited Alyst and China Networks Media pro forma combined per share information is derived from, and should be read in conjunction with, the unaudited pro forma condensed combined financial information and related notes included elsewhere in this proxy statement/prospectus.

The information reflected below for China Networks Media was derived by combining the corresponding amounts for China Networks Media, Ltd. and China Networks (Carve-Out).

The unaudited pro forma combined earnings(loss) per share information below do not purport to represent the earnings(loss) per share which would have occurred had the companies been combined, nor earnings(loss) per share for any future date or period. The unaudited pro forma combined book value per share information below does not purport to represent the value of Alyst and China Networks Media had the companies been combined.

	Alyst	China Networks Media	Combined Company
	(in thousands, except per share data)		
Number of ordinary shares outstanding upon consummation of the merger:			
Assuming no conversions (1)			12,674
Assuming conversion of 30% less one share (2)			10,261
Earnings (loss) per share - historical nine months ended March 31, 2009			
Basic	\$ (0.00)	\$ (0.35)	
Diluted	\$ (0.00)	\$ (0.27)	
Earnings (loss) per share - pro forma nine months ended March 31, 2009			
Assuming no conversion (1)			
Basic			\$ (0.41)
Diluted			\$ (0.33)
Assuming conversion of 30% less one share (2)			
Basic			\$ (0.52)
Diluted			\$ (0.40)
Earnings (loss) per share - historical year ended June 30, 2008			
Basic	\$ 0.16	\$ (0.99)	
Diluted	\$ 0.16	\$ (0.76)	

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Earnings (loss) per share - pro forma year ended			
June 30, 2008			
Assuming no conversion (1)			
Basic		\$	0.05
Diluted		\$	0.04
Assuming conversion of 30% less one share (2)			
Basic		\$	(0.00)
Diluted		\$	(0.00)
Book value - historical March 31, 2009	\$	45,425	\$ (574)
Book value - pro forma March 31, 2009			
Assuming no conversion (1)		\$	83,813
Assuming conversion of 30% less one share (2)		\$	64,833
Book value per share - historical March 31, 2009	\$	3.58	\$ (0.05)
Book value per share - pro forma March 31, 2009			
Assuming no conversion (1)		\$	6.61
Assuming conversion of 30% less one share (2)		\$	6.32

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(1) Assumes that no Alyst stockholders seek conversion of their Alyst stock into pro rata shares of the trust account.

(2) Assumes that 2,413,319 shares of Alyst common stock were converted into their pro rata share of the trust account.

## PRICE RANGE OF SECURITIES AND DIVIDENDS

## Alyst

Alyst's common stock, warrants and units are currently listed on the NYSE Amex under the symbols AYA, AYA.WS and AYA.U, respectively. The closing price for these securities on August 15, 2008, the last trading day before announcement of the entering into of the Merger Agreement, was \$7.46, \$0.45 and \$7.85, respectively. The closing price for the securities on May 8, 2009, the most recent trading day practicable before the date of this preliminary proxy statement/prospectus, was \$7.75, \$0.02 and \$7.69, respectively.

Alyst units commenced public trading on July 5, 2007, and common stock and warrants commenced separate public trading on July 16, 2007. The table below sets forth, for the calendar quarters indicated, the high and low sales prices for the securities as reported on the NYSE Amex in U.S. dollars .

	Common Stock		Warrants		Units	
	High	Low	High	Low	High	Low
	(US\$)					
<b>2007</b>						
Second Quarter*	-	-	-	-	8.03	8.03
Third Quarter*	7.35	7.20	0.90	0.72	8.17	7.77
Fourth Quarter	7.30	7.20	0.76	0.52	8.00	7.68
<b>2008</b>						
First Quarter	7.43	7.22	0.73	0.25	7.90	7.45
Second Quarter	7.53	7.27	0.60	0.25	7.93	7.48
Third Quarter	7.70	7.30	1.07	0.29	8.80	7.57
Fourth Quarter	7.55	7.00	0.45	0.01	7.60	6.91
<b>2009</b>						
First Quarter	7.73	7.45	0.12	0.02	7.65	7.35
Second Quarter (through May 8)	7.75	7.68	0.08	0.01	7.75	7.63

\*The stock prices from the Second Quarter of 2007 begin on the dates which Alyst's securities first commenced trading.

Holders of Alyst common stock, warrants and units should obtain current market prices for their securities. The market price of these securities could vary at any time before the Business Combination is completed.

Alyst anticipates that CN Holdings' securities will be listed on the NASDAQ Stock Market after the Business Combination under the symbols CHTV, CHTV.W and CHTV.U. There can be no assurance that a trading market will develop for these securities.

Holders of Alyst. As of April 30, 2009, there were of record 14 holders of common stock, 11 holders of warrants, and 1 holder of units. Alyst believes the number of beneficial holders of each of these securities is significantly greater than the number of record holders.

Dividends. Alyst has not paid any dividends on its common stock to date and does not intend to pay dividends prior to the completion of the Business Combination.

China Networks Media

China Networks Media securities are not publicly traded.

Holdings. As of April 30, 2009, there were two record holders of China Networks Media's ordinary shares and 27 holders of class A preferred shares.



## Dividends

The payment of dividends by CN Holdings in the future will be contingent upon revenues and earnings, if any, capital requirements and the general financial condition subsequent to completion of the Business Combination. The payment of any dividends subsequent to that time will be within the discretion of the Board of Directors serving at that time. It is the present intention of the Board to retain all earnings, if any, for use in business operations and, accordingly, it does not anticipate declaring any dividends in the foreseeable future. Loans or credit facilities may also limit CN Holdings' ability to pay dividends.

## THE ALYST SPECIAL MEETING

Alyst is furnishing this proxy statement/prospectus to its stockholders as part of the solicitation of proxies by the Board of Directors for use at the Special Meeting in connection with the proposed Redomestication Merger of Alyst to the British Virgin Islands, proposed Business Combination with China Networks Media and related proposals. This document provides you with the information you need to know to be able to vote or instruct your vote to be cast at the Special Meeting.

**Date, Time and Place.** Alyst will hold the Special Meeting at 10:00 a.m., Eastern time, on June , 2009, at 340 Madison Avenue, 2nd Floor, New York, New York to vote on the proposals.

**Purpose.** At the Special Meeting, holders of Alyst common stock as of the record date will be asked to approve:

- (a) The redomestication of Alyst from the State of Delaware to the British Virgin Islands by merging Alyst with and into China Networks International Holdings Ltd. (“CN Holdings”), its wholly-owned British Virgin Islands subsidiary (the “Redomestication Merger”), in conjunction with the acquisition of China Networks Media, Ltd. (“China Networks Media”), a private limited liability British Virgin Islands company, as set out in paragraph (b) below. In connection with the Redomestication Merger, Alyst will change its name to China Networks International Holdings Ltd. and adopt the Amended and Restated Memorandum and Articles of Association of CN Holdings, which will contain provisions equivalent in substance to Alyst’s amended and restated certificate of incorporation and by-laws, respectively. However, the CN Holdings Amended and Restated Memorandum and Articles of Association will provide for a perpetual existence. This proposal is called the “Redomestication Proposal” and is conditioned only upon approval of the Business Combination Proposal discussed in paragraph (b) below:
- (b) The proposed merger of China Networks Merger Co., Ltd., a wholly-owned British Virgin Islands subsidiary of CN Holdings (“China Networks Merger Co.”), with and into China Networks Media, resulting in China Networks Media becoming a wholly-owned subsidiary of CN Holdings (the “Business Combination”), and the related transactions contemplated by the Agreement and Plan of Merger, dated August 13, 2008, by and among Alyst, China Networks Media, CN Holdings, China Networks Merger Co., Ltd., Mr. Li Shuangqing, Kerry Propper and MediaInv Ltd. (the “Merger Agreement”). Pursuant to the Merger Agreement, CN Holdings will pay China Networks Media’s shareholders aggregate merger consideration of (i) 2,880,000 CN Holdings ordinary shares, (ii) an aggregate of \$17,000,000 in cash, (iii) deferred cash payments of up to \$6,000,000 and deferred share payments of up to 9,000,000 ordinary shares of CN Holdings, in each case subject to the achievement of specified financial milestones set forth in the Merger Agreement, and (iv) \$22,110,000 of proceeds from the exercise of CN Holdings warrants. If all merger consideration, including the deferred portion, is issued to China Networks Media, the market value thereof (based upon the closing price of Alyst’s common stock on the NYSE Amex on May 8, 2009, of \$7.75 per share) would be approximately \$137,180,000. This proposal is called the “Business Combination Proposal” and is conditioned only upon approval of the Redomestication Proposal discussed in paragraph (a) above; and
- (c) The proposed 2008 Omnibus Securities and Incentive Plan (the “Share Incentive Plan”) pursuant to which directors, officers, employees and consultants of CN Holdings or its subsidiaries may be granted options to purchase up to 2,500,000 million ordinary shares of CN Holdings. This proposal is called the “Share Incentive Plan Proposal” and is not a condition to the Redomestication Proposal or the Business Combination Proposal; and
- (d) Any adjournment or postponement of the Special Meeting for the purpose of soliciting additional proxies in the event Alyst does not receive the requisite stockholder vote for approval of the Redomestication Proposal and the Business Combination Proposal – this proposal is called the “Adjournment and Postponement Proposal.”

Pursuant to Alyst's amended and restated certificate of incorporation and the Merger Agreement, Alyst is required to obtain stockholder approval of the Business Combination with China Networks Media. Pursuant to the Merger Agreement, the Redomestication Merger will not be consummated unless the Business Combination is also approved. Similarly, the Business Combination will not take place if the Redomestication Merger is not approved. If China Networks Media's board of directors chooses to waive those conditions to the Business Combination, Alyst will still not be able to go forward with the Business Combination. Consequently, each of the Redomestication Proposal and the Business Combination Proposal must be approved for either transaction to be completed.

Alyst's Board of Directors determined that the Redomestication Merger, the Business Combination and the Share Incentive Plan are fair to and in the best interests of Alyst and its stockholders, approved and declared each of them advisable, and recommends that Alyst stockholders vote "FOR" (i) the Redomestication Merger, (ii) the Business Combination, (iii) the Share Incentive Plan and (iv) the approval of any adjournment or postponement of the Special Meeting. The Board of Directors has also determined that the fair market value of China Networks Media is at least 80% of Alyst's net assets, which is necessary to satisfy the provisions of its amended and restated certificate of incorporation enabling it to consummate the Business Combination.

The Special Meeting has been called only to consider approval of the Redomestication Proposal, the Business Combination Proposal, the Share Incentive Plan Proposal and the Adjournment or Postponement Proposal of the Special Meeting. Under Delaware law and Alyst's bylaws, no other business may be transacted at the Special Meeting.

Record Date; Who is Entitled to Vote. The "record date" for the Special Meeting is •, 2009. Record holders of Alyst common stock at the close of business on the record date are entitled to vote or have their votes cast at the Special Meeting. On the record date, there were 9,794,400 outstanding shares of Alyst common stock, of which 8,044,400 shares were sold to the public in Alyst's IPO. Each share of common stock is entitled to one vote per proposal at the Special Meeting. Alyst's warrants do not have voting rights.

Pursuant to letter agreements with Alyst, Alyst's initial stockholders have agreed to vote all of their 1,750,000 shares, which were purchased by them prior to the IPO, in accordance with the vote of the holders of a majority of the public shares on the Business Combination Proposal in person or by proxy at the meeting. If holders of a majority of the public shares voting at the meeting vote for or against, or abstain with respect to, the Business Combination Proposal, the initial stockholders will cast the 1,750,000 shares in the same manner as such majority votes on such proposal. No initial stockholders will demand conversion of any shares owned by them. The initial stockholders intend to vote all of their shares in favor of the Redomestication Merger Proposal. The 1,750,000 shares that Alyst's initial stockholders will vote in favor of the Redomestication Merger represent 17.87% of Alyst's outstanding shares of common stock. By voting these shares for the Redomestication Merger, Alyst's initial stockholders increase the number of shares held by Alyst's public stockholders that must be voted against the Redomestication Merger Proposal to reject the proposal.

Alyst shareholders are being asked to approve actions that will be taken by CN Holdings (including the entry into of the Business Combination and related transactions) because the Amended and Restated Memorandum and Articles of Association of CN Holdings was filed with the Registrar of Corporate Affairs in the British Virgin Islands Companies Registry on May •, 2009 to include protective provisions substantially identical to those contained in Alyst's amended and restated certificate of incorporation at the time of its IPO. As a result, immediately following the completion of the Redomestication Merger, the charter documents of CN Holdings will require that the majority of the shares issued in Alyst's IPO approve its Business Combination with China Networks Media. Since the laws of the British Virgin Islands also require the affirmative vote of a majority of the shares of China Networks Media and China Network Merger Co., the shareholders of each such corporation will be approving such actions by written consent, effective upon receipt of corresponding approval of Alyst's shareholders. Such action by written consent, together with the approval by Alyst's shareholders at the Special Meeting, will be effective under British Virgin Islands law and China Networks Media's amended charter documents.

Vote Required. Approval of the Business Combination requires the affirmative vote of a majority of the votes cast at the Special Meeting. Approval of the Redomestication Proposal will require the affirmative vote of a majority of the outstanding shares of Alyst's common stock, provided there is a quorum and that the Business Combination Proposal is also approved. Each of the Share Incentive Plan Proposal and Adjournment and Postponement Proposal will require the affirmative vote of a majority of the shares represented in person or by proxy and entitled to vote at the meeting. If the stockholders approve the Business Combination Proposal, the Business Combination will only proceed if holders of shares purchased in Alyst's IPO, representing less than 30% of the total shares sold in the IPO, exercise their

conversion rights. Alyst's Board of Directors will abandon the Business Combination if holders of 2,413,320 (which number represents 30% of the total shares sold in Alyst's IPO) or more of the shares of common stock issued in Alyst's IPO vote against the Business Combination Proposal and exercise their right to convert their shares into a pro rata portion of the trust account. In addition, pursuant to the Merger Agreement, it is a condition to the obligation of Alyst and China Networks Media to consummate the Business Combination that the Redomestication Merger Proposal be approved by Alyst's stockholders. If the Business Combination Proposal is approved, but the Redomestication Proposal is not approved, Alyst will still not be able to complete the Business Combination with China Networks Media.

Abstaining from voting or not voting on a proposal (including broker non-votes), either in person or by proxy or voting instruction, will not have an effect on the vote relating to the Business Combination, since Alyst's amended and restated certificate of incorporation provides that only votes cast at the meeting will count toward the vote on the Business Combination. An abstention will not count toward the 30% "against and converting" vote that would result in the Business Combination's abandonment, and if you abstain you will be unable to exercise any conversion rights upon approval of the Business Combination Proposal. With respect to the Redomestication Proposal, an abstention or a broker non-vote will have the same effect as a vote against the proposal. If the Redomestication Proposal is not approved, Alyst will not be able to go forward with the Business Combination with China Networks Media.

**Broker Non-Votes.** A broker non-vote occurs when a broker submits a proxy card with respect to shares held in a fiduciary capacity (typically referred to as being held in "street name") but declines to vote on a particular matter because the broker has not received voting instructions from the beneficial owner. Under the rules that govern brokers who are voting with respect to shares held in street name, brokers have the discretion to vote such shares on routine matters, but not on non-routine matters. Routine matters include the election of directors and ratification of auditors. The matters currently planned to be considered by the stockholders are not routine matters. As a result, brokers can only vote the Alyst shares if they have instructions to do so. Broker non-votes will not be counted in determining whether the proposals to be considered at the meeting are approved.

**Voting Your Shares.** Each share of common stock that you own in your name entitles you to one vote per proposal. Your proxy card shows the number of shares you own.

There are three ways to vote your shares at the Special Meeting:

By signing and returning the enclosed proxy card. If you vote by proxy card, your "proxy," whose names are listed on the proxy card, will vote your shares as you instruct on the card. If you sign and return the proxy card, but do not give instructions on how to vote your shares, your shares will be voted as recommended by the Alyst Board "FOR" approval of each proposal.

By telephone. You can vote this way by following the telephone voting instructions included with your proxy card. If you do, you should not return the proxy card.

You can attend the Special Meeting and vote in person. We will give you a ballot when you arrive. However, if your shares are held in the name of your broker, bank or another nominee, you must get a proxy from the broker, bank or other nominee. That is the only way Alyst can be sure that the broker, bank or nominee has not already voted your shares.

**Conversion Rights.** Any holder of shares that were purchased in Alyst's IPO who votes against the Business Combination may, at the same time, demand in writing that Alyst convert his or her shares into a pro rata portion of the funds available for conversion in the trust account. If so demanded and the Business Combination is consummated, Alyst will convert the shares.

**SIMPLY VOTING AGAINST THE BUSINESS COMBINATION (WHETHER IN PERSON, BY PROXY OR BY TELEPHONE) OR CHECKING THE "EXERCISE CONVERSION RIGHTS" BOX ON A PROXY CARD DOES NOT PERFECT YOUR CONVERSION RIGHTS – YOU MUST ALSO SEND ALYST THE WRITTEN DEMAND LETTER DESCRIBED BELOW.**

Pursuant to the arrangements established at the time of Alyst's IPO, shareholders of Alyst representing up to 2,413,319 shares of the outstanding shares issued in Alyst's IPO may exercise conversion rights in the event they vote against the Business Combination Proposal and send a written demand letter to Alyst as described below. A stockholder who has not properly exercised conversion rights may still exercise those rights prior to the Special Meeting by submitting a later dated proxy, together with a demand that Alyst will convert these shares into a pro rata portion of funds held in the trust account plus interest, as of the record date. After the Special Meeting, an Alyst stockholder may not exercise conversion rights or correct invalidly exercised rights. You will only be entitled to receive cash for these shares if you continue to hold them through the closing of the Business Combination and your stock certificate(s) were tendered to Alyst or to Alyst's duly appointed tender agent prior to the Special Meeting. If you exercise your conversion rights, then you will be exchanging your shares for cash and will no longer own these shares. Exercise of conversion rights will not affect any warrants held by that stockholder. Do not send your stock certificate(s) with your proxy. If the Business Combination is consummated, converting stockholders should expect to receive the conversion amount.

You will lose your conversion rights if you submit an incomplete or untimely demand for conversion. To exercise conversion rights a Alyst stockholder must:

- Vote against the Business Combination Proposal in person, by submitting a proxy card, or by telephone;
- Check the "Exercise Conversion Rights" box on the proxy card or affirmatively confirm your exercise of conversion rights if voting by telephone or in person;
- Contemporaneous with a vote against the Business Combination Proposal, send a written demand to Alyst (Attn: William Weksel) at 233 E. 69th Street, #6J, New York, NY 10021, which demand must state:
  - a) The name and address of the stockholder;
  - b) That the stockholder has voted against the Business Combination Proposal;
  - c) That the stockholder demands conversion of the stockholder's shares into cash; and
  - d) The address for delivery of the check for the aggregate conversion payment to be received by the stockholder if the shares are converted for cash.
- Prior to the Special Meeting, deliver your shares to the transfer agent or Alyst in the manner described below.

If the Business Combination Proposal is approved by the Alyst stockholders and is consummated, Alyst will promptly pay to any holder who properly and timely demanded conversion and who has submitted the holder's stock certificate(s) to Alyst, or to Continental Stock Transfer and Trust Company, its duly appointed tender agent, the stockholder's pro rata portion of funds in the trust account. Alyst recommends delivering the shares to the transfer agent electronically using Depository Trust Company's DWAC (Deposit/Withdrawal At Custodian) System, if possible, or sending the certificate by registered mail with proper insurance, since risk of loss will remain with the stockholder until the certificate is received by Alyst or the transfer agent. The address of Alyst's transfer agent is: Continental Stock Transfer and Trust Company, 17 Battery Place, 8th Floor, New York, NY 10004. Alyst will not charge any stockholder for costs incurred by Alyst with respect to the exercise of conversion rights, such as the costs of converting shares from street name to physical certificates.

Any request for conversion, once made, may be withdrawn at any time up to the date of the Special Meeting. Furthermore, if a stockholder delivers his certificate for conversion and subsequently decides prior to the Special Meeting not to elect conversion, he may simply request that the transfer agent return the certificate (physically or

electronically).

The closing price of Alyst's common stock on May 8, 2009 was \$7.75 and the amount of cash held in the IPO trust account on March 31, 2009 was \$63,345,947 (including accrued interest of \$191,661). If a public stockholder would have elected to exercise conversion rights on such date, he or she would have been entitled to receive approximately \$7.85 per share.

Questions About Voting. If you have any questions about how to vote or direct a vote in respect of your Alyst common stock, you may call Michael Weksel of Alyst, at (646) 290-6104. You may also want to consult your financial and other advisors about the vote.



Revoking Your Proxy and Changing Your Vote. If you give a proxy, you may revoke it or change your voting instructions at any time before it is exercised by:

- If you sent in a proxy, by sending another proxy card with a later date;
- If you voted by telephone, by calling the same number and following the instructions;
- Notifying Alyst in writing before the Special Meeting that you have revoked your proxy; or
- Attending the Special Meeting, revoking your proxy and voting in person.

If your shares are held in “street name,” consult your broker for instructions on how to revoke your proxy or change your vote.

If you do not vote your shares of Alyst common stock in any of the ways described above, it will have the same effect as a vote against the adoption of the Business Combination Proposal and the Redomestication Proposal, but will not have the effect of a demand of conversion of your shares into a pro rata share of the trust account in which a substantial portion of the proceeds of Alyst’s IPO are held.

**Appraisal Rights.** Under Delaware corporate law, neither the Redomestication Merger of Alyst with CN Holdings nor the Business Combination results in the stockholders of Alyst having appraisal rights due to the fact that the securities of Alyst are listed on the NYSE Amex and the securities of CN Holdings will be listed on the NASDAQ Stock Market.

**Solicitation Costs.** Alyst is soliciting proxies on behalf of the Alyst Board of Directors. This solicitation is being made by mail, but also may be made in person or by telephone or other electronic means. Alyst and its respective directors, officers, employees and consultants may also solicit proxies in person or by mail, telephone or other electronic means. In addition, Chardan Capital Markets, and its partners and directors, and China Networks Media’s stockholders, officers and directors may solicit proxies in person or by mail, telephone or other electronic means on Alyst’s behalf. These persons will not be paid for doing this.

Alyst has not hired a firm to assist in the proxy solicitation process but may do so if it deems this assistance necessary. Alyst will pay all fees and expenses related to the retention of any proxy solicitation firm.

Alyst will ask banks, brokers and other institutions, nominees and fiduciaries to forward its proxy materials to their principals and to obtain their authority to execute proxies and voting instructions. Alyst will reimburse them for their reasonable expenses.

**Stock Ownership.** Information concerning the holdings of certain Alyst stockholders is set forth above in the Summary and below under “Beneficial Ownership of Securities.”

## THE BUSINESS COMBINATION PROPOSAL

Alyst Acquisition Corp. is a Delaware corporation incorporated on August 16, 2006 in order to serve as a vehicle for the acquisition of an operating business in any industry, with a focus on the telecommunications industry, through a merger, capital stock exchange, asset acquisition or other similar business combination. On July 5, 2007, Alyst consummated its IPO of 8,044,400 of its Units, including 1,044,400 Units subject to the underwriters' over-allotment option. Each Unit consists of one share of common stock, \$.0001 par value per share, and one warrant to purchase one share of common stock at an exercise price of \$5.00 per share. The Units were sold at an offering price of \$8.00 per Unit, generating gross proceeds of \$64,355,200. Simultaneously with the consummation of the IPO, the Company consummated a private placement of 1,820,000 warrants at a price of \$1.00 per warrant, generating total proceeds of \$1,820,000. After deducting the underwriting discounts and commissions and offering expenses, an amount of \$63,154,286 was placed in an interest-bearing trust account and the remaining proceeds of approximately \$50,000, plus up to \$1,680,000 accrued interest from the trust account became available to be used to provide for business, legal, accounting, due diligence on prospective business combinations and continuing operating expenses. Alyst's management has broad discretion with respect to the specific application of the net proceeds of the private placement and the public offering, although substantially all of the net proceeds of the offerings are intended to be generally applied toward consummating a business combination. As of March 31, 2009, \$63,345,947 (including accrued interest of \$191,661) was held in the trust account.

Alyst intends to use the funds held in the trust account to pay transaction fees and expenses, deferred underwriting discounts and commissions, to repay certain outstanding debt of China Networks Media and to pay stockholders who properly exercise their conversion rights and for working capital and general corporate purposes. It is possible that the present holders of 30% or more of the common stock issued in the IPO will vote against the Business Combination and seek conversion of their common stock issued in the IPO into cash in accordance with Alyst's amended and restated certificate of incorporation. If such event were to occur, the Business Combination could not be completed. To preclude such possibility, Alyst, its officers, directors and founding stockholders, China Networks Media and the holders of China Networks Media common stock may enter into arrangements to provide for the purchase of the common stock issued in the IPO from holders thereof who indicate their intention to vote against the Business Combination and seek conversion or otherwise wish to sell their common stock issued in the IPO or other arrangements that would induce holders of common stock issued in the IPO not to vote against the Business Combination Proposal. It is possible that such arrangements would involve the purchase by Alyst, after the Business Combination, of the common stock issued in the IPO that were initially purchased by the persons or entities who enter into such arrangements using funds transferred to Alyst from Alyst's trust account. As a consequence, it is likely that the amount of funds available to Alyst for working capital and general corporate purposes from the trust account would be diminished. Definitive arrangements have not yet been determined but some possible methods are described in the section titled "The Business Combination — Actions That May Be Taken to Secure Approval of Alyst's Stockholders." Regardless of the specific arrangements that are made to purchase common stock issued in the IPO, there will be sufficient funds from the trust account funds transferred to Alyst to pay the holders of all common stock issued in the IPO that are properly converted and Alyst will use such funds for such purpose.

The warrants issued in Alyst's private placement were purchased by Robert A. Schriesheim, Alyst's Non-Executive Chairman of the Board, Dr. William Weksel, Alyst's Chief Executive Officer, Robert H. Davies, Alyst's Chief Strategist, Michael E. Weksel, Alyst's Director, Chief Operating Officer, and Chief Financial Officer and Secretary, Paul Levy, one of Alyst's Former Directors, and Ira Hollenberg IRA, Silverman Realty Group, Inc. Profit Sharing Plan (LCPS), Norbert W. Strauss, David Strauss and Jonathan Strauss, each a stockholder of Alyst. The warrants are identical to the warrants included in the Units sold in the IPO except that they are exercisable on a cashless basis if Alyst calls the warrants for redemption so long as they are held by these purchasers or their affiliates. The purchasers of the warrants issued in the private placement have agreed that the warrants issued in the private placement will not be sold or transferred by them until Alyst has completed a business combination.

## General Description of the Business Combination

The following discussion of the principal terms of the Agreement and Plan of Merger, dated August 13, 2008, by and among Alyst, China Networks Media, CN Holdings, China Networks Merger Co., Mr. Li Shuangqing, Kerry Propper and MediaInv Ltd. (the ‘‘Merger Agreement’’), is subject to, and is qualified in its entirety by reference to the Merger Agreement. A copy of the Merger Agreement is attached as Annex A to this proxy statement/prospectus and is incorporated by reference into this proxy statement/prospectus.

Pursuant to the Merger Agreement, Alyst established a wholly-owned subsidiary, CN Holdings in April 17, 2008. As part of the series of transactions contemplated by the Merger Agreement, Alyst will merge with and into CN Holdings in the Redomestication Merger immediately prior to the Business Combination. CN Holdings will be the surviving entity of the Redomestication Merger, and the separate corporate existence of Alyst will cease at the effective time thereof. Immediately afterwards, CN Holdings’ wholly-owned subsidiary, China Network Merger Co. will merge with and into China Networks Media, which owns 100% of Advertising Networks Ltd. (‘‘ANT’’), a Hong Kong holding company that: (1) owns 50% of each of Shanxi Yellow River and Advertising Networks Cartoon Technology Co., Ltd. and Kunming Taishi Information Cartoon Co., Ltd., (collectively ‘‘JV Tech Cos’’), each PRC joint venture companies formed with PRC TV Stations, and (2) controls Beijing Guangwang Hetong Advertising & Media Co., Ltd. (‘‘Hetong’’), a PRC company, which in turn, owns (a) 50% of Kunming Kaishi Advertising Co. Ltd., and (b) 50% of Taiyuan Advertising Networks Advertising Co., Ltd. (collectively ‘‘JV Ad Cos’’), with PRC TV Stations. JV Ad Cos collects advertising revenue earned by JV Tech Cos, a joint venture holding assets of PRC TV Stations. As a result of the Business Combination, the shareholders of China Networks Media will own approximately 23% of the outstanding shares of CN Holdings, assuming full participation in the Redomestication Merger and no conversions. The foregoing percentage does not reflect the effect that an exercise of the currently outstanding warrants would have.

If Alyst does not consummate the Business Combination with China Networks Media, it will be required to liquidate and dissolve pursuant to its amended and restated certificate of incorporation, if Alyst does not acquire at least majority control of a target business by June 29, 2009. Alyst would then distribute to its public stockholders the amount in the trust account plus any remaining net assets. Following dissolution, Alyst would no longer exist as a corporation.

#### Background of the Business Combination

The following is a brief discussion of the background of Alyst's efforts to identify potential candidates for a business combination, the selection of China Networks Media, and the negotiation of the Merger Agreement relating to the Business Combination and related transactions.

Shortly after Alyst's IPO offering in July 2007, it actively started to seek a target business for a business combination. In the months after Alyst's IPO, Alyst's management, including Dr. William Weksel, Mr. Michael E. Weksel, and Mr. Robert H. Davies reviewed information on over 75 companies in their search for a target business. Although the focus of this effort was to find a suitable acquisition candidate that owned an operating business in the telecommunications industry, the prospective target business was not limited to any particular industry, or any particular geography. As disclosed in the prospectus for the IPO, at no time prior to the consummation of the IPO did Alyst, or any of its officers, directors, advisors, consultants or affiliates, contact, or engage in any discussions regarding a business combination with, any potential target on behalf of Alyst.

During July 2007, Alyst management developed representative criteria to be used in the screening and evaluating of target companies for Alyst to acquire. These criteria were utilized during the ensuing months by the Alyst team in the search and evaluation process. While management felt it would not necessarily have been possible to find a target that fully met all of the criteria, the team sought to identify those companies with characteristics that were in close alignment with the criteria.

The following is a summary of the criteria:

- Strong organic growth potential
- Attractive purchase price
- Growing market for targets' goods/services
- Scalable business model
- Potential for add-on acquisitions
- Strong competitive position in industry
- Experienced management team
- Diversified customer and supplier base

In the initial months after the IPO, Alyst management initiated conversations (i) directly with potential targets they believed could make attractive business combination partners, (ii) with lawyers, accountants, consultants, investment bankers and other professionals and (iii) with its own network of contacts. Alyst educated these parties on the SPAC structure and Alyst's criteria for an acquisition. Alyst also responded to inquiries from investment bankers or other similar professionals who represented companies engaged in sale or financing processes.

On a regular basis, the Alyst board of directors was updated with respect to the status of the business combination search. These efforts through Alyst's professional network resulted in a multitude of potential targets. These opportunities were evaluated based on Alyst's stated criteria. Many did not fit Alyst's criteria, while some were eliminated for various reasons including the target being too small and the sellers' valuation expectations being too high. The screening process was repeated multiple times, and Alyst remained in continual dialogue with its sourcing network. Through these efforts, the volume of potential targets remained high.

## Negotiation with Potential Targets

As a result of its efforts, Alyst identified three companies, in addition to China Networks Media, which it found sufficiently attractive to engage in meaningful negotiations regarding the terms of a potential transaction. All three of these potential targets were in the telecommunications industry.

One target was a provider of multimedia content for use with cellular telephones, based in the European Union. This target developed and marketed ring tones and pictures for use with cellular telephones as well as related software, and had 2008 projected annual revenues of approximately \$50 million and earnings before interest, taxes, depreciation and amortization (“EBITDA”) of approximately \$12 million. Alyst discussed a draft term sheet for an acquisition with the owners of this target. Discussions between Alyst and this party terminated due to the inability of the parties to reach agreement on valuation.

Another target with whom Alyst had significant discussions was an independent U.S. regional provider of rural cellular telephone services. This potential target had 2008 projected revenues of approximately \$50 million and operating earnings of approximately \$12 million. Alyst terminated discussions with this target due to Alyst’s conclusion that target’s value was insufficient to enable Alyst to successfully acquire it. While China Networks Media has smaller revenues and operating income than this entity, as discussed below, because of the size of the expected growth of China Networks, Alyst believes it offers greater growth opportunities for the reasons detailed herein, and, therefore, represents a more attractive merger partner than this entity.

A third target with whom Alyst had significant discussions was a company that sells satellite-based telecommunications services. Alyst discussed a draft term sheet for an acquisition with the owners of this target, which was engaged in an auction process to identify a buyer. Alyst determined not to pursue this target after Alyst determined that the target was unwilling to suspend its auction process in order to negotiate exclusively with Alyst with respect to a transaction.

## History of Discussions between China Networks Media and Alyst

During February 2008, Mr. George Kaufman, a director in investment banking for Chardan Capital Markets, LLC contacted Alyst to discuss the opportunity for Alyst to acquire China Networks Media. On February 13, 2008, at the offices of Chardan Capital Management, Dr. Weksel, Mr. Weksel, and Mr. Davies (the “Alyst Team”) met with a representative of MediaInv Ltd., the majority shareholder of China Networks Media, Mr. Kerry Propper and Mr. Kaufman to discuss the business and prospects of China Networks Media and the potential for a business combination between China Networks and Alyst. The shareholder of MediaInv is Dato William Ng Jit Thye. Kerry Propper is also a major shareholder of China Networks Media and is the chief executive officer of Chardan.

Under an engagement letter dated March 31, 2007, Alyst engaged Chardan as its financial adviser with respect to its efforts to find an appropriate acquisition target. Chardan’s role includes but is not limited to: advising and assisting Alyst in negotiating the terms and conditions of the business combination, introducing Alyst to sell side firms in order to increase market awareness of the business combination, and arranging non-deal road shows to introduce Alyst to prospective investors after the business combination was announced.

Chardan also acted as advisor to China Networks Media in its completed private placement. With respect to that engagement, Chardan’s role included but was not limited to: advising and assisting China Networks Media in planning for and negotiating the terms and conditions of a bridge financing and arranging road shows to introduce China Networks Media to potential investors after a restructuring was consummated, and raising a private placement. The private placement closed on July 21, 2008. An aggregate of \$28 million was raised in the private placement from accredited and institutional investors in transactions exempt from the registration requirements of the Securities Act.

Chardan remains China Networks Media's financial advisor through July 21, 2010 in connection with matters arising after the business combination with Alyst.

During the course of the negotiations to establish business combination terms and conditions with Alyst, Kerry Propper recused himself from any material discussions of the advice being provided to Alyst and acted only as a shareholder of China Networks Media. Chardan's banking team, exclusive of Mr. Propper, served as financial advisor to Alyst. During the private placement for China Networks Media, Mr. Propper acted as placement agent and advisor on terms approved by China Networks Media's shareholders. Mr. Propper continues to act as advisor to China Networks Media and Chardan's banking team continues to serve as advisor to Alyst.

Alyst, Chardan and China Networks Media held numerous additional discussions regarding a potential transaction in person and by teleconference which resulted in the execution of a non-binding letter of intent on March 5, 2008 that described many economic terms and conditions of a potential business combination between the Alyst and China Networks Media. The proposed terms were that Alyst would merge with China Networks Media and that in the transaction the shareholders of China Networks Media would receive the following consideration: (a) \$13,000,000 of cash and 2,750,000 shares of the combined company, payable upon the closing of the merger; (b) 58% of the cash proceeds received by Alyst upon the exercise of its warrants by the holders thereof with a maximum payment of \$22,110,000 in the aggregate; (c) deferred cash payments of \$6,000,000 of which \$3,000,000 was to be payable upon the combined company achieving net income of more than \$15 million in the four quarters ended December 31, 2009 and \$3,000,000 of which was to be payable upon the combined company achieving net income of more than \$25 million in the four quarters ended December 31, 2010 and (d) deferred equity payments payable in the form of common stock of the combined entity as set forth below for each fiscal year listed below, subject to the achievement by the combined entity of the minimum amounts of net income set forth below:

Year	2008	2009	2010	2011
Net Income	\$ 12,500,000	\$ 20,000,000	\$ 30,000,000	\$ 40,000,000
Equity Payment (Shares of Common Stock)	300,000	2,550,000	3,075,000	3,075,000

Alyst determined to enter into the non-binding letter of intent after reviewing with China Networks Media the proposed business plan and concept, which Alyst concluded represents a unique and highly advantageous method for acquiring the advertising assets of television stations in China in a manner that was respectful of, and in alignment with, the interests of station management and government regulators whose support is vitally necessary to the successful acquisition of such assets. Alyst also reviewed the projections that are discussed below and also took note of publicly available reports regarding the rate of growth of the PRC economy, advertising markets and television advertising markets. This review led Alyst to the conclusion that an investment in China Networks Media could potentially generate substantial returns through the consolidation of television assets in a rapidly growing Chinese economy and advertising marketplace, and therefore merited further investigation under a non-binding letter of intent.

On March 9, 2008, the Alyst Team traveled to Beijing, China to conduct on-site due diligence of China Networks Media. In Beijing, the Alyst Team met with Mr. Li Shuangqing, the Chairman and Chief Executive Officer of China Networks Media, the then Co-Chairman of China Networks Media and three other senior executives of China Networks Media, Mr. Zhou Chuangsheng, Ms. Guan Yong and Mr. Liu Rui, to discuss (i) the television advertising industry in the Peoples Republic of China; (ii) China Networks Media's overall business model; (iii) China Networks Media's target television station acquisition plan; (iv) the legal and financial structural possibilities for a potential deal; (v) China Networks Media's proposed business and investment plans, (vi) financial forecasts for China Networks Media, and (vii) the business experience and background of the China Networks Media management team. The Alyst Team, Mr. Li and another representative of China Networks Media then traveled to Kunming, China. There the Alyst Team met with the top managers of the Kunming television station to discuss the business and operations of the television station and potential joint venture between the station and China Networks. On April 7, 2008, Dr. Weksel and Mr. Davies returned to China to conduct further due diligence, including additional meetings with the

management of China Networks Media and visits to Zhuhai, China and Taiyuan, China to conduct meetings with the top managers of the television stations in those cities to discuss the business and operations of the television stations and potential joint ventures between the stations and China Networks Media.



Commencing shortly thereafter, Alyst and its legal advisors commenced legal due diligence on China Networks Media and began discussions regarding the agreement and plan of merger and related legal documents. These discussions continued through March and April 2008. During this time, the legal counsel for China Networks Media, Loeb & Loeb LLP, and the legal counsel for Alyst McDermott Will & Emery LLP, exchanged several drafts of the Merger Agreement and held several conference calls and in-person meetings to discuss and negotiate the terms of the Merger Agreement. By the last week of April 2008, the parties were very close to agreement on the major terms of the form of merger agreement, though they still had not reached final agreement.

During this period of time, both before and after execution of the letter of intent, Alyst and its management continued to evaluate the potential value of the combined company. In making this evaluation Alyst considered the following:

- (i) the unique business model that China Networks Media was proposing to employ in order to execute a “roll-up” strategy in the Chinese television advertising sector;
- (ii) the capability of the China Networks Media’s management team to effectively execute the strategy, including their professional relationship with participants in the industry;
- (iii) the financial performance of the stations that China Networks Media was proposing to acquire;
- (iv) the relatively low earning multiples at which China Networks Media was expecting to acquire stations, relative to public market multiples for companies operating in the Chinese media industry; and
- (v) the growth prospects of China Networks Media based on Alyst’s assessment of its ability to effectively execute the “roll-up” strategy.

Based upon this analysis, Alyst determined the amount and mix of cash and stock which it believed would represent a fair value to pay for China Networks Media (thereby inducing the China Networks Media shareholders to agree to a transaction with Alyst) while also ensuring that the transaction would create a combined company the common stock of which could be expected to trade at a premium to the conversion value of Alyst’s common shares, taking into account the dilution created by Alyst’s existing capital structure, thereby creating value for Alyst’s stockholders. This analysis was particularly useful because Alyst did not intend to enter into a merger with China Networks Media unless the China Networks Media’s business concept had been demonstrated to be effective through a successful completion by China Networks Media of one or more of the envisioned joint ventures. Based upon this analysis, and based on an assumption that the merger could be completed in the second or third quarter of 2008, Alyst concluded that it was reasonable to project that China Networks Media could achieve net income of approximately \$12,500,000 in 2008 and approximately \$20,000,000 of net income in 2009. Applying a multiple of 13 times earnings to these projected earnings (a multiple that was prevalent in the public markets for media companies at that time) results in a value for the operations of China Networks Media of \$162,000,000 to \$260,000,000. These amounts exceed 80% of the value of the trust assets of Alyst by a substantial margin.

Alyst considered the totality of these factors in reaching its conclusion regarding an appropriate and fair price to pay to acquire China Networks Media and did not attach any formulaic weight to any particular factor. However, the predominant factors were the expected growth rate of China Networks Media, based on a proven ability to acquire Chinese television advertising properties using its joint venture methods and business contacts, and the trading multiples that the public equity markets were assigning to Chinese media properties. Alyst did not consider the prices being paid by China Networks Media for particular television properties to be significant indication of the value, or the potential value, of China Networks Media as a rapidly growing company owning several such properties.

On March 24, 2008, Alyst held a meeting of its board of directors to discuss the status of the search for a potential business combination and to discuss the status of the proposed transaction with China Networks Media. After detailed discussion of China Networks Media and the television industry in China, the board authorized management to continue due diligence and negotiations with China Networks Media, including preparing a definitive agreement relating to such transaction, and to update the Board as negotiations progressed. During the negotiations, China Networks Media proposed the following changes to the merger consideration from what had been reflected in the non-binding letter of intent: (i) that the cash portion of the consideration paid at closing be increased from \$13 million to \$17 million and (ii) that the number of shares of CN Holdings to be delivered at closing be increased from 2,750,000 to 2,880,000. After reviewing these proposals in light of the due diligence it had conducted, which increased Alyst's confidence that China Networks Media had developed a highly effective business plan and had the necessary leaders to implement it successfully, Alyst determined to agree to these proposed changes and, in connection therewith, the maximum amount of warrant proceeds that would be payable to the former shareholders of China Networks Media was reduced from \$22.11 million to \$21.91 million. While these changes represented an increase in the purchase price of approximately \$5 million, Alyst continued to believe that the proposed transaction would be highly beneficial to its stockholders.

On April 30, 2008, Alyst held a meeting of its board of directors that was attended by its legal counsel from McDermott, Will & Emery LLP as well as George Kaufman of Chardan Capital, Alyst's financial adviser. At the meeting, which was attended in person or telephonically by all board members, Michael Weksel reviewed for the directors the overall strategy of China Networks Media in the Chinese media and advertising marketplace. A representative of SkillNet connected to the meeting telephonically and reviewed with the board the market research that SkillNet had conducted on behalf of Alyst with respect to the Chinese advertising and media marketplace and China Network Media's strategy. A representative of McDermott, Will & Emery LLP then discussed with the directors (i) the terms and conditions of the proposed merger agreement whereby the Company would acquire China Networks Media and reincorporate as a British Virgin Islands company; (ii) the fiduciary duties of directors under Delaware law in connection with their decision whether or not to approve the proposed Merger Agreement and (iii) certain tax aspects of the Merger Agreement. Michael Weksel and William Weksel described the due diligence that had been conducted regarding China Networks Media, including: (i) the due diligence trips conducted in China to assess the prospects of the television stations China Networks Media is seeking to enter into partnership with in China; (ii) the background checks that had been performed on the principals of China Networks Media; and (iii) the review of the "carve-out financials" of the partnerships to be formed by China Networks Media that had been conducted. George Kaufman of Chardan Capital then made a presentation to the Board describing the proposed merger agreement and its projected impact upon Alyst, its stockholders and its stock price.

The Alyst board of directors considered and discussed the terms of the Merger Agreement and the business, financial and legal due diligence that had been conducted with respect to China Networks Media, its business and finances. After concluding its deliberations, the Alyst board of directors unanimously resolved to approve the form of Merger Agreement, declare it to be advisable for Alyst to enter into the Merger Agreement and authorized Alyst's management to finalize and execute the Merger Agreement substantially in the form presented at the meeting, with such amendments as the management of Alyst deemed necessary and appropriate. Alyst's board of directors also determined that China Networks Media, assuming the closing of the acquisition of the TV stations, had a fair market value equal to at least 80% of Alyst's trust value. While at the time the Board authorized the Merger Agreement China Networks Media did not own any operating businesses, the board and management of Alyst determined that the proposed transaction between Alyst and China Networks Media conformed with Alyst's stated purpose (discussed in its IPO prospectus) of acquiring an operating business. The television operations underlying the joint ventures between China Networks Media and the stations are operating entities with associated verifiable products, customers and revenues. In addition, the consummation of the Business Combination was contingent upon the completion of the joint ventures and the related transfer of managerial control and economic interest to China Networks Media. As discussed below, procedural safeguards were undertaken to ensure the joint ventures were completed before the Merger Agreement was entered into.

The management of Alyst then resumed its negotiations with China Networks Media. The parties continued their discussions and negotiations sporadically from May 1, 2008 through June 19, 2008. On June 19, 2008, Alyst, China Networks Media and the other parties to the Merger Agreement entered into an escrow agreement whereby they agreed to cease negotiations and place the Merger Agreement, together with executed signature pages of each party, in an escrow arrangement with Ed Grushko, Esq. (the counsel to the investors providing the Financing discussed below) acting as the escrow agent. Pursuant to the escrow agreement, the parties agreed that Mr. Grushko would release the signature pages to the respective parties upon the consummation by China Networks Media of its joint ventures with Yellow River TV Station and Kunming TV Station, the owners of television stations in the PRC. The consummation of such ventures was itself contingent upon China Networks Media obtaining regulatory approval for the joint ventures and the closing of bridge financing to fund its payment obligations pursuant to such joint ventures.

On August 12, 2008, China Networks Media informed the escrow agent that it had completed the joint ventures. On August 13, 2008 China Networks and Alyst requested the escrow agent to release the Merger Agreement from the escrow and the parties entered into the Merger Agreement.

On January 28, 2009, the parties agreed to amend certain provisions of the Merger Agreement relating to the Deferred Cash Payments, Deferred Stock Payments and Warrant Exercise Proceeds. The amendment (i) altered the way the Merger Agreement measures whether the requisite earnings thresholds necessary to trigger Deferred Cash Payments and Deferred Stock Payments have been met by measuring pro forma net income instead of GAAP net income; (ii) changed the requisite thresholds of future earnings which must be met to trigger the payment of Deferred Cash Payments to the common shareholders of China Networks Media from GAAP net income of \$15,000,000 in 2009 and \$25,000,000 in 2010 to pro forma net income of \$20,000,000 in 2009 and \$30,000,000 in 2010; (iii) changed the requisite thresholds of future earnings which must be met to trigger the payment of Deferred Stock Payments to the common shareholders of China Networks Media from GAAP net income of \$20,000,000, \$30,000,000 and \$40,000,000 for 2009, 2010 and 2011, respectively, to the same amounts of pro forma net income; and (iv) decreased the maximum amount of cash payments the former shareholders of China Networks Media shareholders are entitled to receive upon exercise of the public and insider warrants from \$24,910,000 to \$22,110,000. All other provisions of the Merger Agreement remain unchanged. The purpose of the changes was to accommodate the fact that the merger had not closed as expected in 2008, which required the introduction of a pro forma measurement of performance for 2009. As a result of negotiations between the parties, Alyst agreed to extend the pro forma concept into 2010 and 2011 in exchange for an increase in the requisite thresholds of future earnings which need to be exceeded to trigger additional cash payments and a decrease in the amount of cash payable to the China Networks Media shareholders upon the exercise of warrants.

In February 2009, the parties entered into a second amendment to the Merger Agreement to clarify the agreement of the parties that each holder of preferred shares of China Networks Media as of the closing of the Business Combination will receive a maximum of \$50,000 of the cash received by CN Holdings in connection with the exercise of CN Holdings' warrants by warrant holders, for each 17,500 preferred shares held by each holder. This amendment had no effect upon the amount of warrant proceeds to be received by CN Holdings (which is unchanged) but merely served to clarify how the warrant proceeds allocated to the former shareholders of China Networks Media would be divided between preferred shareholders of China Networks Media and the ordinary shareholders of China Networks Media. This amendment was approved by the investors in the bridge financing.

Alyst set •, 2009 as the record date for the Special Meeting.

It is expected that Li Shuangqing, Kerry Propper, Michael Weksel and four other individuals who are expected to be appointed prior to Alyst's Special Meeting will become members of the Board of Directors of CN Holdings upon the completion of the Redomestication Merger. Alyst has the right to appoint three of the seven directors.

#### History of Formation of China Networks Media

Based on his extensive experience in China's TV advertising industry, Mr. Li Shuangqing created China Networks Media's unique business model which relies on forming partnerships with television stations rather than seeking merely to acquire large blocks of advertising time from them. Mr. Li then shared his ideas with his friend Clive Ng, a director of MediaInv Ltd. and the son of its sole shareholder. Mr. Ng is the chief executive officer of China Cablecom Holdings Ltd., of which Mr. Kerry Propper is a director. In April 2007, Mr. Ng introduced Mr. Li to Chardan Capital Markets, LLC and Kerry Propper. As a result of this introduction, Mr. Li retained Chardan as the financial advisor of China Networks Media. China Networks and Chardan agreed that Chardan would assist China Networks Media to identify potential investors from the United States. Simultaneously with such effort to raise capital in the United States, Mr. Li and a team of individuals he had recruited began to work on finding opportunities to acquire advertising divisions of television stations in the PRC.

China Yellow River TV Station

By the summer of 2007, Mr. Li had identified China Yellow River TV Station as an attractive potential joint venture partner for China Networks Media. In August 2007, Mr. Li met with Mr. Jia Bin, the Director of China Yellow River TV Station at the offices of China Networks Media in Beijing, and provided Mr. Jia with a briefing on China Networks Media's business and prospects and proposed business model. He also outlined a proposal on how China Networks Media and China Yellow River TV Station could form an advertising joint venture.

After the August 2007 meeting, China Networks Media and China Yellow River TV Station held numerous additional discussions regarding the potential joint venture in person and by teleconference. After having received PRC governmental approval of the joint venture, in October 2007, China Networks Media and China Yellow River TV Station signed a non-binding letter of intent describing the proposed joint venture's structure and its economic terms.

In November 2007, Mr. Jia and China Yellow River TV Station's legal advisors met with Mr. Li and China Networks Media's PRC legal counsel from the Transasia Law Firm to begin discussions of the terms of a detailed Framework Agreement at the offices of Transasia in Beijing. These discussions continued through November and December 2007. During this time, China Yellow River TV station's legal advisors, and Transasia, assisted by U.S. legal counsel, Loeb & Loeb LLP, exchanged several drafts of the Framework Agreement and held several conference calls and meetings to discuss and negotiate its terms.

During this period of time, China Yellow River TV Station's legal advisors conducted legal due diligence on China Networks Media, and personnel from China Yellow River TV station held several internal meetings to discuss the potential joint venture. China Networks Media and its advisors conducted due diligence on China Yellow River TV Station. On January 20, 2008, China Networks Media and China Yellow River TV Station signed the Framework Agreement. Based on the Framework Agreement, the two parties then began discussion of the definitive agreements governing the joint venture.

In April 2008, the Alyst Team traveled to Taiyuan accompanied by representatives of Chardan, acting as financial advisors to China Networks Media, and met with the management of China Yellow River TV Station and China Networks Media. On May 23, 2008, China Networks Media signed the joint venture agreement with China Yellow River TV Station and continued discussions regarding the definitive contracts between the parties. Under the joint venture agreement, China Yellow River TV Station assumed responsibility for establishing a joint venture company in Taiyuan after obtaining the necessary business license.

On June 18, 2008, the business license was obtained for the China Yellow River Joint Venture. On July 17, 2008, China Networks Media and China Yellow River TV station signed the definitive agreements governing the China Yellow River Joint Venture at the offices of China Yellow River TV station.

#### Kunming TV Station

By the summer of 2007 Mr. Li and his team had also identified Kunming TV Station as an attractive potential joint venture partner for China Networks Media. In September 2007, at the offices of China Networks Media in Beijing, Mr. Li and his team had an initial meeting with executives from Kunming TV Station. Present at this initial meeting were Mr. Li, Ms. Luo Yinghua, director of Kunming TV station, Mr. Lu Yongping, vice director of Kunming TV station and Mr. Wang, legal advisor of Kunming TV station (the "Kunming TV Team"). During the meeting Mr. Li presented the Kunming TV Team with a briefing on China Networks Media's business and prospects and proposed business model. He also outlined a proposal on how China Networks Media and Kunming TV Station could form an advertising joint venture.

In October 2007, China Networks Media and the Kunming TV Team held a second formal meeting at China Networks Media's offices in Beijing. Mr. Li, his team and the Kunming TV Team held a detailed discussion about the legal and business structure of the potential joint venture. Over the following several weeks, China Networks Media and Kunming TV Station held numerous additional discussions regarding the potential joint venture by telephone and

email. During this period, the governmental authority exercising control over Kunming TV Station approved the potential joint venture. The receipt of this approval allowed the management of Kunming TV to continue due diligence and negotiations with China Networks Media.

In December 2007, China Networks Media and its PRC legal counsel from the Transasia law firm and Kunming TV Station's legal advisor began discussing the terms of the Framework Agreement at the offices of Transasia in Beijing. These discussions continued through January and February 2008 and during this time Kunming TV Station's legal advisors, and China Networks Media's PRC legal counsel from the Transasia law firm, assisted by US legal counsel Loeb & Loeb LLP, exchanged several drafts of the Framework Agreement and held several conference calls and meetings to discuss and negotiate its terms.

Also during this period of time, Kunming TV Station's legal advisors conducted legal due diligence on China Networks Media and personnel from Kunming TV Station held several internal meetings to discuss the cooperation with China Networks Media and China Networks Media and its advisors conducted due diligence on Kunming TV Station. On February 23, 2008, China Networks Media and Kunming TV Station signed the Framework Agreement with Kunming TV station in Kunming City. Based on the Framework Agreement, the two parties then began the discussions of the definitive agreements governing the joint venture.

In March 2008, the Alyst Team traveled to Kunming City accompanied by representatives of Chardan, acting as China Networks Media's financial advisor, to meet with the management of Kunming TV Station and China Networks Media. On May 14, 2008, China Networks Media signed the joint venture contract with Kunming TV Station regarding definitive contracts between the parties. Under the joint venture agreement, Kunming TV Station assumed responsibility for establishing a joint venture company in Kunming after obtaining the necessary business license.

On July 17, 2008, the business license was obtained for the Kunming Joint Venture. On August 11, 2008, China Networks Media and Kunming TV Station signed the definitive agreements governing the Kunming Joint Venture at the offices of Kunming TV Station.

Except for its due diligence visits described above, Alyst and its officers and directors played no role in the acquisition of the JV interests by China Networks Media or the financing thereof. As discussed above, Alyst's financial advisor, Chardan, also acted as a financial adviser to China Networks Media and Kerry Propper is a major shareholder of China Networks Media.

#### China Networks Media Financing

Mr. Shuangqing Li determined with Mr. Kerry Propper that China Networks Media would need to raise funds to support the acquisition of certain assets by China Networks Media in advance of the business combination with Alyst. Mr. Shuangqing engaged Chardan Capital Markets as advisor on this capital raise, because of Chardan's prior successful experiences raising funds for investments in China and its understanding of the structure of special purpose vehicles. It was determined that the proceeds would be used for acquisition through contractual arrangements of the networks under consideration, and for working capital for China Networks Media. From March 2008 until the closing of the \$28 million bridge financing on July 21, 2008, Chardan worked closely with China Networks Media on the financing efforts for China Networks Media.

On July 21, 2008, China Networks Media entered into a Purchase Agreement with several accredited investors (the "Purchase Agreement"), and consummated the private placement of \$28,000,000 in units (the "Financing"), each unit consisting of (i) a promissory note in the face amount of \$499,825, bearing interest at the rate of 10% per annum (the "Note"), and (ii) 17,500 detachable shares of the China Networks Media's class A preferred stock (the "CN Media Units"). As security for the repayment of the Notes, MediaInv Ltd. and Mr. Propper, China Networks Media's two shareholders, pledged and granted to the investors, on a pro rata basis, a first priority lien on 50.1% of the ordinary shares of China Networks Media owned by them. The proceeds of the sale and issuance of the CN Media Units were

used in the following manner: (a) \$13.6 million was used for initial equity contributions due from ANT for the JV Tech Cos and (b) a fee of \$980,000 paid to Chardan, as a placement fee for the Financing, and (c) the remaining proceeds are being used for working capital, including payment of certain administrative, legal and accounting fees.

In connection with the Financing, pursuant to the terms of a registration rights agreement, China Networks Media has agreed to register for resale the ordinary shares into which the shares of class A preferred stock issued as part of the CN Media Units conversion, on a registration statement to be filed with the Securities and Exchange Commission no later than the date that is 30 days after the consummation of the Business Combination. Alyst has agreed to assume these registration obligations in connection with the Business Combination. The shares to be registered as part of the Business Combination will be the ordinary shares of CN Holdings that will be exchanged for the common shares of Alyst.

#### Introduction of the Redomestication Merger

In addition to the subjects discussed above, during the structuring of the Financing, Mr. Kerry Proper also discussed with Mr. Shuangqing the obligations of being a U.S. reporting company, including compliance with the reporting requirements of the federal securities laws, restrictions on insider trading, accounting procedures and Sarbanes-Oxley requirements, public disclosure requirements and timing, shareholder communications, website disclosure, financial public relations, and transfer agent requirements.

As substantially all of the business operations of China Networks Media will be conducted outside the United States, Alyst management decided to consider redomesticating Alyst outside the United States prior to its merger with China Networks Media. It concluded that the Redomestication Merger will permit greater flexibility and possibly improved economic results in structuring future acquisitions and creating subsidiaries in China and other countries as China Networks Media expands, recognizing that potential acquisition targets may view the status of being a shareholder in a non-U.S. corporation more favorably than being a shareholder in a U.S. corporation. This reason is significant to China Networks Media in view of its strategic plans to acquire new networks. Alyst also believes that the regulatory burden in the British Virgin Islands is significantly less onerous than in the United States, particularly with respect to companies engaged in a series of acquisitions. Further, ownership of operating businesses in the PRC through a holding company organized in the British Virgin Islands is also well-established with the PRC authorities, reducing the risk of a challenge to the ownership structure by SARFT or other PRC governmental authorities. In addition, depending on the composition of the shareholder base of CN Holdings after the Business Combination or changes in board membership or location of its principal executive offices, there is the availability of foreign private issuer status for CN Holdings with the U.S. Securities and Exchange Commission. As a foreign private issuer, the reporting requirements under the Securities Exchange Act of 1934, as amended, would be reduced, resulting in less costs associated with financial and reporting compliance. Accordingly, a decision was made to reincorporate Alyst under the laws of the British Virgin Islands.

#### Interest of Alyst's Management in the Business Combination

When you consider the recommendation of Alyst's Board of Directors that you vote in favor of the Business Combination, you should keep in mind that Alyst's officers and directors have interests in the Business Combination that are different from, or in addition to, yours. These interests include the following:

- If the Business Combination is not approved and Alyst is therefore required to liquidate, the securities owned by Alyst's officers and directors will be worthless because they will not be entitled to receive any of the assets held in the trust account. In addition, the possibility that the members of the Board of Directors will be required to perform their obligations under the indemnity agreements referred to below will be substantially increased.
- In connection with the IPO, Alyst's current officers and directors agreed to indemnify Alyst for debts and obligations to vendors that are owed money by Alyst for services rendered or products sold to Alyst, but only to the extent necessary to ensure that certain liabilities do not reduce funds in the trust account. If the Business Combination is consummated, Alyst's officers and directors will not have to perform such obligations. As of March 31, 2009, Alyst believes that the maximum amount of the indemnity obligation of Alyst's officers and directors is small or non-existent because the total amounts owed to vendors for which Alyst has not received a waiver of such vendor's right to sue the trust account is less than the amount of funds available to Alyst outside the trust account to pay such liabilities. If the Business Combination is not consummated, Alyst anticipates the obligations would total approximately \$550,000. Alyst believes it has sufficient funds outside of the trust account to pay these obligations and to reimburse directors and officers for all expenses incurred by them. All vendors agreed to the waiver other than Alyst's legal counsel and accountants. If the Business Combination is not consummated, China Networks Media will be responsible for its own expenses incurred in connection with the Business Combination.
- Warrants to purchase Alyst common stock held by Alyst's directors and officers are potentially exercisable upon consummation of the Business Combination. Based upon the closing price of Alyst's common stock on January 22, 2009 of \$7.30, if all warrants held by Alyst's directors and officers were exercised for common stock the value of such shares of common stock would be approximately \$4,186,000.

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Michael Weksel has entered into a Put-Call Option Agreement with Alyst pursuant to which (i) Alyst has the right to purchase from Mr. Weksel up to 559,794 of Alyst's publicly traded warrants (the "Warrants") at a price of \$0.0446 per warrant (the "Exercise Price") at any time through August 31, 2009 and (ii) Mr. Weksel has the right at any time after June 29, 2009 and before August 31, 2009 to sell such warrants to Alyst at the Exercise Price. The Warrants were purchased by Mr. Weksel in open market transactions at a price equal to the Exercise Price in order to enhance Alyst's ability to enter into arrangements with stockholders or third parties to facilitate consummation of the Business Combination without altering Alyst's existing capital structure. If the Business Combination is not consummated and Alyst is forced to liquidate, the Warrants would have no value in the open market.

- All rights specified in Alyst's amended and restated certificate of incorporation relating to the right of directors and officers to be indemnified by Alyst, and of Alyst's directors and officers to be exculpated from monetary liability with respect to prior acts or omissions, will continue after the Business Combination to the extent permitted by British Virgin Islands law. If the Business Combination is not approved and Alyst liquidates, it will not be able to perform its obligations under those provisions. If the Business Combination is ultimately completed, the combined company's ability to perform such obligations will probably be substantially enhanced.
- Michael Weksel entered into an employment agreement in January 2009 with China Networks Media to serve as its Chief Financial Officer, a role that is expected to continue if the Business Combination is consummated. The employment agreement provides that Mr. Weksel may continue in his current obligations to Alyst until such time as the Business Combination is consummated or Alyst is dissolved. Mr. Weksel receives no salary from Alyst, but for the period prior to the earlier of the consummation of the Business Combination or June 29, 2009 (the "Initial Term"), is entitled to receive from China Networks Media, a base salary equal to \$180,000 per annum. Such base salary will increase to \$360,000 after the Initial Term. Mr. Weksel is also entitled to receive a bonus of \$360,000 if China Networks Media achieves the net income targets for 2009 and 2010 set out in the Merger Agreement. In addition, if the Merger Agreement is consummated, Mr. Weksel will receive a 7-year non-qualified option under the Share Incentive Plan for the purchase of 500,000 ordinary shares of CN Holdings, subject to certain adjustments, 50,000 of which shall vest immediately upon issuance of the option. The balance of the entitlement under the option shall vest over a 36-month period.
- Under the Share Incentive Plan, as proposed, directors of CN Holdings' Board of Directors may be granted options to purchase shares of CN Holdings. Under the Merger Agreement, Alyst is entitled to appoint three directors to the post-merger CN Holdings' Board of Directors, who will be entitled to receive shares or option grants under the Plan.

- Alyst’s financial, legal and other advisors have rendered services for which they have not waived their right to payment and may not be paid if the Business Combination is not approved, and certain of them may have the opportunity to provide additional services to Alyst in the future. Alyst considers, however, that as of April 30, 2009 it has sufficient working capital outside of the trust to pay accrued expenses to such advisors, and expects to have sufficient working capital for additional amounts incurred in the event the Business Combination is not consummated. As any recovery of such fees and expenses by these advisors may be difficult in the event the Business Combination is not approved, these advisors may be viewed as having an interest in the outcome of such vote, despite the fact that such recovery is not contingent on the outcome of the Alyst shareholder vote.
- The following table lists the securities owned by the members of Alyst’s current management team and Board of Directors and the amount of potential gain that each of them would realize if the Business Combination is consummated, based on the market price of Alyst’s securities on May 8, 2009. Except as noted below, if a Business Combination is not consummated, the securities held by these individuals would be valueless since they would not be entitled to participate in distributions from the trust account.

Name	Securities in which named individual has a pecuniary interest		Value of such securities as of May 8, 2009 (\$)		Aggregate Initial Purchase Price of Securities (\$)		Gain on Securities as of May 8, 2009 (\$)
	Shares	Units	Shares	Units	Shares	Units	
Dr. William Weksel	590,000(1)	0	4,572,500.00	0	5,178.57	0	4,567,321.43
Robert A. Schriesheim	590,000(1)	0	4,572,500.00	0	5,178.57	0	4,567,321.43
Robert H. Davies	590,000(1)(2)	0	4,572,500.00	0	5,178.57	0	4,567,321.43
Michael E. Weksel	1,149,794(1)(3)(4)	0	8,910,903.50	0	5,178.57	0	8,905,724.93
Paul Levy	90,000(1)	0	697,500.00	0	1,285.71	0	696,214.29
Matthew Botwin	30,000	0	232,500.00	0	428.57	0	232,071.43

1. Includes 227,500 shares of common stock issuable upon exercise of warrants held by this individual that are not currently exercisable, but will become exercisable if the Business Combination is consummated.
2. Includes 10,000 shares of common stock held by the 2006 Robert H. Davies Delaware Trust f/b/o Alexander B. Davies, a trust established for the benefit of Mr. Davies’ son.
3. Includes 12,500 shares of common stock held by the Carina Heart Weksel Irrevocable Trust, a trust established for the benefit of Mr. Weksel’s daughter.
4. Includes 559,794 shares of common stock issuable upon exercise of warrants purchased in the open market and subject to a Put-Call Option Agreement with Alyst at an exercise price of \$0.0446.

#### Interests of Chardan Capital Markets and China Networks Media's Management in the Business Combination

Chardan Capital Markets, LLC is acting as an advisor to Alyst in the business combination between Alyst and China Networks Media. Chardan’s role includes but is not limited to: advising and assisting Alyst in negotiating the terms and conditions of the business combination, introducing Alyst to sell side firms in order to increase market awareness

of the business combination, and arranging non-deal road shows to introduce Alyst to prospective investors after the business combination is announced. Pursuant to the engagement letter, Chardan will be paid a transaction fee equal to (x) 0.5% of the aggregate value of the consideration paid by Alyst to acquire an acquisition target, plus \$60,000, which amount shall not be less than \$300,000 or (y) in the event that Alyst acquires a target that is an entity introduced to Alyst by Chardan, 0.75% of the aggregate value of the consideration paid by Alyst in such acquisition less \$150,000 in the event Alyst obtains a fairness opinion from a third party, which amount shall not be less than \$450,000. Chardan also receives a monthly fee of \$5,000 per month. For purposes of the engagement letter, China Networks Media is a party introduced to Alyst by Chardan. The fee would be payable in the amount of \$450,000 upon the closing of the Business Combination, with the possible payment of up to an additional \$616,000 depending upon whether any or all of the deferred consideration becomes payable by Alyst in the future.

Chardan also acted as advisor to China Networks Media in its completed private placement. With respect to that engagement, Chardan's role included but was not limited to: advising and assisting China Networks Media in planning for and negotiating the terms and conditions of a bridge financing and arranging road shows to introduce China Networks Media to potential investors after a restructuring was consummated and raising a private placement. The private placement closed on July 21, 2008. An aggregate of \$28 million was raised in the private placement from accredited and institutional investors. Chardan remains China Networks financial advisor through July 21, 2010 in connection with matters arising after the business combination with Alyst. For its activities as placement agent in the financing, Chardan received \$980,000 in fees upon the closing of the Financing and will receive an additional \$980,000 in fees upon the earlier of the consummation of the Business Combination and July 21, 2010.

Mr. Li Shuangqing, the current Chairman and CEO of China Networks Media, is expected to become the Chairman and CEO of CN Holdings post-combination.

During the course of the negotiations to establish business combination terms and conditions with Alyst, Kerry Propper recused himself from any material discussions of the advice being provided to Alyst and acted only as a shareholder of China Networks Media. Chardan's banking team, exclusive of Mr. Propper, served as financial advisor to Alyst. During the private placement for China Networks Media, Mr. Propper acted as placement agent and advisor on terms approved by China Networks Media's shareholders. Mr. Propper continues to act as advisor to China Networks Media and Chardan's banking team continues to serve as advisor to Alyst. As a shareholder in China Networks Media, Mr. Propper will receive his pro rata share (16.49% fully diluted) of the merger consideration if the Business Combination is consummated. In addition, Mr. Propper will become a director of CN Holdings post-combination.

#### Alyst's Reasons for the Business Combination and Recommendation of the Alyst Board

Alyst's Board of Directors concluded that the Merger Agreement with China Networks Media is in the best interests of Alyst's stockholders.

Alyst's Board of Directors considered a wide variety of factors in connection with its evaluation of the merger. Many of those factors, such as the international experience and operational expertise of China Networks Media's management were not quantifiable. Those that could be quantified, such as the value of the company if certain projections of net income levels and earnings multiples were achieved based on assumed price/earnings ratios, were quantified, and some of the factors considered, such as historical growth rates, were inherently quantitative in nature. Alyst's Board of Directors did not consider it useful to assign relative weights to each of the specific factors it considered in reaching its decision. Alyst's Board of Directors focused instead on evaluating the relative collective weight of the several positive factors and the few negative factors in making its decision, in light of the fact that the pricing of the transaction would provide value to Alyst's stockholders in excess of the conversion value of their stock.



Among the factors that the Alyst Board of Directors considered in connection with its evaluation of the Business Combination were: (i) the onsite due diligence visits to be conducted by officers and directors of Alyst; (ii) the analyses made by SkillNet with regards to China Networks Media's business concept, market potential, strategy and organization; (iii) the analyses and discussion with its legal and financial advisers regarding the structure of a foreign investment in a PRC advertising company; (iv) the qualitative analysis of China Networks Media's management personnel and executive leadership; (v) the quantitative analysis of China Networks Media's revenue and projections; and (vi) a qualitative comparison of the proposed China Networks Media acquisition to the criteria previously established by the Alyst Board of Directors.

SkillNet is a management consultancy specializing in management consulting and corporate finance in the telecommunications, information technology, media, and e-business industries, with substantial experience in the Chinese marketplace, especially in the area of business due diligence for mergers, acquisitions, and initial public offerings. SkillNet was hired by Alyst to conduct a due diligence review of China Networks Media. The due diligence assessment included: the market potential, competitive situation, business concept and strategy and business case for China Networks Media. The objective of the due diligence report was to assist the Alyst board of directors in ascertaining the reasonableness of the proposed consideration, the quality of the underlying business to be merged into Alyst, and the competitive environment in which China Networks Media would operate.

SkillNet's presentation and review did not, however, examine or analyze the risks associated with the particular transaction structure under consideration (including its accounting treatment), nor did it contain any form of diligence procedures such as a background check on the management team of China Networks Media (which investigation the board of directors of Alyst had conducted through a different consultant) or otherwise consider its human resources or evaluate the execution risk of the Business Combination. In addition, the examination of the business case did not involve any financial modeling based on the financial statements supplied by China Networks Media nor was an independent model developed regarding the projections supplied. Accordingly, the board of directors reviewed SkillNet's analysis to validate the feasibility of the platform in light of industry trends and not to confirm the advisability of the Business Combination.

Alyst received from China Networks Media financial projections for the years 2007 through 2011. The projections were based on the assumption that China Networks Media could successfully enter into joint ventures with three stations China Yellow River, Kunming and Tai'an. Based on the historical audited financial statements of these stations, China Networks Media assumed these stations could grow their revenue at an annual rate of approximately 15% annually and increase gross profit margins from approximately 70% to approximately 76% by 2011. Employing these assumptions, China Networks Media projected the following results for the years 2007 through 2011:

(Amounts in RMB)	2007	2008	2009	2010	2011
Total Sales	204,879,821	235,985,949	271,817,862	313,094,004	360,642,122
Net Earnings	136,722,186	161,223,226	189,368,905	221,615,505	258,429,156

Chardan presented to the board of directors of Alyst an analysis of the projected trading prices of the stock of Alyst after the acquisition of China Networks Media pursuant to the Merger Agreement, based on certain assumed levels of net income and assumed market trading multiples. This analysis indicated that: (i) assuming China Networks Media achieved 2007 net income of \$9,501,843, the stock of the surviving corporation would have a trading value ranging from \$5.30 per share (at a multiple of 9x net income) to \$7.84 per share (at a multiple of 15x net income); (ii) assuming China Networks Media achieved 2008 net income of \$12,500,000, the stock of the surviving corporation would have a trading value ranging from \$8.14 per share (at a multiple of 12x net income) to \$11.44 per share (at a multiple of 18x net income); (iii) assuming China Networks Media achieved 2009 net income of \$20,000,000, the stock of the surviving corporation would have a trading value ranging from \$10.56 per share, at a multiple of 12x net income) to \$15.31 per share (at a multiple of 18x net income); and (iv) assuming China Networks Media achieved

2010 net income of \$30,000,000, the stock of the surviving corporation would have a trading value ranging from \$13.76 per share at a multiple of 12x net income) to \$20.11 per share (at a multiple of 18x net income).

The multiples cited above were considered by the Board, upon the advice of Chardan, to represent the range of multiples at which various PRC media companies were trading during the period of time prior to the meeting. While the Board is not aware of any company that it considers to be directly comparable to China Networks Media, the Board considered PRC media companies as a group to have similar characteristics to China Networks Media and considered the observed multiples on such companies to be useful for purposes of determining a range of possible values for China Networks Media.

While these projections and assessments may not ultimately prove to be accurate, particularly in light of the turmoil in the global financial markets since the entry by Alyst into the Merger Agreement and the fact that the analysis included one television advertising joint venture that was ultimately not acquired, Alyst's management believes that they, together with the variable portion of the merger consideration based on actual (rather than merely projected) future financial performance, constitute a reasonable basis for the pricing of the transaction. This is the case because, while the Board believed it was essential that China Networks Media successfully demonstrate its business model by acquiring at least two stations, it is this business model and Mr. Li's demonstrated ability to successfully implement it that provide the foundation of the value of China Networks Media. In this context, whether the planned roll-up of stations had in fact progressed to three or more stations prior to the completion of the Business Combination did not have a material impact on the Board's assessment of value. Therefore, the fact that China Networks Media did not complete the acquisition of the Tai'an station that had been included in the projections, but is instead actively pursuing other opportunities, and the fact that 2008 sales and earnings (which are a function of how rapidly acquisitions are being completed) were substantially below what had been projected by China Networks Media, did not have a material impact on the Board's assessment of the value of China Networks Media.

The Board considered retaining a financial adviser to provide an opinion regarding the fairness of the Merger Agreement to Alyst and its stockholders from a financial point of view. The Board determined that obtaining such an opinion would add substantial expense to the process, especially due to the length of the process between the execution of the Merger Agreement and the Special Meeting to approve the transaction, which could cause the relevant financial adviser to desire to update its work at Alyst's expense. The Board also noted that numerous other special purpose acquisition corporations had conducted their business combinations without obtaining fairness opinions from financial advisers. Finally, the Board noted that the various directors had decades of business experience, including substantial experience in financial transactions, and therefore concluded that the directors possessed the requisite experience and knowledge to reach sound conclusions regarding the advisability and fairness of the Merger Agreement without obtaining such an opinion.

Among the factors that the advantages and disadvantages the Alyst Board of Directors considered in connection with its evaluation of the Business Combination are those described below.

#### Potential Advantages of the Business Combination with China Networks Media

A business combination with Alyst would strategically position China Networks Media in the rapidly growing Chinese advertising market.

Ranking fifth in size in the world in 2007, China's total advertising spending was approximately 3.25% of total worldwide spending, which was over \$15 billion. Among the top ten countries, China is expected to experience a compounded annual growth rate of 17.33% from 2007 to 2010, which is nearly 4% higher than the next fastest growing advertising market. China's television advertising industry has been growing rapidly in recent years, and in 2008, comprised 39.6% of the total advertising market in the PRC, representing approximately \$7.5 billion in 2008, according to industry reports. The Alyst Board of Directors believes that China Networks Media's position in this growing marketplace makes it an attractive acquisition partner.

#### Fragmented industry poised for consolidation

The Chinese television industry is highly fragmented with no dominant provider of advertising services in the market. The fragmented nature of the TV industry in China creates significant demand for the expansion of the scale and scope of the joint-venture relationships China Networks Media intends to build with TV stations across the country. Industry conditions fit well with China Networks Media's expansion strategy and create the opportunity for the significant future growth that the Alyst Board of Directors found highly attractive.

#### Experienced management

Another criteria that was important to Alyst's Board of Directors in identifying an acquisition target was that the company have a seasoned management team with specialized knowledge of the markets within which it operates and the ability to lead a company in a rapidly changing environment. Alyst's Board of Directors concluded that China Networks Media's management has demonstrated that ability, addressing critical issues such as business strategy, competitive differentiation, business development, public market experience, operational experience and speed to market. The success and experience of China Networks Media's Chief Executive Officer, Mr. Li Shuangqing, in the field of media and communications, was also judged to be a significant factor supporting the company's future expansion and success. Similarly, Ms. Wu Ying, the Chief Operating Officer, has extensive experience managing a public media company.

#### Limited and constrained competition

The competitive situation that China Networks Media operates in is favorable. There are few short term or mid-term competitive threats. SARFT as the governing body favors traditional media such as broadcast television and protects it from new media distribution such as IPTV and direct-to-the-home satellite distribution. In addition, the capital cost to build a duplicate, competitive network is a barrier to entry limiting direct competition in the markets that China Networks Media chooses to serve.

China Networks Media's ability to execute its business plan, even with the risk that a significant number of Alyst's public stockholders would vote against the Business Combination and exercise their conversion rights

The Alyst Board concluded that, based on its review of China Networks Media's business plan and project financial performance, the business plan could be successfully executed even if significant numbers of Alyst stockholders determine to convert their stock into cash. This aspect of China Networks Media significantly mitigates the execution risk of the proposed transaction and was an attractive feature of the deal from the perspective of the Alyst Board of Directors.

If projected performance is achieved, the Business Combination is expected to create significant value for Alyst shareholders.

Based upon the projected financial performance of China Networks Media and the consideration being paid by Alyst in the Business Combination, a substantial amount of which is contingent upon successful post-closing financial performance, the Alyst Board of Directors concluded that the Business Combination could create substantial value for the Alyst stockholders in excess of the conversion value of the shares.

#### Potential Disadvantages of the Business Combination with China Networks Media

The Alyst Board of Directors evaluated potential disadvantages of a business combination with China Networks Media. They were not able to identify any factors associated specifically with China Networks Media or its industry that outweighed the advantages of a business combination. Potential disadvantages of acquiring China Networks Media considered by the Alyst Board of Directors are listed below and should be considered in conjunction with the detailed discussion under “Risk Factors” above.

#### Legal and regulatory regime in which China Networks Media will operate

Over the past several years, the Chinese government has pursued economic reform policies, including the encouragement of private economic activities and decentralization of economic regulation. Changes in policies by the Chinese government that result in a change of laws, regulations, their interpretation, or the imposition of high levels of taxation, restrictions on currency conversion or imports and sources of supply could materially and adversely affect China Networks Media’s business and operating results. In addition, the advertising industry in particular could become subject to more stringent regulation both in its activities and the ability of private enterprises to acquire assets from state-owned television stations.

#### Dependence of strategy upon partners not controlled by China Networks Media

The success of China Networks Media’s strategy of expanding in various locations in China depends upon the cooperation of various joint venture parties not under the control of China Networks Media. The Alyst Board of Directors considered the risks involved in securing and maintaining the cooperation of these parties to be a potential disadvantage of the business combination.

#### Potential difficulty in extracting profits from China

Renminbi, or RMB, is not presently a freely convertible currency, and the restrictions on currency exchanges may limit China Networks Media’s ability to use revenues generated in RMB or to make dividends or other payments in U.S. dollars to its investors. For example, SAFE recently issued a new regulation under which RMB converted from the registered capital must only be utilized in accordance with the purposes approved by the relevant government authority (including the local SAFE). While in the short to intermediate term it is not expected that China Networks Media would desire to extract cash from its operations outside of China, the Alyst Board of Directors nevertheless viewed the potential long-term difficulties to be a potential disadvantage of the business combination.

#### Lack of Operating History

China Networks Media did not have any operating history at the time the Merger Agreement was approved. In addition, although the China Networks Media management team has substantial business experience in the television advertising business, it did not have any experience managing the businesses that are contained in the joint ventures. The Board of Directors considered the risks represented by these circumstances to be a potential



disadvantage of the Business Combination.

#### Reliance on Joint Venture Structure

China Networks Media relied upon contractual joint ventures to establish and maintain management control of the assets comprising the joint venture, instead of outright ownership. Use of this structure means that China Networks Media is relying upon the compliance by its joint venture partners with the relevant agreements in order to maintain and exercise its control over the joint ventures and, absent such compliance, the ability to legally enforce such agreement. The Board of Directors considered the risk that such compliance with or enforcement of such agreements would not be obtained to be a potential disadvantage of the Business Combination.

The Board of Directors concluded that, after the transaction is complete, the consolidated strength of the merger of Alyst and China Networks Media overcomes the negative factors that the Board of Directors had identified in its analysis.

#### Satisfaction of the 80% Test

It is a requirement that any business acquired by Alyst have a fair market value equal to at least 80% of Alyst's net assets at the time of acquisition, which assets shall include the amount in the trust account. Based on standards generally accepted by the financial community, including the financial analysis of China Networks Media which was generally used to approve the Business Combination, Alyst's board of directors determined that 80% test requirement was met and exceeded.

As described above, using the multiple of earnings analysis, the board of directors valued China Networks Media's business as having a value of between \$85 million (based on a multiple of 9x its projected 2007 net income of \$9,501,843) to \$162 million (based on a multiple of 13x its projected 2008 net income of \$12,500,000). This range of values substantially exceeds the approximately \$52 million value required to meet the 80% test. The multiple analysis performed by the board of directors was based on information, projections and assumptions available to Alyst's management as of the date of the meeting. Since that date, China Networks Media's financial performance for 2008 and 2009 declined substantially as compared to the financial forecast relied upon by the board of directors in reviewing certain aspects of this analysis. However, as described above, the Board believes that the foundation of the value of China Networks Media is its successfully demonstrated business model and its management's demonstrated ability to successfully implement it. In this context, the Board does not believe that the decline in sales and earnings from projected performance in 2008 and 2009 represents a material change in the value of China Networks Media, because the fundamental model continues to represent an valuable opportunity to aggregate or "roll-up" assets effectively in the PRC television advertising industry at prices that represent a discount to the values that Alyst anticipates such assets will be valued as part of a growing PRC television advertising company. For this reason the Board continues to believe that China Networks Media has a value substantially in excess of \$52 million.

The Alyst Board of Directors believes, because of the financial skills and background of several of its members, it was qualified to perform the valuation analysis described above and to conclude that the acquisition of China Networks Media met this requirement.

#### Transaction Costs

Alyst anticipates that it will incur total non-contingent transaction costs of approximately \$2,850,000 in connection with the proposed transactions. Such costs include transaction costs of approximately \$500,000 anticipated to be incurred by China Networks Media. Approximately \$780,000 of these anticipated costs has been incurred and recorded as of March 31, 2009, of which \$312,000 have been paid. The costs incurred primarily relate to the accountants and valuation consultants' fees, road show expenses, printer fees and other miscellaneous expenses.

Alyst anticipates that the costs to consummate the Redomestication Merger and the Business Combination will exceed its available cash outside of the trust account (excluding borrowings) by approximately \$[ ]. Alyst has not sought and does not anticipate seeking any fee deferrals. Alyst expects these costs would ultimately be borne by CN Holdings after the Business Combination and disbursed from the funds held in the trust if the proposed China Networks Media Business Combination is completed. If the Business Combination is not completed, the non-contingent excess costs of approximately \$[ ] would be subject to the potential indemnification obligations of Alyst's officers and directors to the trust account related to expenses incurred for vendors or service providers. Alyst's officers and directors anticipate performing their obligations to the trust account regarding expenses incurred for vendors or service providers in the event the Business Combination is not consummated. Alyst's officers and directors are all accredited investors and as such, Alyst believes that they have the financial ability to meet such obligations but has not done an independent investigation to confirm such belief. If these obligations are not performed or are inadequate, it is possible that vendors and/or service providers could seek to recover these expenses from the trust account, which could ultimately deplete the trust account and reduce a stockholder's current pro rata portion of the trust account upon liquidation.

#### Potential Dilution of Share Ownership Post-Redomestication Merger and Post-Business Combination

As of April 30, 2009, there were 9,794,400 shares of Alyst's common stock outstanding and 10,464,000 warrants outstanding (including the Underwriters purchase option for 300,000 units), including in each case securities owned as a part of Alyst's units, representing a total of 20,258,800 shares on a fully-diluted basis (or 65% of the authorized common stock). Alyst's authorized share capital consists of 30 million shares of common stock and 1 million shares of preferred stock. Alyst has no shares of preferred stock outstanding.

After consummation of the Redomestication Merger and Business Combination, CN Holdings will have outstanding: 9,794,400 ordinary shares and 10,464,000 warrants issued to Alyst's initial and public stockholders and 2,880,000 ordinary shares issued to the former shareholders of China Networks Media in connection with the Business Combination, for a total of 23,138,800 ordinary shares (assuming all warrants are exercised and no shares of Alyst common stock are converted in cash in connection with the approval of the Business Combination. In addition, (i) 2.5 million ordinary shares will be issuable in the future to CN Holdings' directors, officers and employees if the Share Incentive Plan Proposal is approved by Alyst's stockholders and (ii) up to an aggregate of 9 million ordinary shares will be issuable to the former shareholders of China Networks Media as contingent consideration under the Merger Agreement if financial targets are met in 2009, 2010 and 2011. On a fully-diluted basis, and assuming all contingent or reserved shares are issued, CN Holdings would have 34,638,800 ordinary shares outstanding (or 46.8% of the authorized ordinary shares). The authorized share capital of CN Holdings prior to the Special Meeting will be 74 million ordinary shares and 1 million preference shares.

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The following table sets forth the number of shares and percentage ownership of CN Holdings after the Business Combination by each of (i) Alyst's initial stockholders, (ii) Alyst's former public stockholders, (iii) the former shareholders to China Networks Media and (iv) the officers and directors of CN Holdings.

	No Conversion			Maximum Conversion		
	# of Shares	# of Warrants	% of Ownership	# of Shares	# of Warrants	% of Ownership
Alyst initial stockholders(1)	1,750,000	2,379,794	12.8%	1,750,000	2,379,794	13.9%
Alyst former public stockholders(2)	8,044,400	7,484,606	48.3%	5,631,081	7,484,606	44.1%
Underwriters purchase option – 300,000 units		600,000	1.9%		600,000	2.0%
Former shareholders of China Networks Media (3)	11,880,000		37.0%	11,880,000		40.0%
<b>Total Ownership</b>	<b>21,674,400</b>	<b>10,464,400</b>	<b>100.0%</b>	<b>19,261,081</b>	<b>10,464,400</b>	<b>100.0%</b>
Directors and officers of CN Holdings(4)	837,500	227,500	3.3%	837,500	227,500	3.5%

(1) Assumes all 2,379,794 outstanding warrants (1,820,000 insider warrants and 559,794 public warrants) held by the initial stockholders are exercised.

(2) Assumes all 7,484,606 outstanding warrants held by the former public shareholders are exercised.

(3) Assumes issuance of an aggregate of 9 million ordinary shares relating to contingent merger consideration in 2009, 2010 and 2011.

(4) Assumes 3 directors and officers, with respect to which 362,500 shares and 227,500 warrants are accounted for under "Alyst initial stockholders" and 475,000 shares are accounted for under "Former shareholders of China Networks Media."

### Conclusion of Alyst's Board of Directors

After careful consideration of all relevant factors, Alyst's Board of Directors determined that the Business Combination Proposal is in the best interests of Alyst and its stockholders. The Board of Directors has approved and declared the Business Combination Proposal advisable and recommends that you vote or give instructions to vote "FOR" the Business Combination Proposal.

The foregoing discussion of the information and factors considered by the Alyst Board is not meant to be exhaustive, but includes the material information and factors considered by the Board.

### China Networks Media's Reasons for the Business Combination

China Networks Media was formed for the purpose of developing a leading network of advertising assets throughout the PRC. China Networks Media was not formed for the purpose of merging with Alyst or the purpose of engaging in any similar transactions. China Networks Media intends to pursue a roll-up growth strategy involving the acquisition, through joint ventures, of the advertising businesses of numerous television stations in the PRC. Such a strategy requires long-term equity capital, which China Networks Media will need to fund the various acquisitions. China Networks Media explored various alternatives for obtaining equity capital including an initial public offering, an investment by a private equity investor and a sale of the company to a SPAC, such as Alyst. China Networks Media concluded that the transaction with a SPAC represented an attractive opportunity relative to a private equity investment because it would not involve transferring control of the enterprise to a single investor or a small group of investors. Rather, such a transaction would create a publicly-traded entity, with broader opportunities to raise capital consistent with its strategic goals. In addition, China Networks Media considered that private equity investors tend to have a more limited time commitment with respect to their investment, given their structural needs to recover amounts they have invested consistent with their organizational documents. China Networks Media further considered that a SPAC transaction was preferable to an initial public offering given that a SPAC (i) has an available pool of capital, subject to obtaining stockholder approval for the transaction, and (ii) represents a more reliable partner than an investment bank-managed offering which is subject to favorable market conditions.

China Networks Media chose to merge with Alyst because it was able to achieve an agreement on favorable terms and conditions, including pricing, that it considered mutually beneficial to the parties. In addition, the agreement with Alyst provides China Networks Media with meaningful participation in the future success of the combined entity, subject to achievement of financial targets.

### Actions That May Be Taken to Secure Approval of Alyst's Stockholders

Based on recently completed business combinations by other similarly structured blank check companies, it is believed by Alyst that the present holders of 30% or more of the common stock issued in the IPO may have the intention to vote against the Business Combination and seek conversion of their common stock issued in the IPO into cash in accordance with Alyst's amended and restated certificate of incorporation. If such event were to occur, the Business Combination could not be completed. To preclude such possibility, Alyst, the founders of Alyst, China Networks Media and the holders of China Networks Media common stock may negotiate arrangements to provide for the purchase of the common shares issued in the IPO from the holders of common shares issued in the IPO who indicate their intention to vote against the Business Combination and seek conversion or otherwise wish to sell their common stock issued in the IPO. These arrangements might also include arrangements to provide such holders of common stock issued in the IPO with incentives to vote in favor of the Business Combination Proposal.

Arrangements of such nature would only be entered into and effected at a time when Alyst, the founders of Alyst, China Networks Media and the holders of China Networks Media common stock and/or their respective affiliates are

not aware of any material nonpublic information regarding Alyst, its securities or China Networks Media. Definitive arrangements have not yet been determined but might include:

- (i) Agreements between Alyst and the holders of common stock issued in the IPO pursuant to which Alyst would agree to purchase common stock issued in the IPO from such holders immediately after the closing of the Business Combination for the price and fees specified in the arrangements.
- (ii) Agreements with third parties to be identified pursuant to which the third parties would purchase common stock issued in the IPO during the period beginning on the date that the registration statement, of which this proxy statement/prospectus is a part, is declared effective. Such arrangements would also provide for Alyst, immediately after the closing of the Business Combination, to purchase from the third parties all of the common stock issued in the IPO purchased by them for the price and fees specified in the arrangements.
- (iii) Agreements with third parties pursuant to which Alyst would borrow funds to make purchases of common stock issued in the IPO for its own account. Alyst would repay such borrowings with funds transferred to it from Alyst's trust account upon closing of the Business Combination.

As a result of the purchases that may be effected through such arrangements, it is possible that the number of shares of common stock of Alyst in its public float would be significantly reduced and that the number of beneficial holders of Alyst's securities also will be reduced. This may make it difficult to obtain the quotation, listing or trading of Alyst's securities on the NASDAQ Stock Market or any other national securities exchange.

Alyst will file a Current Report on Form 8-K to disclose arrangements entered into or significant purchases made by any of the aforementioned persons that would affect the vote on the Business Combination Proposal or the conversion threshold. Any such report will include descriptions of any arrangements entered into or significant purchases by any of the aforementioned persons. If members of Alyst's board of directors or officers make purchases pursuant to such arrangements, they will be required to report these purchases on beneficial ownership reports filed with the Securities and Exchange Commission.

The purpose of such arrangements would be to increase the likelihood of satisfaction of the requirements that the holders of a majority of the common shares issued in the IPO present (in person or represented by proxy) and entitled to vote on the Business Combination Proposal vote in its favor and that holders of fewer than 30% of the common stock issued in the IPO vote against the Business Combination Proposal and demand conversion of their common stock issued in the IPO into cash where it appears that such requirements would otherwise not be met. All shares purchased pursuant to such arrangements would be voted in favor of the Redomestication Proposal and the Business Combination Proposal. If, for some reason, the Business Combination is not closed despite such purchases, the purchasers would be entitled to participate in liquidation distributions from Alyst's trust fund with respect to such shares. Under Delaware law, the board of directors may postpone the meeting at any time prior to it being called to order in order to provide time to seek out and negotiate such transactions.

Purchases pursuant to such arrangements ultimately paid for with funds in Alyst's trust account would diminish the funds available to Alyst after the Business Combination for working capital and general corporate purposes. Nevertheless, in all events there will be sufficient funds available to Alyst from the trust account to pay the holders of all common shares issued in the IPO that are properly converted.

#### Terms of the Merger Agreement

The discussion in this proxy statement/prospectus of the Business Combination and the principal terms of the Merger Agreement catalogued below are qualified in their entirety by reference to the copy which is attached as Annex A and incorporated herein by reference. The following description summarizes the material provisions of the Merger Agreement, which agreement we urge you to read carefully because it is the principal legal document that governs the

Business Combination. For this discussion, we refer to the Merger Agreement simply as the “Agreement,” unless the context otherwise requires.

The representations and warranties described below and included in the Agreement were made by Alyst, China Networks Media, Li Shuangqing, Kerry Propper, MediaInv Ltd, China Networks Holdings and China Networks Merger Co., to each other as of specific dates. The assertions embodied in these representations and warranties may be subject to important qualifications and limitations agreed to by Alyst, China Networks Media Li Shuangqing, Kerry Propper, MediaInv Ltd, China Networks Holdings and China Networks Merger Co. in connection with negotiating its terms. The representations and warranties may also be subject to a contractual standard of materiality that may be different from what may be viewed as material to stockholders, or may have been used for the purpose of allocating risk among the contracting parties, rather than establishing matters as facts. The Agreement is described in this proxy statement/prospectus and included as Annex A only to provide you with information regarding its terms and conditions at the time it was entered into by the parties. Accordingly, you should read the representations and warranties in the Agreement not in isolation but rather in conjunction with the other information contained in this document and in the other publicly available information regarding Alyst and China Networks Media.

### General

Alyst intends to change its domicile from the State of Delaware to the British Virgin Islands by means of a merger with and into its wholly-owned subsidiary, CN Holdings, and as a result, change its name to China Networks International Holdings Ltd. The acquisition by Alyst of China Networks Media will be effected through a business combination in the form of a merger of China Network Merger Co. (the “China Networks Merger”), a wholly-owned subsidiary of CN Holdings, with and into China Networks Media. China Networks Media will be the surviving corporation in the Business Combination and will become a wholly-owned subsidiary of CN Holdings.

### Basic Deal Terms

The Redomestication Merger will result in all of Alyst’s issued and outstanding shares of common stock immediately prior to the Redomestication Merger converting into ordinary shares of CN Holdings, and all units, warrants and other rights to purchase Alyst’s common stock immediately prior to the Redomestication Merger being exchanged for substantially equivalent securities of CN Holdings at the rate set forth in the Merger Agreement. CN Holdings has applied to have its shares listed on the NASDAQ Stock Market upon consummation of the merger. Alyst will cease to exist and CN Holdings will be the surviving corporation, and in connection therewith, will assume all the property, rights, privileges, agreements, powers and franchises, debts, liabilities, duties and obligations of Alyst, which includes the assumption by CN Holdings of any and all agreements, covenants, duties and obligations of Alyst set forth in the Agreement. Alyst’s amended and restated certificate of incorporation and by-laws in effect immediately prior to the Redomestication Merger shall cease and the Amended and Restated Memorandum and Articles of Association of CN Holdings will be the organizational documents of CN Holdings as the surviving corporation.

The Business Combination will be effected immediately after the Redomestication Merger. Each ordinary share of China Networks Media issued and outstanding prior to the Business Combination will be converted automatically into one ordinary share of CN Holdings, and each class A preferred share of China Networks Media outstanding immediately prior to the Business Combination will convert into one share of CN Holdings. In connection with the Business Combination, China Networks Media will assume all the property, rights, privileges, agreements, powers, franchises, debts, liabilities and duties of China Networks Media. China Networks Media's Amended and Restated Memorandum and Articles of Association will remain as the organizational documents after the Business Combination.

Upon the consummation of the Redomestication Merger and the Business Combination, CN Holdings will own 100% of the issued and outstanding ordinary shares of China Networks Media. Assuming no shareholders exercise their conversion rights, the shares of CN Holdings will be owned 77% (61% fully-diluted) by the previous stockholders of Alyst, and 23% (37% fully-diluted) by the previous shareholders of China Networks Media. If the maximum number of shares are converted, the shares of CN Holdings will be owned 72% (58% fully-diluted) by the previous shareholders of Alyst and 28% (40% fully-diluted) by the previous shareholders of China Networks Media.

#### Shares Subject to Appraisal Rights

Under the Delaware General Corporation Law, appraisal rights are not available to Alyst's stockholders in connection with the Redomestication Merger or the Business Combination.

Shareholders of China Networks Media's ordinary shares and class A preferred shares who vote against the Business Combination and who have properly exercised and perfected their appraisal rights, and not subsequently withdrawn or lost or waived their rights to demand payment with respect to their ordinary shares or class A preferred shares of China Networks Media, in accordance with BVI law, shall not have their shares converted into a right to receive shares of CN Holdings and shall be entitled only to such rights as are granted by BVI law. Each shareholder who becomes entitled to payment for such shares pursuant to BVI law shall receive payment therefore from CN Holdings in accordance with the BVI law, provided, however, that (i) if any shareholder who asserts appraisal rights in connection with the Business Combination has failed to establish his entitlement to such rights as provided under BVI law, or (ii) if any such shareholder has effectively withdrawn his demand for payment for such shares or waived or lost his right to payment for his shares under the appraisal rights process under BVI law the shares of China Networks Media held by such shareholder shall be treated as if they had been converted, as of the effective date of the Business Combination, into a right to receive shares of CN Holdings. China Networks Media shall give CN Holdings prompt notice of any demands for payment received by the China Networks Media from a shareholder asserting appraisal rights, and CN Holdings shall have the right to participate in all negotiations and proceedings with respect to such demands. China Networks Media shall not, except with the prior written consent of CN Holdings, make any payment with respect to, or settlement or offer to settle, any such demands.

#### Representations and Warranties

China Networks Media makes customary representations and warranties about itself, ANT, its wholly-owned Hong Kong subsidiary, and Hetong, a PRC company that is the 50% owner of JV Ad Cos. The representations and warranties relate to, among other things, organization standing and power, subsidiaries corporate and contractual formalities observed in connection with the Merger Agreement, capitalization; consents, approvals and authority in connection with the transactions contemplated by the Merger Agreement, absence of changes and undisclosed liabilities, restrictions on business activities, governmental authorizations, financial statements, pending and potential legal proceedings, title to property, intellectual property, governmental inquiries, compliance with laws, compliance with taxes, employee benefits, interested party transactions, insurance coverage, material contractual arrangements, compliance with laws, foreign corrupt practices and money laundering.





Alyst makes customary representations and warranties relating to, among other things, its organization standing and power, capitalization, corporate and contractual formalities observed in connection with the Merger Agreement, financial statements, filings with the SEC, compliance with the Sarbanes-Oxley Act of 2002, pending and potential legal proceedings, employee benefit plans, labor matters interested party transactions, insurance coverage, transactions with affiliates, compliance with laws, consents, approvals and authority in connection with the transactions contemplated by the Merger Agreement, no conflicts, absence of certain changes and undisclosed liabilities, restrictions on business activities, no interest in properties, listing on the NYSE Amex and funds held in the trust account.

#### Conduct of Business Pending Closing

Alyst agrees, and China Networks Media agrees on behalf of itself and its subsidiaries, to carry on their respective businesses in the ordinary course consistent with past practice and to pay all debts and taxes when due, to use reasonable best efforts to preserve their business organization, keep services available and preserve relationships with customers, suppliers, distributors, licensors, licensees and others having business dealings with them, and keep goodwill and their ongoing businesses unimpaired.

Both Alyst and China Networks Media agree not to, without the prior written consent of the other, amend their respective organizational documents, declare or pay dividends or alter their capital structure, including by splitting, combining, reclassifying, issuing, or repurchasing its stock, enter into material contracts, issue shares or securities convertible into shares, transfer or license intellectual property other than the license of non-exclusive rights to intellectual property in the ordinary course of business consistent with past practice, sell, lease, license or otherwise dispose of or encumber properties or assets, incur any indebtedness in excess of \$100,000, pay or discharge any claims, liabilities or obligations in excess of \$100,000, make any capital expenditures, additions or improvements except in the ordinary course of business in excess of \$100,000, make any acquisitions, other than future acquisitions by China Networks Media of television advertising assets upon prior consultation with Alyst, make or change any election with respect to taxes and make any change to financial accounting policies and procedures.

#### Covenants

Alyst agreed to file this proxy statement/prospectus with the SEC as soon as reasonably practicable after receipt of all financial and other information required to be included herein, for the purpose of soliciting proxies from Alyst's stockholders to vote at the Special Meeting and, as soon as practicable after completing the SEC review process of this proxy statement/prospectus, to distribute the same to all of Alyst's stockholders and call the Special Meeting in accordance with Delaware law. Alyst has also agreed to negotiate and finalize the terms of the employment contracts with Li Shuangqing. China Networks Media agreed to use reasonable best efforts to obtain the vote or consent of its shareholders to effect the Business Combination.

The Merger Agreement provides that Alyst will, within 30 days after the closing of the Business Combination, file a registration statement relating to the resale of the shares of Alyst's common stock acquired by the stockholders of China Networks Media, and that Alyst will use its commercially reasonable best efforts to have the registration statement declared effective by the SEC within 120 days after the closing of the Business Combination.

#### Additional Agreements

As a condition to the closing of the transactions contemplated by the Merger Agreement (which may be waived), each of MediaInv Ltd. and Kerry Propper, each a significant shareholder of China Networks Media, is required to execute a lock-up agreement (the "Lock-Up Agreement"), whereby each shall agree that until the six-month anniversary of the effective date of the Business Combination (the "Trade Commencement Date"), each of them shall not, directly or

indirectly, offer, sell, contract to sell, gift, exchange, assign, pledge or otherwise encumber or dispose of any of the shares of CN Holdings received by them in the Merger Agreement on the closing date (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition, (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by them or any of their affiliates or any person in privity with them or their affiliates (each of the foregoing referred to as a “Disposition”). Thereafter, until the six-month anniversary of the Trade Commencement Date, each of Kerry Propper and MediaInv Ltd. shall not engage in a Disposition of more than fifty percent (50%) of the CN Holdings shares received by them in connection with the Merger Agreement on the closing date. Thereafter, until the twelve-month anniversary of the Trade Commencement Date, each of Kerry Propper and MediaInv, Ltd. shall not engage in a Disposition of more than twenty-five percent (25%) of the CN Holdings shares received by such them in connection with the Merger Agreement on the closing date.

China Networks Media has agreed not to make any claims against the trust account for any reason whatsoever or any claim against Alyst. Alyst and China Networks Media both agree to provide reasonable access to “due diligence” information and promptly apply or otherwise seek to obtain all consents and approvals required to be obtained for the consummation of the Redomestication Merger and the Business Combination. Neither of Alyst nor China Networks Media are required to divest any of their respective businesses, product lines or assets, or to take or agree to take any other action that could be expected to result in a material adverse effect on the business after the Redomestication Merger and Business Combination.

Alyst and China Networks Media both agree not to, directly or indirectly, solicit, encourage or enter into any negotiation or arrangement with any party that could reasonably be expected to lead to a proposal or offer for a stock purchase, asset acquisition, merger, consolidation or other business combination involving Alyst or China Networks Media, or any proposal to acquire in any manner a direct or indirect substantial equity interest in, or all or any substantial part of the assets of Alyst and China Networks Media.

Alyst and China Networks Media both agree to take all reasonable actions to complete the Redomestication Merger and Business Combination promptly, and cooperate with the other to obtain any necessary, consents, approvals and authorizations, registrations, declarations or perform any filings with any governmental entity or any other person in connection with the transactions contemplated by the Merger Agreement.

#### Closing Conditions

China Networks Media and Alyst's obligations to complete the Redomestication Merger and the Business Combination are subject to the satisfaction or waiver of the following conditions. Neither China Networks Media nor Alyst will waive the conditions set out in (a) and (b) below, which are considered material, without stockholder consent.

- (a) Alyst's stockholders' approval of the Redomestication Merger and the Business Combination, with public stockholders of less than 30% of the shares of common stock issued in Alyst's IPO, which is equivalent to 2,413,319 shares of common stock, electing to have their common stock converted for cash in the trust account;
- (b) approval of the Merger Agreement and the Business Combination by the affirmative vote of a majority of the votes of the shares entitled to vote, held by the shareholders of the ordinary shares of China Networks Media, voting together with the shareholders of class A preferred stock of China Networks Media, voting on an as-converted basis;
- (c) the material accuracy of Alyst and China Networks Media's respective representations and warranties and the material performance of Alyst and China Networks Media's respective obligations under the Merger Agreement;
- (d) delivery of various documents in connection with the consummation of the Redomestication Merger and the Business Combination, including (i) an executed employment agreement of Li Shuangqing, (ii) a lock-up agreement executed by Mr. Li Shuangqing, Kerry Propper, MediaInv and each significant shareholder of China Networks Media, and (iii) a registration rights agreement in favor of the holders of China Networks Media's Class A preferred shareholders, each of which agreement may be waived as a condition to closing, and customary certificates and other agreements necessary to effect the Redomestication Merger and Business Combination;
- (e) the absence of legal requirements or orders limiting or restricting the conduct or operation of business, and the absence of pending or threatened legal action or proceedings involving any challenge to, or seeking damages or other relief in connection with, any of the transactions contemplated by the Merger Agreement, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with the transactions contemplated by the Merger Agreement;
  - (f) no material adverse effect shall have occurred or any change that has a material adverse effect;
- (g) all parties have timely obtained all approvals, waivers and consents from any governmental authority, including under BVI and PRC laws, that are necessary to consummate the transactions contemplated by the Merger Agreement;
- (h) Alyst's common stock will be quoted on a recognized U.S. stock exchange and there will be no action or proceeding pending or threatened against Alyst, which would prohibit or termination the quotation of its common stock;
- (i)

Alyst shall be in compliance with all of Alyst's reporting requirements under the Securities Exchange Act of 1934, as amended, and have timely filed all reports under the Exchange Act for the twelve months prior; and

- (j) Alyst's aggregate deferred business and operating expenses should not exceed \$1,000,000, exclusive of legal fees, unless Alyst has prior approval from China Networks Media.

#### Survival of Representations and Warranties; Indemnification

The representations, warranties, covenants and obligations set forth in the Merger Agreement shall survive the closing of the Business Combination and expire on the first anniversary thereof.

MediaInv Ltd. and Kerry Propper, the principal shareholders of China Networks Media, have agreed to provide a limited indemnification to Alyst after the consummation of the Business Combination, from and against any liabilities, loss, claims, damages, fines, penalties, expenses or diminution of value, including taxes arising, directly or indirectly, from or in connection with any breach of any representation or warranty by China Networks Media in the Merger Agreement, any breach by the principal shareholder or China Networks Media of any covenants or obligations in the Merger Agreement, or the operation of the business of China Networks Media and its subsidiaries prior to the closing. Alyst will not be entitled to indemnification by Mr. Propper or MediaInv Ltd., unless and until the aggregate amount of damages to Alyst exceeds \$500,000, at which time Alyst shall be entitled to indemnification for the total amount of such damages which shall be recovered solely by the return of no more than 250,000 shares of CN Holdings that Mr. Propper and MediaInv Ltd. will receive in exchange for their shares of China Networks Media in the Business Combination.

After the Redomestication Merger, CN Holdings will assume, among other things, all of Alyst's duties and obligations, which shall include Alyst's obligation to fulfill and honor all obligations of China Networks Media, pursuant to the indemnification provisions of its organizational documents in effect on the date of the Merger Agreement, after the Business Combination. In the event that any person to be indemnified is or becomes involved in any capacity in any action, proceeding or investigation in connection with any matter relating to the Merger Agreement or the transactions contemplated by the Merger Agreement, CN Holdings shall pay as incurred such indemnified person's reasonable legal and other expenses (including the cost of any investigation and preparation) incurred in connection therewith to the fullest extent permitted by the BVI law. To the extent there is a claim, action, suit, proceeding or investigation against an indemnified party that arises out of or pertains to any action or omission in his or her capacity as a director, officer, employee, fiduciary or agent of China Networks Media occurring prior to the Business Combination, or arises out of or pertains to the transactions contemplated by the Merger Agreement, the indemnification obligations of CN Holdings shall survive for a period of five years after the Business Combination.

#### Termination

The Merger Agreement may be terminated at any time prior to the consummation of the Redomestication Merger, whether before or after approval of the proposals being presented to Alyst's stockholders by:

- mutual consent of China Networks Media and Alyst;
- either China Networks Media or Alyst, if the Merger Agreement and the approval of the Redomestication Merger and Business Combination are not approved, or holders of more than 30% of Alyst's common stock issued in the IPO exercise their right to convert their common stock for cash from the trust account;
- either China Networks Media or Alyst, if without fault of the terminating party, the closing of the Business Combination does not occur on or before June 29, 2009;
- Alyst, if China Networks Media breaches any of its representations, warranties or obligations and such breach is not cured within 10 business days of receipt by China Networks Media of written notice of such breach;
  - by China Networks Media, if Alyst breaches any of its representations, warranties or obligations and such breach is not cured within 10 business days of receipt by Alyst of written notice of such breach; or

- either China Networks Media or Alyst, if any permanent injunction or other order of a court prevents the consummation of the Redomestication Merger or the Business Combination, or the failure to obtain the required vote of Alyst's stockholders at the Special Meeting.

#### Effect of Termination

In the event of proper termination by either China Networks Media or Alyst, the Merger Agreement will become void and have no effect, without any liability or obligation on the part of China Networks Media or Alyst, except in connection with the provisions in the Merger Agreement regarding confidentiality obligations and expense and termination fees, and in the event that such termination results from the breach by a party of any of its representations, warranties or covenants in the Merger Agreement.

Whether or not the transactions contemplated by the Merger Agreement are consummated, all costs and expenses incurred in connection with the Merger Agreement shall be borne by the party incurring such expense. However, if China Networks Media or Alyst terminates the Agreement due to a breach by the other of its representations, warranties or obligations, such breaching party shall promptly reimburse the non-breaching party for all out-of-pocket costs and expenses incurred in connection with the Merger Agreement and the transactions contemplated thereby. China Networks Media has waived the right to secure such reimbursement to the extent any monies would be derived from the trust account.

#### Amendment, Extension and Waiver

The parties may amend the Merger Agreement, provided that any amendment that is made after approval of the Merger Agreement shall not alter or change the amount or kind of consideration received on conversion of Alyst's common stock or China Networks Media's shares, alter or change any term of the organizational documents of CN Holdings, or alter or change any terms and conditions of the Merger Agreement if such alteration or change would materially adversely affect the China Networks Media shareholders.

At any time prior to the consummation of the Redomestication Merger, either Alyst or China Networks Media may, to the extent allowed by applicable law, extend the time for the performance of the obligations under the Merger Agreement, waive any inaccuracies in representations and warranties made to the other party and waive compliance with any of the agreements or conditions for the benefit of the other party. Any such extension or waiver must be in writing signed by both parties.

#### Regulatory and Other Approvals

Except for approvals required by Delaware and BVI corporate law and compliance with applicable securities laws and rules and regulations of the U.S. Securities and Exchange Commission, there are no federal, state or foreign regulatory requirements which remain to be complied with or other material approvals to obtain or filings to make in order to consummate the Business Combination or the Redomestication Merger.

#### Governing Law

The Agreement is governed by the laws of the State of Delaware.

#### Anticipated Accounting Treatment

The Business Combination will be accounted for under the purchase method of accounting as a forward acquisition in accordance with U.S. GAAP as stipulated in SFAS No. 141 "Business Combinations." The assets and liabilities of China Networks Media will be stated at fair value. China Networks Media's assets, liabilities and results of operations will be consolidated with the assets, liabilities and results of operations of Alyst after consummation of the merger. The pre-merger Alyst shareholders will have a controlling voting interest in CN Holdings and will have equal representation in the senior management CN Holdings. Further, Alyst will effect this merger through the distribution

of cash and equity securities and the incurrence of contingent liabilities. With respect to the Business Combination and the Redomestication Merger, China Networks Media will have (i) the ability, upon consummation of the merger, to initially appoint a majority of the post-merger board of directors of CN Holdings under the Merger Agreement, and (ii) the benefit of voting agreements that the current holders of approximately 15% of Alyst's shares of common stock (which were not acquired in the IPO) have agreed to vote in favor of the merger. These rights, however, are not long term arrangements and therefore effective control by China Networks Media is not assured.



## Regulatory Matters

The Business Combination is not subject to the Hart-Scott-Rodino Act or any federal or state regulatory requirement or approval, except for filings necessary to effectuate related transactions with the state of Delaware.

## MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

### General

The following is a summary of the material U.S. federal income tax consequences of the Redomestication Merger to Alyst and the holders of Alyst's common stock and warrants (which we refer to collectively as our "securities"), of the Business Combination to CN Holdings, and of the ownership of ordinary shares and warrants in CN Holdings following the Redomestication Merger and Business Combination. Because the components of a unit (i.e., the common stock or ordinary shares and warrants) are separable at the option of the holder, the holder of a unit should be treated, for U.S. federal income tax purposes (although there is no authority directly on point in the context of the matters considered herein), as the owner of the underlying common stock, or ordinary shares, and warrants constituting the unit. Therefore, the discussion below of the U.S. federal income tax considerations for holders of common stock, or ordinary shares, and warrants should also apply to the holder of a unit. The discussion below of the U.S. federal income tax consequences to "U.S. Holders" will apply to a beneficial owner of our securities that is for U.S. federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or other entity treated as a corporation) that is created or organized (or treated as created or organized) in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if (i) a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust, or (ii) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a beneficial owner of our securities is not described as a U.S. Holder and is not an entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes, such owner will be considered a "Non-U.S. Holder." The U.S. federal income tax consequences applicable to Non-U.S. Holders of owning common stock and warrants in CN Holdings are described below under the heading "– Tax Consequences to Non-U.S. Holders of Ordinary Shares and Warrants of CN Holdings."

This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), its legislative history, Treasury regulations promulgated thereunder, published rulings and court decisions, all as currently in effect. These authorities are subject to change or differing interpretations, possibly on a retroactive basis.

This discussion does not address all aspects of U.S. federal income taxation that may be relevant to CN Holdings, Alyst or any particular holder of our securities or of common stock and warrants of CN Holdings based on such holder's individual circumstances. In particular, this discussion considers only holders that own and hold our securities, and will acquire the ordinary shares and warrants of CN Holdings as a result of owning our securities and own and hold such ordinary shares and warrants as capital assets within the meaning of Code Section 1221. In addition, this discussion does not address the potential application of the alternative minimum tax or the U.S. federal income tax

consequences to holders that are subject to special rules, including:

- financial institutions or “financial services entities;”
  - broker-dealers;
- taxpayers who have elected mark-to-market accounting;
  - tax-exempt entities;

- governments or agencies or instrumentalities thereof;
  - insurance companies;
  - regulated investment companies;
  - real estate investment trusts;
- certain expatriates or former long-term residents of the United States;
- persons that actually or constructively own 10% or more of our voting shares;
- persons that hold our common stock or warrants as part of a straddle, constructive sale, hedging, conversion or other integrated transaction; or
  - persons whose functional currency is not the U.S. dollar.

This discussion does not address any aspect of U.S. federal non-income tax laws, such as gift or estate tax laws, or state, local or non-U.S. tax laws. Additionally, the discussion does not consider the tax treatment of partnerships or other pass-through entities or persons who hold our common stock and warrants, or will hold the ordinary shares and warrants of CN Holdings, through such entities. If a partnership (or other entity classified as a partnership for U.S. federal income tax purposes) is the beneficial owner of our securities (or the ordinary shares and warrants of CN Holdings), the U.S. federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership.

Alyst has not sought, and will not seek, a ruling from the Internal Revenue Service (“IRS”) as to any U.S. federal income tax consequence described herein. The IRS may disagree with the discussion herein, and its determination may be upheld by a court.

**BECAUSE OF THE COMPLEXITY OF THE TAX LAWS AND BECAUSE THE TAX CONSEQUENCES TO ALYST, CN HOLDINGS OR ANY PARTICULAR HOLDER OF OUR SECURITIES OR OF THE ORDINARY SHARES OR WARRANTS OF CN HOLDINGS FOLLOWING THE REDOMESTICATION MERGER AND BUSINESS COMBINATION MAY BE AFFECTED BY MATTERS NOT DISCUSSED HEREIN, EACH HOLDER OF OUR SECURITIES IS URGED TO CONSULT WITH ITS TAX ADVISOR WITH RESPECT TO THE SPECIFIC TAX CONSEQUENCES OF THE REDOMESTICATION MERGER AND THE BUSINESS COMBINATION, AND THE OWNERSHIP AND DISPOSITION OF OUR SECURITIES AND OF THE ORDINARY SHARES AND WARRANTS OF CN HOLDINGS, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL AND NON-U.S. TAX LAWS, AS WELL AS U.S. FEDERAL TAX LAWS.**

#### U.S. Federal Income Tax Consequences of the Redomestication Merger

The Redomestication Merger should qualify as a reorganization for U.S. federal income tax purposes under Code Section 368(a). However, due to the absence of guidance directly on point on how the provisions of Code Section 368(a) apply in the case of a merger of a corporation (such as Alyst) with no active business and only investment-type assets, this result is not free from doubt. The remainder of the discussion assumes that the Redomestication Merger qualifies as a reorganization under Code Section 368(a).

#### Tax Consequences to U.S. Holders of Alyst Common Stock and Warrants

If the Redomestication Merger qualifies as a reorganization under Code Section 368(a), a U.S. Holder of our securities should not recognize gain or loss upon the exchange of our securities solely for equivalent ordinary shares and warrants of CN Holdings pursuant to the Redomestication Merger. A U.S. Holder's aggregate tax basis in the ordinary shares and warrants of CN Holdings received in connection with the Redomestication Merger also should be the same as the aggregate tax basis of our securities surrendered in the transaction (except to the extent of any tax basis allocated to a fractional share for which a cash payment is received in connection with the transaction). In addition, the holding period of the ordinary shares and warrants in CN Holdings received in the Redomestication Merger should include the holding period of the securities of Alyst surrendered in the Redomestication Merger. A shareholder of Alyst who converts its shares of common stock for cash (or receives cash in lieu of a fractional share of our common stock pursuant to the Redomestication Merger) should recognize gain or loss in an amount equal to the difference between the amount of cash received for such shares (or fractional share) and its adjusted tax basis in such shares (or fractional share).

## Tax Consequences to Alyst and CN Holdings

Code Section 7874(b) (“Section 7874(b)”) generally provides that a corporation organized outside the United States which acquires, directly or indirectly, pursuant to a plan or series of related transactions, substantially all of the assets of a corporation organized in the United States will be treated as a domestic corporation for U.S. federal income tax purposes if shareholders of the acquired corporation, by reason of owning shares of the acquired corporation, own at least 80% of either the voting power or the value of the stock of the acquiring corporation after the acquisition. If Section 7874(b) were to apply to the Redomestication Merger, then CN Holdings, as the surviving entity, would be subject to U.S. federal income tax on its worldwide taxable income following the Redomestication Merger and Business Combination as if it were a domestic (U.S.) corporation; in such case Alyst should not recognize gain (or loss) as a result of the Redomestication Merger.

After the completion of the Business Combination, which will occur immediately after and as part of the same plan as the Redomestication Merger, it is expected that the former shareholders of Alyst will own, by reason of their ownership of Alyst shares, less than 80% of the shares of CN Holdings. Accordingly, it is not expected that Section 7874(b) will apply to treat CN Holdings as a domestic corporation for U.S. federal income tax purposes. However, due to the absence of complete guidance on how the rules of Section 7874(b) will apply to the transactions contemplated by the Redomestication Merger and the Business Combination, this result is not free from doubt. If, for example, the Redomestication Merger were ultimately determined for purposes of Section 7874(b) as occurring prior to, and separate from, the Business Combination, the stock ownership threshold for applicability of Section 7874(b) generally would be satisfied (and CN Holdings would be treated as a domestic corporation for U.S. federal income tax purposes) because the shareholders of Alyst, by reason of owning shares of Alyst, would own all of the shares of CN Holdings immediately after the Redomestication Merger. Although the temporary regulations promulgated under Code Section 7874 support the view that the Redomestication Merger and the Business Combination should be viewed together for purposes of determining whether Section 7874(b) is applicable, because of the absence of guidance under Section 7874(b) directly on point, this result is not certain. The balance of the discussion set forth in this summary entitled “Material United States Federal Income Tax Considerations,” assumes that CN Holdings will be treated as a foreign corporation for U.S. federal income tax purposes.

Even if Section 7874(b) does not apply to a transaction, Code Section 7874(a) (“Section 7874(a)”) generally provides that where a corporation organized outside the United States acquires, directly or indirectly, pursuant to a plan or series of related transactions substantially all of the assets of a corporation organized in the United States, the acquired corporation will be subject to U.S. federal income tax on its “inversion gain” (which cannot be reduced by, for example, net operating losses otherwise available to the acquired corporation) if the shareholders of the acquired corporation, by reason of owning shares of the acquired corporation, own at least 60% (but less than 80%) of either the voting power or the value of the stock of the acquiring corporation after the acquisition. For this purpose, inversion gain includes any gain recognized under Code Section 367 by reason of the transfer of the properties of the acquired corporation to the acquiring corporation pursuant to the transaction.

Under Section 367 of the Code, Alyst will recognize gain (but not loss) realized with respect to any of its assets as a result of the Redomestication Merger in an amount equal to the excess, if any, of the fair market value of each such asset over such asset’s adjusted tax basis at the effective time of the Redomestication Merger. In addition, since after the completion of the Redomestication Merger and Business Combination it is expected that the former shareholders of Alyst will own, by reason of their ownership of Alyst shares, more than 60% of the shares of CN Holdings, under Section 7874(a), such gain, in the aggregate, will be subject to U.S. federal income tax without regard to any net operating losses that may otherwise be available to Alyst.

## U.S. Federal Income Tax Consequences of the Business Combination to CN Holdings

CN Holdings will not recognize any gain or loss for U.S. federal income tax purposes as a result of the Business Combination.

## U.S. Federal Income Tax Consequences to U.S. Holders of Ordinary Shares and Warrants of CN Holdings

### Taxation of Distributions Paid on Ordinary Shares

Subject to the passive foreign investment company (“PFIC”) rules discussed below, a U.S. Holder will be required to include in gross income as ordinary income the amount of any dividend paid on the ordinary shares of CN Holdings. A distribution on such ordinary shares will be treated as a dividend for U.S. federal income tax purposes to the extent the distribution is paid out of current or accumulated earnings and profits of CN Holdings (as determined for U.S. federal income tax purposes). Such dividend will not be eligible for the dividends-received deduction generally allowed to U.S. corporations in respect of dividends received from other U.S. corporations. Distributions in excess of such earnings and profits will be applied against and reduce the U.S. Holder’s basis in its ordinary shares in CN Holdings and, to the extent in excess of such basis, will be treated as gain from the sale or exchange of such ordinary shares.

With respect to non-corporate U.S. Holders for taxable years beginning before January 1, 2011, dividends may be taxed at the lower applicable long-term capital gains rate (see “– Taxation on the Disposition of Ordinary Shares and Warrants” below) provided that (1) the ordinary shares of CN Holdings are readily tradable on an established securities market in the United States, (2) CN Holdings is not a PFIC, as discussed below, for either the taxable year in which the dividend was paid or the preceding taxable year, and (3) certain holding period requirements are met. It is not entirely clear, however, whether a U.S. Holder’s holding period for its shares in CN Holdings would be suspended for purposes of clause (3) above for the period that such holder had a right to have its common stock in Alyst converted by Alyst. Under published IRS authority, ordinary shares are considered for purposes of clause (1) above to be readily tradable on an established securities market in the United States only if they are listed on certain exchanges, which presently include the NASDAQ Stock Market (the only exchange on which the ordinary shares of CN Holdings are currently anticipated to be listed and traded). Accordingly, it is possible that dividends paid on the ordinary shares of CN Holdings may qualify for the lower rate. U.S. Holders should consult their own tax advisors regarding the availability of the lower rate for any dividends paid with respect to the shares of CN Holdings.

If PRC taxes apply to dividends paid to a U.S. Holder by CN Holdings, such taxes may be treated as foreign taxes eligible for credit against such holder’s U.S. federal income tax liability (subject to certain limitations). U.S. Holders should consult their own tax advisors regarding the creditability of any such PRC taxes. U.S. Holders should also consult their own tax advisors regarding their eligibility for the benefits of the income tax treaty between the United States and the PRC.

### Taxation on the Disposition of Ordinary Shares and Warrants

Upon a sale or other taxable disposition of the ordinary shares or warrants in CN Holdings, and subject to the PFIC rules discussed below, a U.S. Holder will recognize capital gain or loss in an amount equal to the difference between the amount realized and the U.S. Holder’s adjusted tax basis in the ordinary shares or warrants. See “– Exercise or Lapse of a Warrant” below for a discussion regarding a U.S. Holder’s basis in the ordinary shares acquired pursuant to the exercise of a warrant.

Capital gains recognized by U.S. Holders generally are subject to U.S. federal income tax at the same rate as ordinary income, except that long-term capital gains recognized by non-corporate U.S. Holders are generally subject to U.S. federal income tax at a maximum rate of 15% for taxable years beginning before January 1, 2011 (and 20% thereafter). Capital gain or loss will constitute long-term capital gain or loss if the U.S. Holder’s holding period for the ordinary shares or warrants exceeds one year. The deductibility of capital losses is subject to various limitations.

If PRC taxes apply to any gain from the disposition by a U.S. Holder of the ordinary shares or warrants in CN Holdings, such taxes may be treated as foreign taxes eligible for credit against such holder's U.S. federal income tax liability (subject to certain limitations). U.S. Holders should consult their own tax advisors regarding the creditability of any such PRC taxes. U.S. Holders should also consult their own tax advisors regarding their eligibility for the benefits of the income tax treaty between the United States and the PRC.

#### Exercise or Lapse of a Warrant

Subject to the discussion of the PFIC rules below, a U.S. Holder should not recognize gain or loss upon the exercise for cash of a warrant to acquire ordinary shares in CN Holdings. Ordinary shares acquired pursuant to the exercise for cash of a warrant generally will have a tax basis equal to the U.S. Holder's tax basis in the warrant, increased by the amount paid to exercise the warrant. The holding period of such ordinary shares generally would begin on the day after the date of exercise of the warrant. If the terms of a warrant provide for any adjustment to the number of ordinary shares for which the warrant may be exercised or to the exercise price of the warrants, such adjustment may, under certain circumstances, result in constructive distributions that could be taxable to the U.S. Holder of the warrants. Conversely, the absence of an appropriate adjustment similarly may result in a constructive distribution that could be taxable to the U.S. Holders of the ordinary shares in CN Holdings. See “– Taxation of Distributions Paid on Common Stock,” above. If a warrant is allowed to lapse unexercised, a U.S. Holder should recognize a capital loss equal to such holder's tax basis in the warrant.



### Passive Foreign Investment Company Rules

A foreign corporation will be a passive foreign investment company, or PFIC, if at least 75% of its gross income in a taxable year, including its pro rata share of the gross income of any company in which it is considered to own at least 25% of the shares by value, is passive income. Alternatively, a foreign corporation will be a PFIC if at least 50% of its assets in a taxable year, ordinarily determined based on fair market value and averaged quarterly over the year, including its pro rata share of the assets of any company in which it is considered to own at least 25% of the shares by value, are held for the production of, or produce, passive income. Passive income generally includes dividends, interest, rents, royalties, and gains from the disposition of passive assets.

Based on the expected composition of the assets and income of CN Holdings and its subsidiaries after the Redomestication Merger and the Business Combination, Alyst's valuation of the business of CN Holdings and its subsidiaries, and the anticipated cash deployments at the time of and shortly after these transactions, it is not anticipated that CN Holdings will be treated as a PFIC following the Redomestication Merger and the Business Combination; however, there can be no assurance of this. Moreover, the actual PFIC status of CN Holdings for any taxable year will not be determinable until after the end of its taxable year, and accordingly there can be no assurance with respect to the status of CN Holdings as a PFIC for the current taxable year or any future taxable year.

If CN Holdings were a PFIC for any taxable year during which a U.S. Holder held its ordinary shares or warrants, and the U.S. Holder did not make either a timely qualified electing fund ("QEF") election for the first taxable year of its holding period for the ordinary shares or a mark-to-market election, as described below, such holder will be subject to special rules with respect to:

- any gain recognized by the U.S. Holder on the sale or other disposition of its ordinary shares or warrants; and
- any excess distribution made to the U.S. Holder (generally, any distributions to such U.S. Holder during a taxable year that are greater than 125% of the average annual distributions received by such U.S. Holder in respect of the ordinary shares of CN Holdings during the three preceding taxable years or, if shorter, such U.S. Holder's holding period for the ordinary shares).

Under these rules,

- the U.S. Holder's gain or excess distribution will be allocated ratably over the U.S. Holder's holding period for the ordinary shares or warrants;
- the amount allocated to the taxable year in which the U.S. Holder recognized the gain or excess distribution will be taxed as ordinary income;
- the amount allocated to each prior year, with certain exceptions, will be taxed at the highest tax rate in effect for that year and applicable to the U.S. Holder; and
- the interest charge generally applicable to underpayments of tax will be imposed in respect of the tax attributable to each such year.

In addition, if CN Holdings were a PFIC, a U.S. Holder who acquires its ordinary shares or warrants from a deceased U.S. Holder who dies before January 1, 2010 generally will be denied the step-up of U.S. federal income tax basis in such shares or warrants to their fair market value at the date of the deceased holder's death. Instead, such U.S. Holder would have a tax basis in such shares or warrants equal to the deceased holder's tax basis, if lower.

In general, a U.S. Holder may avoid the PFIC tax consequences described above in respect to its ordinary shares in CN Holdings by making a timely QEF election to include in income its pro rata share of CN Holdings' net capital gains (as long-term capital gain) and other earnings and profits (as ordinary income), on a current basis, in each case whether or not distributed. A U.S. Holder may make a separate election to defer the payment of taxes on undistributed income inclusions under the QEF rules, but if deferred, any such taxes will be subject to an interest charge.

A U.S. Holder may not make a QEF election with respect to its warrants. As a result, if a U.S. Holder sells or otherwise disposes of a warrant to purchase ordinary shares of CN Holdings (other than upon exercise of a warrant), any gain recognized generally will be subject to the special tax and interest charge rules treating the gain as an excess distribution, as described above, if CN Holdings were a PFIC at any time during the period the U.S. Holder held the warrants. If a U.S. Holder that exercises such warrants properly makes a QEF election with respect to the newly acquired ordinary shares in CN Holdings (or has previously made a QEF election with respect to its ordinary shares in CN Holdings), the QEF election will apply to the newly acquired ordinary shares, but the adverse tax consequences relating to PFIC shares will continue to apply with respect to such ordinary shares (which generally will be deemed to have a holding period for the purposes of the PFIC rules that includes the period the U.S. Holder held the warrants), unless the U.S. Holder makes a purging election. The purging election creates a deemed sale of such shares at their fair market value. The gain recognized by the purging election will be subject to the special tax and interest charge rules treating the gain as an excess distribution, as described above. As a result of the purging election, the U.S. Holder will have a new basis and holding period in the ordinary shares acquired upon the exercise of the warrants for purposes of the PFIC rules.

The QEF election is made on a shareholder-by-shareholder basis and, once made, can be revoked only with the consent of the IRS. A U.S. Holder generally makes a QEF election by attaching a completed IRS Form 8621 (Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund), including the information provided in a PFIC annual information statement, to a timely filed U.S. federal income tax return for the tax year to which the election relates. Retroactive QEF elections generally may be made only by filing a protective statement with such return and if certain other conditions are met or with the consent of the IRS.

In order to comply with the requirements of a QEF election, a U.S. Holder must receive certain information from CN Holdings. Upon request from a U.S. Holder, CN Holdings will endeavor to provide to the U.S. Holder, no later than 90 days after the request, such information as the IRS may require, including a PFIC annual information statement, in order to enable the U.S. Holder to make and maintain a QEF election. However, there is no assurance that CN Holdings will have timely knowledge of its status as a PFIC in the future or of the required information to be provided.

If a U.S. Holder has elected the application of the QEF rules to its ordinary shares in CN Holdings, and the special tax and interest charge rules do not apply to such stock (because of a timely QEF election for the first tax year of the U.S. Holder's holding period for such shares or a purge of the PFIC taint pursuant to a purging election), any gain recognized on the appreciation of such shares would be taxable as capital gain and no interest charge will be imposed. As discussed above, U.S. Holders of a QEF are currently taxed on their pro rata shares of the QEF's earnings and profits, whether or not distributed. In such case, a subsequent distribution of such earnings and profits that were previously included in income would not be taxable as a dividend. The tax basis of a U.S. Holder's shares in a QEF will be increased by amounts that are included in income, and decreased by amounts distributed but not taxed as dividends, under the above rules. Similar basis adjustments apply to property if by reason of holding such property the U.S. Holder is treated under the applicable attribution rules as owning shares in a QEF.

Although a determination as to CN Holdings' PFIC status will be made annually, an initial determination that it is a PFIC will generally apply for subsequent years to a U.S. Holder who held ordinary shares or warrants of CN Holdings while it was a PFIC, whether or not it met the test for PFIC status in those years. A U.S. Holder who makes the QEF election discussed above for the first tax year in which the U.S. Holder holds (or is deemed to hold) ordinary shares in CN Holdings and for which it is determined to be a PFIC, however, will not be subject to the PFIC tax and interest charge rules (or the denial of basis step-up at death) discussed above in respect to such shares. In addition, such U.S. Holder will not be subject to the QEF inclusion regime with respect to such shares for the tax years in which CN Holdings is not a PFIC. On the other hand, if the QEF election is not effective for each of the tax years in which CN Holdings is a PFIC and the U.S. Holder holds (or is deemed to hold) ordinary shares in CN Holdings, the PFIC rules discussed above will continue to apply to such shares unless the holder makes a purging election and pays the tax and

interest charge with respect to the gain inherent in such shares attributable to the pre-QEF election period.

Alternatively, if a U.S. Holder owns ordinary shares in a PFIC that is treated as marketable stock, the U.S. Holder may make a mark-to-market election. If the U.S. Holder makes a valid mark-to-market election for the first tax year in which the U.S. Holder holds (or is deemed to hold) ordinary shares in CN Holdings and for which it is determined to be a PFIC, such holder generally will not be subject to the PFIC rules described above in respect to its ordinary shares. Instead, in general, the U.S. Holder will include as ordinary income each year the excess, if any, of the fair market value of its ordinary shares at the end of its taxable year over the adjusted basis in its ordinary shares. The U.S. Holder also will be allowed to take an ordinary loss in respect of the excess, if any, of the adjusted basis of its ordinary shares over the fair market value of its ordinary shares at the end of its taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). The U.S. Holder's basis in its ordinary shares will be adjusted to reflect any such income or loss amounts, and any further gain recognized on a sale or other taxable disposition of the ordinary shares will be treated as ordinary income. Currently, a mark-to-market election may not be made with respect to warrants.

The mark-to-market election is available only for stock that is regularly traded on a national securities exchange that is registered with the Securities and Exchange Commission (including the NASDAQ Stock Market), or on a foreign exchange or market that the IRS determines has rules sufficient to ensure that the market price represents a legitimate and sound fair market value. Since it is expected that the ordinary shares of CN Holdings will be quoted and traded on the NASDAQ Stock Market, it is possible, if certain other conditions are met, that such shares may qualify as marketable stock for purposes of the election. U.S. Holders should consult their own tax advisors regarding the availability and tax consequences of a mark-to-market election in respect to the ordinary shares of CN Holdings under their particular circumstances.

If CN Holdings is a PFIC and, at any time, has a non-U.S. subsidiary that is classified as a PFIC, U.S. Holders generally would be deemed to own a portion of the shares of such lower-tier PFIC, and generally could incur liability for the deferred tax and interest charge described above if CN Holdings receives a distribution from or disposes of all or part of its interest in, the lower-tier PFIC. Upon request, CN Holdings will endeavor to cause any lower-tier PFIC to provide to a U.S. Holder no later than 90 days after the request the information that may be required to make or maintain a QEF election with respect to the lower-tier PFIC. U.S. Holders are urged to consult their own tax advisors regarding the tax issues raised by lower-tier PFICs.

If a U.S. Holder owns (or is deemed to own) shares during any year in a PFIC, such holder may have to file an IRS Form 8621 (whether or not a QEF or mark-to-market election is made).

The rules dealing with PFICs and with the QEF and mark-to-market elections are very complex and are affected by various factors in addition to those described above. Accordingly, U.S. Holders of ordinary shares and warrants in CN Holdings should consult their own tax advisors concerning the application of the PFIC rules to such ordinary shares and warrants under their particular circumstances.

#### U.S. Federal Income Tax Considerations for Non-U.S. Holders of Ordinary Shares and Warrants of CN Holdings

As noted above (see the discussion under the heading "Material United States Federal Income Tax Considerations — U.S. Federal Income Tax Consequences of the Redomestication Merger — Tax Consequences to Alyst and CN Holdings"), for the purpose of this summary it has been assumed that CN Holdings will be treated as a foreign corporation for U.S. federal income tax purposes.

Based on such assumption, dividends paid to a Non-U.S. Holder in respect to its ordinary shares in CN Holdings generally will not be subject to U.S. federal income tax, unless the dividends are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment or fixed base that such holder maintains in the United States).

In addition, a Non-U.S. Holder generally will not be subject to U.S. federal income tax on any gain attributable to a sale or other disposition of ordinary shares or warrants in CN Holdings unless such gain is effectively connected with its conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base that such holder maintains in the United States) or the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of sale or other disposition and certain other conditions are met (in which case, such gain from United States sources generally is subject to tax at a 30% rate or a lower applicable tax treaty rate).

Dividends and gains that are effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment or fixed base in the United States) generally will be subject to tax in the same manner as for a U.S. Holder and, in the case of a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes, may also be subject to an additional branch profits tax at a 30% rate or a lower applicable tax treaty rate.

### Backup Withholding and Information Reporting

In general, information reporting for U.S. federal income tax purposes will apply to distributions made on the ordinary shares of CN Holdings within the United States to a non-corporate U.S. Holder and to the proceeds from sales and other dispositions of ordinary shares or warrants of CN Holdings by a non-corporate U.S. Holder paid to or through a U.S. office of a broker. Payments made (and sales and other dispositions effected at an office) outside the United States will be subject to information reporting in limited circumstances.

In addition, backup withholding of U.S. federal income tax, currently at a rate of 28%, generally will apply to dividends paid on the ordinary shares of CN Holdings to a non-corporate U.S. Holder and the proceeds from sales and other dispositions of shares or warrants of CN Holdings by a non-corporate U.S. Holder, in each case who:

- fails to provide an accurate taxpayer identification number;
- is notified by the IRS that backup withholding is required; or
- in certain circumstances, fails to comply with applicable certification requirements.

A Non-U.S. Holder generally may eliminate the requirement for information reporting and backup withholding by providing certification of its foreign status, under penalties of perjury, on a duly executed applicable IRS Form W-8 or by otherwise establishing an exemption.

Backup withholding is not an additional tax. Rather, the amount of any backup withholding will be allowed as a credit against a U.S. Holder's or a Non-U.S. Holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that certain required information is timely furnished to the IRS.

## THE REDOMESTICATION PROPOSAL

### General

Alyst is redomesticating to the British Virgin Islands, or BVI, and in that process changing its name and corporate documents and reconstituting its board of directors. Redomestication to the BVI is an obligation under the Merger Agreement and is a condition to consummation of the Business Combination.

As substantially all of the business operations of China Networks Media will be conducted outside the United States, Alyst management decided to consider redomestication in connection with a merger with China Networks Media. Alyst management concluded that the Redomestication Merger will permit greater flexibility and possibly improved economics in structuring acquisitions as China Networks Media expands, as potential target acquisitions would view the status of being a shareholder in a publicly-traded BVI corporation more favorably than being a shareholder in a U.S. corporation, which is significant to China Networks Media in view of its strategic plans to acquire new networks. Alyst also believes that the regulatory burden in the British Virgin Islands is less onerous than in the United States, particularly with respect to companies engaged in on-going acquisitions. Further, ownership of operating businesses in the PRC through a holding company organized in the British Virgin Islands is also well-established with the PRC authorities, reducing the risk of a challenge to the ownership structure by SARFT or other PRC governmental authorities. In addition, depending on the composition of the shareholder base of CN Holdings after the Business Combination or changes in board membership or location of its principal executive offices, there is the availability of foreign private issuer status for CN Holdings with the U.S. Securities and Exchange Commission, which would reduce the reporting requirements under the Securities Exchange Act of 1934, as amended, resulting in less costs associated with financial and reporting compliance.

As a result of the Redomestication Merger, Alyst's corporate name will be that of the surviving company, "China Networks International Holdings Ltd." All legal rights, benefits, duties and obligations enjoyed, owned or owed by Alyst will, by means of the merger statutes in effect in Delaware and the British Virgin Islands, be enjoyed, owned or owed, as the case may be, by CN Holdings following the Redomestication Merger, except to the extent such rights, duties or obligations will be governed by the law of the British Virgin Islands as opposed to Delaware, depending upon the issue under consideration. As a result, all of the restrictions applicable to Alyst's initial security holders (including the holding of their securities pursuant to escrow arrangements) will continue to apply until the consummation of the Business Combination, which will take place immediately following the consummation of the Redomestication Merger, and certain of which will continue to apply following such consummation. Similarly, all agreements to which Alyst is currently a party, including the warrants originally issued by Alyst, will be assumed by CN Holdings.

The full text of the Merger Agreement, Amendment No. 1 to the Merger Agreement, Amendment No. 2 to the Merger Agreement and forms of Amended and Restated Memorandum and Articles of Association of China Networks International Holdings Ltd. are attached to this proxy statement/prospectus as Annexes A, B, C, D and E, respectively. The discussion of these documents and the comparison of rights set forth below are qualified in their entirety by reference to those annexes.

### Adoption of the Redomestication Proposal

Alyst's Board of Directors has unanimously approved the Redomestication Merger and recommends that Alyst's stockholders approve it.



The affirmative vote of holders of a majority of Alyst's outstanding shares is required for approval of the Redomestication Proposal. Abstentions and broker non-votes will have the effect of a vote against the proposal.

The Redomestication Merger will not be consummated if the Business Combination Proposal is not approved. The Business Combination will not be consummated if the Redomestication Proposal is not approved. As all of Alyst's public stockholders are voting upon the Redomestication Proposal in connection with their vote upon the Business Combination, and such transactions are cross-conditioned, Alyst believes that the consummation of the Redomestication Merger immediately prior to the Business Combination is not violative of its amended and restated certificate of incorporation.

Alyst's Board of Directors unanimously recommends a vote "FOR" the approval of the Redomestication Proposal.

#### Redomestication Merger

Redomestication will be achieved by the merger of Alyst, a Delaware corporation, with and into its wholly-owned subsidiary, CN Holdings, a BVI company. CN Holdings will be the surviving entity in the Redomestication Merger. The Amended and Restated Memorandum and the Amended and Restated Articles of Association, the equivalent of an amended and restated certificate of incorporation and by-laws of a U.S. company, of the surviving company will be those of CN Holdings, prepared in compliance with BVI law. The effectiveness of the Redomestication Merger is conditioned upon the filing by both Alyst and CN Holdings of a certificate of merger with the State of Delaware and the filing and approval by the Registrar of Corporate Affairs in the BVI of the articles and a plan of merger. Upon the filing and approval of these documents, Alyst will cease its corporate existence in the State of Delaware, and its business will be continued by CN Holdings pursuant to BVI law.

At the time of the Redomestication Merger, one new share of CN Holdings will be issued for each outstanding Alyst share, one new warrant of CN Holdings will be issued for each Alyst warrant and one new unit of CN Holdings will be issued for each Alyst unit held by our stockholders on the effective date of the Redomestication Merger. Alyst securities no longer will be eligible to trade on the NYSE Amex. We expect that CN Holdings securities will be eligible to trade on the NASDAQ Stock Market beginning on or about the effective date of the Redomestication Merger under new CUSIP numbers and trading symbols.

Your percentage ownership of Alyst/CN Holdings will not be affected by the Redomestication Merger. As part of the Business Combination, however, a substantial number of additional CN Holdings shares will be issued as consideration for China Networks Media. As part of the Redomestication Merger, CN Holdings will assume Alyst's outstanding warrants on their current terms, and will otherwise assume all outstanding obligations of Alyst and succeed to those benefits enjoyed by Alyst. The business of Alyst, upon the Redomestication Merger and completion of the Business Combination, will become that of China Networks Media.

It will not be necessary to replace current Alyst stock certificates after the Redomestication Merger. **DO NOT DESTROY YOUR CURRENT STOCK CERTIFICATES IN THE ALYST NAME.** Issued and outstanding Alyst stock certificates will represent rights in CN Holdings. Stockholders may, if they like, submit their stock certificates to our transfer agent, Continental Stock Transfer and Trust Company, 17 Battery Place, New York, New York 10004 (212-509-4000), for new share certificates, subject to normal requirements as to proper endorsement, signature guarantee, if required, and payment of applicable taxes.

If you have lost your certificate, you can contact our transfer agent to have a new certificate issued. You may be requested to post a bond or other security to reimburse us for any damages or costs if the lost certificate is later delivered for sale or transfer.

#### Appraisal Rights

Alyst stockholders do not have appraisal rights in connection with the Redomestication Merger or the Business Combination. Holders of options or warrants to purchase Alyst common stock also do not have appraisal rights.

## Differences of Stockholder Rights

Upon the completion of the Redomestication Merger, the Amended and Restated Memorandum and Articles of Association of CN Holdings (the “Charter Documents”) will become the governing documents of the surviving corporation. The Charter Documents will be amended prior to the Special Meeting to include protective provisions substantially similar to those contained in Alyst’s amended and restated certificate of incorporation at the time of its IPO. Upon the effectiveness of such amendment, there will not be any material differences between the provisions of Alyst’s amended and restated certificate of incorporation and CN Holdings’ Charter Documents, although the number of authorized shares will increase to 75 million in order to effect the transactions contemplated by the Merger Agreement and to have sufficient shares available for other corporate purposes. Although the corporate statutes of Delaware and the British Virgin Islands are similar, certain differences exist. A comparison of the material provisions of Alyst’s and CN Holdings’ governing documents, as well as a comparison of the material provisions of the Delaware and BVI corporate statutes, and all material differences, if any in Alyst management’s judgment, are summarized below. Stockholders should refer to the annexes of the forms of the Charter Documents Memorandum and Articles of Association, the Delaware General Corporation Law and the corporate law of the British Virgin Islands, including the Act, to understand how these laws apply to Alyst and CN Holdings and may affect you. Under BVI law, holders of a company’s stock or shares are referred to as shareholders, as opposed to stockholders.

Provision	Alyst	CN Holdings
Authorized Capital/Shares	31,000,000 shares, of which 30,000,000 are shares of common stock, \$.0001 par value per share, and 1,000,000 are shares, of preferred stock, par value \$.0001 per share	75,000,000 shares, of which 74,000,000 are ordinary shares, with \$.0001 par value per share, and 1,000,000 are preferred shares of \$.0001 par value per share
Par Value	Stated in U.S. dollars	Same as Alyst
	Changes in capital generally require stockholder approval	Changes in the number of shares the company may issue, pursuant to the Charter Documents, may be made by resolution of shareholders or resolution of directors
Preferred Shares	Directors may fix the designations, powers, preferences, rights, qualifications, limitations and restrictions by resolution	Same as Alyst, but preferred shares must be authorized in the Charter Documents and the rights attaching to such shares set out in the Memorandum of Association
Registered Shares	Shares of capital stock of Alyst to be registered shares	Same as Alyst
Purpose of Corporation	To engage in any lawful act not prohibited by law	To carry on or undertake any business activity irrespective of corporate benefit and not prohibited by law

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Amended and Restated Certificate of Incorporation/Amended and Restated Memorandum and Articles of Association	Requires stockholder vote and, except in limited circumstances, by the board of directors	Requires vote of the shareholders or, as permitted by the Act and the Charter Documents, by resolution of the board of directors only where such amendment is required to provide for the rights conferred by preferred shares on their holders pursuant to the Charter Documents
Registered Office	c/o National Corporate Research, Ltd. 615 DuPont Highway Dover, Delaware 19901	Maples Corporate Services (BVI) Limited of Kingston Chambers, P.O. Box 173, Road Town, Tortola, British Virgin Islands

Provision	Alyst	CN Holdings
Transfer Agent	Continental Stock Transfer & Trust Company	Same as Alyst
Voting Rights	<p>Common stock: one share, one vote on all matters before the holders of the common stock</p> <p>Other classes of equity may have voting rights as assigned to them by the board of directors or as approved by stockholders</p> <p>Directors elected by plurality, all other matters either by majority of issued and outstanding or majority of those present and entitled to vote as specified by law</p>	<p>Ordinary shares: one share, one vote on all matters before the holders of the ordinary shares</p> <p>Directors elected by plurality as provided in Charter Documents; all other matters by a majority of those shares present and entitled to vote</p>
Redemption of Equity	<p>Shares may be repurchased or otherwise acquired, provided the capital of the company will not be impaired by the Redomestication Merger and the Business Combination</p> <p>Company may hold or sell treasury shares</p>	<p>Shares may be repurchased or otherwise acquired, provided the company will remain solvent after the Redomestication Merger and the Business Combination</p> <p>Same as Alyst</p>
Stockholder consent	Permitted as required for a vote at a meeting	Same as Alyst
Notice Requirements for Stockholder Nominations and Other Proposals	<p>In general, to bring a matter before an annual meeting or to nominate a candidate for director, a stockholder must give notice of the proposed matter or nomination not less than 60 days and not more than 90 days prior to public disclosure of the date of annual meeting</p> <p>In the event that less than 70 days notice or prior public disclosure of the date of the meeting is given or made to stockholder, to be timely, the notice must be received by the company no later than the close of</p>	The Charter Documents do not contain an express right for shareholders to bring a matter before an annual meeting or nominate a director candidate

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business on the 10th day following the day on which such notice of the date of the meeting was mailed or public disclosure was made, whichever first occurs

Meetings of Stockholders – Presence

In person or by proxy or other appropriate electronic means

In person or by proxy or by telephone or other electronic means and all shareholders can hear one another

Meeting of Stockholder – Notice

Not less than 10 days or more than 60 days

Not less than seven days; no maximum limit

Provision	Alyst	CN Holdings
Meeting of Stockholders – Call of Meeting	Regular and annual meetings shall be called by the directors. Special meetings may be called only by majority of board of directors, chief executive officer or by a majority of the issued and outstanding capital stock entitled to vote	Meetings may be called by the directors or by shareholders holding 30% of the outstanding votes. The articles require an annual meeting of the members for the election of directors to be called by the directors  Meetings on short notice may be called upon waiver or presence of all the members holding shares entitled to vote or 90% of the total number of shares entitled to vote agree to short notice
Meeting of Stockholders – Place	Within or without Delaware	Within or outside the BVI as the directors consider necessary or desirable
Meeting of Stockholders – Quorum	Majority of the capital stock issued and outstanding and entitled to vote at meeting. Meeting may be adjourned for up to 30 days without additional notice to stockholders.	Not less than 50% of the votes of the shares entitled to vote. Adjournment to the next business day at the same time and the same place if quorum is not present.
Meeting of Stockholders – Record Date	As fixed by the directors, no more than 60 days and no less than 10 days before the meeting. If not fixed, the day before notice of meeting is given	As fixed by the directors, may be the date on which notice of the meeting is given to the shareholders or such later date as specified in the notice, being a date not earlier than the date of the notice.
Directors – Election	By the stockholders as entitled by their terms, including the holders of common stock	By the shareholders, including the holders of ordinary shares, or by the directors who have the power to appoint additional directors and the filling of any vacancy in that connection.
Directors – Term	Staggered board of three classes; for terms of three years	Initially, same as Alyst; after a business combination, the staggered board may be altered by directors or shareholders for designated terms
Directors – Removal	By the stockholders for cause	By resolution of shareholders, passed by a majority vote or by resolution of directors passed by

majority vote, in either case with or without cause.

Directors – Vacancy

May be filled by majority of remaining directors (unless they are the result of the action of stockholders) and newly created vacancies may be filled by majority of remaining directors

Same as Alyst



Provision	Alyst	CN Holdings
Directors – Number	Unless established by the amended and restated certificate of incorporation, as determined by board of directors, but not less than one	There is no minimum or maximum number of directors
Directors – Quorum and Vote Requirements	A majority of the entire board. The affirmative vote of a majority of directors present at a meeting at which there is a quorum constitutes action by the board of directors	Not less than one-third of the total number of directors (with a minimum of 2) present in person or by alternate, except if there is only one director, then a quorum will be one director, and a sole director passes resolution by written consent. A resolution is passed at a meeting by the affirmative vote of a majority of the directors or consented to in writing by all directors
Directors – Managing Director	Not applicable	Not applicable
Directors – Powers	All powers to govern the corporation not reserved to the stockholders	Same as Alyst
Directors – Committees	Directors may establish one or more committees with the authority that the board determines	Directors may establish one or more committees with the authority that the board determines, subject to certain restrictions under the Act
Directors – Consent Action	Directors may take action by written consent of all directors, in addition to action by meeting	Same as Alyst
Director – Alternates	Not permitted	Directors may, by written instrument, appoint an alternate who need not be a director, who may attend meetings in the absence of the director and vote in the place of the directors
Directors – Appoint Officers	Directors appoint the officers of the corporation, subject to the by-laws, with such powers as they determine	Same as Alyst, subject to the Charter Documents and certain restrictions under the Act
Director – Limitation of Liability	Directors liability is limited, except for (i) breach of loyalty, (ii) act not in good faith or which involves international misconduct or a	Duty to act honestly and in good faith with a view to the best interests of the company and exercise care, diligence and skill that a reasonable

knowing violation of law, (iii) willful violation of law in respect of payment of dividend or converting shares, or (iv) actions in which director receives improper benefit

director would exercise in the same circumstances, taking the factual circumstances into account. No provisions in the memorandum, articles or agreement may relieve a director from the duty to act in accordance with the memorandum or articles or from personal liability arising from the management of the business or affairs of the company. Further, a director who vacates office remains liable in respect of acts or omissions that occurred while he was a director.

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Provision	Alyst	CN Holdings
Director – Indemnification Insurance	Company may purchase insurance in relation to any person who is or was a director or officer of the company	Same as Alyst
Amendments to Organizational Documents	Amendments must be approved by the board of directors and by a majority of the outstanding stock entitled to vote on the amendment, and if applicable, by a majority of the outstanding stock of each class or series entitled to vote on the amendment as a class or series. By-laws may be amended by the stockholders entitled to vote at any meeting or, if so provided by the amended and restated certificate of incorporation, by the board of directors	Amendments to the Charter Documents, with certain restrictions, may be made by resolution of the shareholders or by the resolution of the board of directors
Sale of Assets	The sale of all or substantially all the assets of the company requires stockholder approval	The sale of more than 50% of the assets of the company requires shareholder approval, other than in the regular course of business
Dissenters' Rights	Provision is made under Delaware corporate law to dissent and obtain fair value of shares in connection with certain corporate actions that require stockholder approval or consent	Provision is made under the Act to dissent and obtain fair value of shares in connection with certain corporate actions that require shareholder approval or consent

Indemnification of Officers and Directors

As indicated in the comparison of charter provisions, a director of a company formed under the laws of the British Virgin Islands is obligated to act honestly and in good faith and exercise the care, diligence and skill that a reasonable director would exercise in the same circumstances, taking into account the factual circumstances. The Amended and Restated Memorandum and Articles of Association of CN Holdings do not relieve directors from personal liability arising from the management of the business of the company. Notwithstanding the foregoing, Section 132 of the Act provides that CN Holdings may indemnify directors against all expenses, including legal fees and judgments, fines and settlements, in respect of actions related to their employment. There are no agreements that relieve directors from personal liability. There are no provisions under the Act or the Amended and Restated Memorandum and Articles of Association of CN Holdings which provide for the indemnification of any persons other than directors. CN Holdings is permitted and intends to obtain director and officer insurance.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, may be permitted to directors, officers or persons controlling the registrant pursuant to the foregoing provisions, CN Holdings and Alyst have been informed that in the opinion of the Securities and Exchange Commission such indemnification is against

public policy, as expressed in the Securities Act of 1933, as amended, and is, therefore, unenforceable.

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## Defenses Against Hostile Takeovers

While the following discussion summarizes the reasons for, and the operation and effects of, the principal provisions of CN Holdings' Amended and Restated Memorandum and Articles of Association that management has identified as potentially having an anti-takeover effect, it is not intended to be a complete description of all potential anti-takeover effects, and it is qualified in its entirety by reference to the full texts of CN Holdings' Amended and Restated Memorandum and Articles of Association.

In general, the anti-takeover provisions of CN Holdings' Amended and Restated Memorandum and Articles of Association are designed to minimize susceptibility to sudden acquisitions of control that have not been negotiated with and approved by CN Holdings' board of directors. As a result, these provisions may tend to make it more difficult to remove the incumbent members of the board of directors. The provisions would not prohibit an acquisition of control of CN Holdings or a tender offer for all of CN Holdings' shares. The provisions are designed to discourage any tender offer or other attempt to gain control of CN Holdings in a transaction that is not approved by the board of directors, by making it more difficult for a person or group to obtain control of CN Holdings in a short time and then impose its will on the remaining shareholders. However, to the extent these provisions successfully discourage the acquisition of control of CN Holdings or tender offers for all or part of CN Holdings' shares without approval of the board of directors, they may have the effect of preventing an acquisition or tender offer which might be viewed by shareholders to be in their best interests.

Tender offers or other non-open market acquisitions of shares will generally be made at prices above the prevailing market price of CN Holdings' shares. In addition, acquisitions of shares by persons attempting to acquire control through market purchases may cause the market price of the shares to reach levels that are higher than would otherwise be the case. Anti-takeover provisions may discourage such purchases, particularly those of less than all of CN Holdings' shares, and may thereby deprive shareholders of an opportunity to sell their shares at a temporarily higher price. These provisions may therefore decrease the likelihood that a tender offer will be made, and, if made, will be successful. As a result, the provisions may adversely affect those shareholders who would desire to participate in a tender offer. These provisions may also serve to insulate incumbent management from change and to discourage not only sudden or hostile takeover attempts, but also any attempts to acquire control that are not approved by the board of directors, whether or not shareholders deem such transactions to be in their best interest.

## Shareholder Meetings

BVI law provides that shareholder meetings shall be convened by the board of directors upon the written request of shareholders holding more than 30% of the votes of the outstanding voting shares of the company. CN Holdings' Amended and Restated Articles of Association provide that annual shareholder meetings for the election of directors may be called by the directors or by shareholders holding more than 30% of the votes of the outstanding voting shares of the company.

## Directors

**Number of Directors and Filling Vacancies on the Board of Directors.** BVI law requires that the board of directors of a company consist of one or more members and that the number of directors shall be fixed by the company's Articles of Association. CN Holdings' Amended and Restated Articles of Association provide for no maximum number of directors, subject to any subsequent amendment to change the number of directors. The power to determine the number of directors is vested in the board of directors and the shareholders. The power to fill vacancies, whether occurring by reason of an increase in the number of directors or by resignation, is vested in the board of directors in the interim period between annual or special meetings of members called for the election of directors and/or the removal of one or more directors and the filling of any vacancy in that connection. Directors may be removed by the

members for cause or without cause on a vote of a majority of the shareholders passed at a meeting called for the purpose of removing the director or by written resolution or with cause by a resolution of directors passed at a meeting or by written resolution.

Election of Directors. Under BVI law, there is no cumulative voting by shareholders for the election of the directors. The absence of cumulative voting rights effectively means that the holders of a majority of the shares voted at a shareholders meeting may, if they so choose, elect all directors of CN Holdings, thus precluding a small group of shareholders from controlling the election of one or more representatives to the board of directors.

## Rights of Minority Shareholders

Under the law of the British Virgin Islands, there is statutory protection of minority shareholders under the Act. The principal protection under the Act is that shareholders may bring an action to enforce the memorandum and articles of association of the company. The Act sets forth the procedure to bring such an action. Shareholders are entitled to have the affairs of the company conducted in accordance with the general law and the company's memorandum and articles of association. The company is obliged to hold an annual general meeting under its memorandum and articles of association and provide for the election of directors. Companies may appoint an independent auditor and shareholders may receive the audited financial statements of the company, but are not entitled to do so under the Act.

The Act has introduced a series of remedies available to members. Where a company incorporated under the new legislation conducts some activity which breaches the Act or the company's memorandum and articles of association, the court can issue a restraining or compliance order. Members can now also bring derivative, personal and representative actions under certain circumstances. The traditional English basis for members' remedies have also been incorporated into the Act – where a member of a company considers that the affairs of the company have been, are being or are likely to be conducted in a manner likely to be oppressive, unfairly discriminating or unfairly prejudicial to him, he may now apply to the court for an order on such conduct.

Any member of a company may apply to court for the appointment of a liquidator for the company and the court may appoint a liquidator for the company if it is of the opinion that it is just and equitable to do so.

The Act provides that any member of a company is entitled to payment of the fair value of his shares upon dissenting from any of the following: (a) a merger; (b) a consolidation; (c) any sale, transfer, lease, exchange or other disposition of more than 50% in value of the assets or business of the company if not made in the usual or regular course of the business carried on by the company but not including (i) a disposition pursuant to an order of the court having jurisdiction in the matter, (ii) a disposition for money on terms requiring all or substantially all net proceeds to be distributed to the members in accordance with their respective interest within one year after the date of disposition, or (iii) a transfer pursuant to the power of the directors to transfer assets for the protection thereof; (d) a redemption of 10%, or fewer of the issued shares of the company required by the holders of 90%, or more of the shares of the company pursuant to the terms of the Act; and (e) an arrangement, if permitted by the court.

Generally any other claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the British Virgin Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

There are common law rights for the protection of shareholders that may be invoked, largely dependent on English common law, since the common law of the British Virgin Islands for BVI business corporations is limited. Under the general rule pursuant to English company law, known as the rule in *Foss v. Harbottle*, a court will generally refuse to interfere with the management of a company at the insistence of a minority of its shareholders who express dissatisfaction with the conduct of the company's affairs by the majority or the board of directors. However, every shareholder is entitled to have the affairs of the company conducted properly according to law and the constituent documents of the corporation. As such, if those who control the company have persistently disregarded the requirements of company law or the provisions of the company's memorandum and articles of association, then the courts may grant relief. Generally, the areas in which the courts will intervene are the following: (i) an act complained of which is outside the scope of the authorized business or is illegal or not capable of ratification by the majority, (ii) acts that constitute fraud on the minority where the wrongdoers control the company, (iii) acts that infringe on the rights of the shareholders, such as the right to vote, and (iv) where the company has not complied with provisions requiring approval of a special or extraordinary majority of shareholders.





Under the law of Delaware, the rights of minority shareholders are similar to that which will be applicable to the shareholders of CN Holdings. The principal difference, as discussed elsewhere, will be the methodology and the forum for bringing such an action. It is also generally the case that the Delaware courts can exercise a wide latitude in interpretation and wide discretion in fashioning remedies in a particular case. Under English precepts of the law of minority shareholders, there is generally a more restricted approach to the enforcement of the rights through the interpretation of the law and the memorandum and articles of association.

#### Transfer of CN Holdings Securities Upon Death of Holder

Because CN Holdings is a BVI company, the transfer of the securities of CN Holdings, including the ordinary shares and warrants, for estate administration purposes will be governed by BVI law. This may require that the estate of a decedent security holder of CN Holdings seek to obtain a grant of probate or letters of administration from a BVI court in order to transfer the shares upon the shareholder's death. CN Holdings has attempted to modify this requirement by inserting in its Articles of Association a provision that permits the board of directors to decide whether or not to permit decedent transfers based on estate documentation from non-BVI jurisdictions, more in accordance with U.S. practice, without any action having to be taken in the British Virgin Islands. The board of directors intends to follow this procedure. There is no assurance that this will result in an enforceable transfer. The board of directors will be fully indemnified for its actions in this regard pursuant to the Articles of Association.

#### Status as a Foreign Private Issuer

Upon consummation of the Redomestication Merger, CN Holdings may be a foreign private issuer within the meaning of the rules promulgated under the Securities Exchange Act of 1934, depending upon the composition of its shareholder base, location of assets and certain other factors. As such, it would be exempt from certain provisions applicable to the U.S.-incorporated public companies including:

- The rules requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;
- The sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations with respect to a security registered under such Act;
- Provisions of Regulation FD aimed at preventing issuers from making selective disclosures of material information; and
- The sections of the Securities Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and establishing insider liability for profits realized from any "short swing" trading transactions (i.e., a purchase and sale, or a sale and purchase, of the issuer's equity securities within less than six months).

Therefore, CN Holdings' stockholders may not be afforded the same protections or information generally available to investors holding shares in public companies organized in the United States.

#### Conclusion of Alyst's Board of Directors

After careful consideration of all relevant factors, Alyst's Board of Directors determined that the Redomestication Proposal is in the best interests of Alyst and its stockholders. The Board of Directors has approved and declared the Redomestication Proposal advisable and recommends that you vote or give instructions to vote "FOR" the Redomestication Proposal.



## THE SHARE INCENTIVE PLAN PROPOSAL

On May 1, 2009, the boards of directors of each of Alyst and CN Holdings approved and adopted, subject to stockholder approval, China Networks International Holdings Ltd. 2008 Omnibus Securities and Incentive Plan (the "Share Incentive Plan"), which is substantially in the form attached as Annex H and is made a part hereof.

Up to 2,500,000 ordinary shares of CN Holdings have been reserved for awards under the Share Incentive Plan to directors, officers, employees and consultants of CN Holdings or its affiliates.

A summary of the principal features of the Share Incentive Plan is provided below, but is qualified in its entirety by reference to the full text of the Share Incentive Plan, a form of which is attached to this proxy statement/prospectus as Annex H.

### Awards

The Share Incentive Plan provides for the grant of distribution equivalent rights, incentive share options, non-qualified share options, performance share awards, performance unit awards, restricted share awards, share appreciation rights, tandem share appreciation rights and unrestricted share awards for an aggregate of not more than 2,500,000 shares of CN Holdings' ordinary shares, to directors, officers, employees and consultants of CN Holdings or its affiliates. If any award expires, is cancelled, or terminates unexercised or is forfeited, the number of shares subject thereto, if any, is again available for grant under the Share Incentive Plan. The number of ordinary shares with respect to which share options or share appreciation rights may be granted to an employee under the Share Incentive Plan in any calendar year cannot exceed 500,000.

Assuming the Redomestication Merger and Business Combination were completed, there would be approximately 10 employees, directors and consultants who would be eligible to receive awards under the Share Incentive Plan. New officers, directors, employees and consultants of CN Holdings or its affiliates would be eligible to participate in the Share Incentive Plan as well. Michael Weksel is entitled to receive an option to acquire 500,000 shares of CN Holdings under the terms of his employment agreement with China Networks Media if the Business Combination is consummated. For a discussion of Mr. Weksel's employment agreement, please see "Directors and Management—Executive Compensation."

CN Holdings does not currently have any outstanding options or any intention, agreement or obligation to issue any options outside the Share Incentive Plan.

### Administration of the Share Incentive Plan

The Share Incentive Plan will be administered by CN Holdings' compensation committee (the "Committee"). Among other things, the Committee has complete discretion, subject to the express limits of the Share Incentive Plan, to determine the employees, directors and consultants to be granted awards, the types of awards to be granted, the number of CN Holdings ordinary shares to be subject to each award, if any, the exercise price under each option, the base price of each share appreciation right, the term of each award, the vesting schedule and/or performance goals for each award that utilizes such a schedule or provides for performance goals, whether to accelerate vesting, the value of the ordinary shares, and any required withholdings. Either CN Holdings' Board of Directors or the Committee may amend, modify or terminate any outstanding award, provided that the participant's consent to such action is required if the action would materially and adversely affect the participant. The Committee is also authorized to construe the award agreements and may prescribe rules relating to the operation of the Share Incentive Plan.

### Share Options

The Share Incentive Plan provides for the grant of share options, which may be either “incentive share options” (ISOs), which are intended to meet the requirements for special U.S. federal income tax treatment under the Code, or “nonqualified share options” (NQSOs). Options may be granted on such terms and conditions as the Committee may determine; provided, however, that the per share exercise price under an option may not be less than the fair market value of an underlying CN Holding ordinary share on the date of grant, and the term of an ISO may not exceed ten years (110% of such value and five years in the case of an ISO granted to an employee who owns (or is deemed to own) more than 10% of the total combined voting power of all classes of capital Share of CN Holdings or a parent or subsidiary of CN Holdings). ISOs may only be granted to employees. In addition, the aggregate fair market value of the ordinary shares underlying one or more ISOs (determined at the time of grant) which are exercisable for the first time by any one employee during any calendar year may not exceed \$100,000.

#### Restricted Shares

A restricted share award under the Share Incentive Plan is a grant or sale of CN Holdings ordinary shares to the participant, subject to such transfer, forfeiture and/or other restrictions specified by the Committee in the award. Dividends, if any, declared by CN Holdings will be paid on the shares, even during the period of restriction.

#### Unrestricted Share Awards

An unrestricted share award under the Share Incentive Plan is a grant or sale of CN Holdings ordinary shares to the participant that is not subject to transfer, forfeiture or other restrictions, in consideration for past services rendered thereby to CN Holdings or an affiliate or for other valid consideration.

#### Performance Unit Awards

Performance unit awards under the Share Incentive Plan entitle the participant to receive a specified payment in cash upon the attainment of specified individual or company performance goals.

#### Performance Share Awards

Performance share awards under the Share Incentive Plan entitle the participant to receive a specified number of CN Holdings ordinary shares upon the attainment of specified individual or company performance goals.

#### Distribution Equivalent Right Awards

A distribution equivalent right award under the Share Incentive Plan entitles the participant to receive bookkeeping credits, cash payments and/or CN Holdings ordinary share distributions equal in amount to the distributions that would have been made to the participant had the participant held a specified number of CN Holdings ordinary shares during the period the participant held the distribution equivalent right. A distribution equivalent right may be awarded under the Share Incentive Plan as a component of another award, where, if so awarded, such distribution equivalent right will expire, terminate or be forfeited by the participant under the same conditions as under such other award.

#### Share Appreciation Rights (SARs)

The award of an SAR under the Share Incentive Plan entitles the participant, upon exercise, to receive an amount in cash, CN Holdings ordinary shares or a combination thereof, equal to the increase in the fair market value of the underlying CN Holdings ordinary shares between the date of grant and the date of exercise. SARs may be granted in tandem with, or independently of, options granted under the Share Incentive Plan. An SAR granted in tandem with an option under the Share Incentive Plan is granted at the same time as the related option and is exercisable only at such times, and to the extent, that the related option is exercisable and expires upon termination or exercise of the related option. In addition, the related option may be exercised only when the value of the CN Holdings ordinary shares subject to the option exceeds the exercise price under the option. An SAR that is not granted in tandem with an option is exercisable at such times as the Committee may specify.

#### Additional Terms

The Share Incentive Plan prohibits the issuance of an award with terms and conditions that would cause the award to be considered nonqualified deferred compensation under Section 409A of the Internal Revenue Code. Except as provided in the Share Incentive Plan, awards granted under the Share Incentive Plan are not transferable and may be exercised only by the participant or by the participant's guardian or legal representative. Each award agreement will

specify, among other things, the effect on an award of the disability, death, retirement, authorized leave of absence or other termination of employment of the participant. CN Holdings may require a participant to pay CN Holdings the amount of any required withholding in connection with the grant, vesting, exercise or disposition of an award. A participant is not considered a shareholder with respect to the CN Holdings ordinary shares underlying an award until the shares are issued to the participant.

## Amendments

CN Holdings' Board of Directors (the "Board") may at any time terminate the Share Incentive Plan with respect to any awards that have not theretofore been granted, provided that no such termination may be effected if it would materially and adversely affect the rights of a participant with respect to any award theretofore granted without the participant's consent. The Board may at any time amend or alter the Share Incentive Plan, provided that no change in any award theretofore granted may be made which would materially and adversely impair the rights of a participant with respect to such award without that participant's consent.

## Certain U.S. Federal Income Tax Consequences of the Share Incentive Plan

The following is a general summary of certain U.S. federal income tax consequences under current tax law to individual participants in the Share Incentive Plan who are individual citizens or residents of the United States of ISOs, NQSOs, restricted share awards, unrestricted share awards, performance unit awards, performance share awards, distribution equivalent rights awards and SARs granted pursuant to the Share Incentive Plan. It does not purport to cover all of the special rules that may apply, including special rules relating to deferred compensation, golden parachutes, participants subject to Section 16(b) of the Exchange Act and the exercise of an option with previously-acquired shares. In addition, this summary does not address the state, local or foreign income or other tax consequences inherent in the acquisition, ownership, vesting, exercise, termination or disposition of an award under the Share Incentive Plan or CN Holdings ordinary shares issued pursuant thereto.

A participant generally does not recognize taxable income upon the grant of a NQSO or an ISO. Upon the exercise of a NQSO, the participant generally recognizes ordinary income in an amount equal to the excess, if any, of the fair market value of the shares acquired on the date of exercise over the exercise price paid therefor. If the participant later sells shares acquired pursuant to the exercise of an NQSO, the participant generally recognizes a long-term or a short-term capital gain or loss, depending on the period for which the shares were held. A long-term capital gain is generally subject to more favorable tax treatment than ordinary income or a short-term capital gain. The deductibility of capital losses is subject to certain limitations.

Upon the exercise of an ISO, the participant generally does not recognize taxable income. If the participant disposes of the shares acquired pursuant to the exercise of an ISO more than two years after the date of grant and more than one year after the transfer of the shares to the participant, the participant generally recognizes a long-term capital gain or loss. However, if the participant disposes of such shares prior to the end of the required holding period, all or a portion of the gain is treated as ordinary income to the participant.

In addition to the tax consequences described above, a participant may be subject to the alternative minimum tax, which is payable to the extent it exceeds the participant's regular tax. For this purpose, upon the exercise of an ISO, the excess of the fair market value of the shares over the exercise price thereunder is a preference item for purposes of the alternative minimum tax. In addition, the participant's basis in such shares is increased by such excess for purposes of computing the gain or loss on the disposition of the shares for alternative minimum tax purposes. If a participant is required to pay alternative minimum tax, the amount of such tax which is attributable to deferral preferences (including any ISO adjustment) generally may be allowed as a credit against the participant's regular tax liability (and, in certain cases, may be refunded to the participant) in subsequent years. To the extent the credit is not used, it is carried forward.

A participant who receives an unrestricted share award recognizes ordinary compensation income upon receipt of the award equal to the excess, if any, of the fair market value of the shares received over the amount paid by the participant for the shares, if any.





A participant who receives a restricted share award that is subject to a substantial risk of forfeiture and certain transfer restrictions generally recognizes ordinary compensation income at the time the restriction lapses in an amount equal to the excess, if any, of the fair market value of the shares at such time over the amount paid by the participant for the shares, if any. Alternatively, the participant may elect to be taxed upon receipt of the restricted shares based on the value of the shares at the time of grant. Dividends received with respect to restricted shares are generally treated as compensation, unless the participant elects to be taxed on the receipt (rather than the vesting) of the restricted shares.

A participant generally does not recognize income upon the grant of an SAR and has ordinary compensation income upon exercise of the SAR equal to the increase in the value of the underlying shares.

A participant generally does not recognize income upon the awarding of a performance unit award, a performance share award or a distribution equivalent right award until payments are received. At such time, the participant recognizes ordinary compensation income equal to the amount of any cash payments and/or the fair market value of any CN Holdings ordinary shares so received.

#### Conclusion of Alyst's Board of Directors

After careful consideration of all relevant factors, Alyst's Board of Directors has determined unanimously that the proposal to adopt the Share Incentive Plan is in the best interests of Alyst and its stockholders. Alyst's Board of Directors has unanimously approved and declared advisable the proposal and recommends that you vote or give instructions to vote "FOR" the proposal.

PROPOSAL TO ADJOURN OR POSTPONE THE SPECIAL MEETING  
FOR THE PURPOSE OF SOLICITING ADDITIONAL PROXIES

This proposal allows Alyst's Board of Directors to submit a proposal to adjourn or postpone the Special Meeting to a later date or dates, if necessary, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the Special Meeting to approve the Business Combination Proposal.

The by-laws of Alyst provide that any meeting of the stockholders may be adjourned for such periods as the presiding officer of the meeting shall direct. However, Alyst is seeking specific approval from the stockholders to adjourn the meeting, if necessary, to a later date in the event there are not sufficient votes at the time of the Special Meeting to approve the Business Combination Proposal. Regardless, no such adjournment may extend beyond June 29, 2009, the date by which Alyst must consummate a business combination or dissolve.

Conclusion of Alyst's Board of Directors

After careful consideration of all relevant factors, Alyst's Board of Directors determined that the Adjournment and Postponement Proposal of the Special Meeting for the purpose of soliciting additional proxies is in the best interests of Alyst and its stockholders. The Board of Directors has approved and declared the Adjournment and Postponement proposal advisable and recommends that you vote or give instructions to vote "FOR" the proposal.

## INFORMATION ABOUT CHINA NETWORKS MEDIA

## Overview

China Networks Media is a provider of broadcast television advertising services in the People's Republic of China ("PRC"), operating joint-venture partnerships with PRC state-owned television broadcasters ("PRC TV Stations") in regional areas of the country. It manages these regional businesses through a series of joint ventures and contractual arrangements to sell broadcast television advertising time slots and so-called "soft" advertising opportunities to local advertisers directly and through advertising agencies and brokers. It also assists PRC TV Stations in selling advertising time slots and "soft" advertising opportunities to national advertisers, specifically by offering multi-region campaigns to maximize value and cut costs these national advertisers would otherwise face when dealing with individual stations on a station-by-station basis. China Networks Media also provides advisory services to the PRC TV Stations to help optimize the impact that their program scheduling and content has on their key advertising demographics. As discussed below, China Networks Media believes that its distinctive business model positions it to become one of the leading companies with a growing network of regional television advertising operations in the PRC.

On a pro forma basis, giving effect to the joint venture acquisition of the advertising operations of the PRC TV stations in Kunming and Taiyuan as if they had occurred on January 1, 2007, China Networks Media had combined audited carve-out revenue for the years ending 2007 and 2008 of approximately \$19 million, and \$19.4 million, respectively, with net income of approximately \$6.2 million and \$4.5 million, respectively. As a combined entity, China Networks Media's three-year compound annual growth rate, as measured by revenues, was 12% for 2006-2008.

China Networks Media's strategy is to replicate this operating partnership model and seek other such JV partnership opportunities in other regions in the PRC and then introduce operating efficiencies and increase service offerings across its network of Local JV Cos. These efficiencies are expected to include reducing the costs associated with advertising delivery and designing more effective incentive structures to drive sales. In addition, China Networks Media is considering establishing strategic relationships with advertising agencies with an objective of exploiting unsold advertising inventory.

## The PRC Television Advertising Industry

According to publicly-available information, China's total advertising spend in 2007 of approximately \$16 billion represented 33% of total worldwide spend, ranking fifth overall in total spend. Industry experts project that China will experience a compound annual growth rate ("CAGR") of 17.33% from 2007 to 2010, which is nearly 4% higher than the next fastest growing advertising market among the ten largest markets, which is Brazil, and nearly triple the worldwide average of 5.97%.

China's Advertising Spend by Category (\$ million)

	2005	2006	2007	2008E	2009E	2010E
Advertising Spending: (\$ million)						
TV	4,670	5,311	6,187	7,826	8,452	9,128
Newspapers & Magazines	3,693	4,426	5,152	6,094	6,385	7,343
Radio	511	752	876	1,074	1,181	1,287
Outdoor	1,655	1,890	2,202	2,678	3,348	3,850
Internet	535	927	1,606	2,618	3,553	4,598

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Cinema	20	22	26	29	32	37
Total	11,084	13,327	16,049	20,319	22,951	26,243

Source: Advertising Expenditure Forecasts (2008.06), ZenithOptimedia p. 51

In the television advertising sector, China has not demonstrated the same weaknesses currently affecting the United States and Western Europe, namely the trends towards personal video recorders and other time-shifting devices, migration of viewers from premium mass-audience channels to cheaper specialist channels and competition from the internet. As a result, China's television advertising industry has grown rapidly in recent years and now comprises 38.5% of the total advertising market, representing approximately \$7.8 billion in 2008, according to industry reports. China's television advertising market has developed significantly over the last decade, and is expected to continue to grow in the coming years. By 2010, China's television advertising spending is projected to reach US\$9.1 billion according to industry reports, implying a CAGR of 13.8% from 2007 to 2010. This compares favorably to growth of 8.2% in Hong Kong, 4.9% in Korea, and 1.5% in the United States.

China Networks Media expects to benefit from the following trends underlying the PRC TV advertising industry:

- According to the PRC National Statistics Bureau, household consumption grew by a 5-year CAGR of 10.2%, reaching RMB 8.0 trillion in 2006. This underlying dramatic expansion in consumption is expected to continue to drive growth in the advertising industry.
- Notwithstanding this rapid recent growth, advertising spending per capita and spending as percentage of gross domestic product in China are still much lower than other countries, representing significant opportunity for further growth.

#### PRC Operating Structure

In order to comply with current PRC laws limiting foreign ownership in the television advertising industry, China Networks Media's operations are conducted through direct ownership of ANT and contractual arrangements with its trustee company, Hetong and Hetong's affiliated wholly foreign-owned enterprise ("WFOE"). China Networks Media does not have an equity interest in Hetong, but instead enjoys the economic benefits derived from Hetong through a series of contractual arrangements. Hetong is owned 100% by two PRC nationals (Trustees, Li Shuangqing and Guan Yong). Through these contractual arrangements, ANT controls Hetong, which in turn owns 50% of a joint venture advertising companies ("JV Ad Cos") established with PRC TV Stations. The television advertising revenue earned by the JV Ad Cos is paid, however, to an equity joint venture in which ANT has a direct 50% interest (a "JV Tech Co"), which owns the assets transferred from PRC TV Stations.

ANT established a JV Tech Co under the name of Shanxi Yellow River and Advertising Networks Cartoon Technology Co., Ltd. ("Taiyuan JV"), with China Yellow River TV Station in Shanxi Province in June 2008; and ANT established a JV Tech Co under the name Kunming Taishi Information Cartoon Co., Ltd. ("Kunming JV") with Kunming TV Station in Yunnan Province in July 2008.

In August 2008, Hetong (the trustee company) established two JV Ad Cos with Kunming TV Station and China Yellow River TV Station, under the respective name of Kunming Kaishi Advertising Co., Ltd. ("Kunming Ad Co.") and Taiyuan Advertising Networks Advertising Co., Ltd. ("Taiyuan Ad Co."). In each locale, these companies form a group comprising of one JV Tech Co and one JV Ad Co (collectively referred to as the "Local JV Cos").

The JV Tech Cos bear 100% of the costs of selling the advertising time-slots, and are entitled to 100% of the revenues earned by the JV Ad Cos associated from such sales.

#### Competitive Strengths

- Advantageous joint-venture relationship structure

The long-term nature of the exclusive joint-venture contracts (typically 20-30 years) that China Networks Media has established with the PRC TV Stations is unique in the market and compares favorably with other operating structures in that it aligns the incentives of the joint-venture partners around ensuring that a sustainable business is created that generates significant advertising revenue. This revenue is expected to be maximized through, on China Networks Media's part, the efficient management of the operation of the advertising sales force, and on the part of the PRC TV Stations, the continued delivery of a high-quality schedule of programming that is attractive to audiences.

- Network business model

China Networks Media's business model is also distinctive and robust as there are significant benefits that accrue from the collaborative association of multiple regional TV stations operations – essentially, the beneficial network effects of operating a number of TV advertising businesses. These benefits include factors such as ability to share certain costs, most importantly increased effectiveness in selling to national advertisers, and also across the many businesses a certain portfolio effect is created that insulates the overall business from volatility in any one market/subsidiary operation. These network effects are expected to increase as the number of partnerships that CN is able to enter into expands.

- China Networks Media's opportunity to grow and scale the business and embark on more partnerships

China Networks Media has a strong opportunity to grow its network by investing in further partnerships in additional territories, and in addition, has a rich set of growth options including expanding the relationships with its partner stations to include provision of additional services. The highly fragmented nature of the TV industry in China creates significant demand for the expansion of the scale and scope of the joint-venture relationships China Networks Media can build with TV stations across the country.

- Seasoned Management

China Networks Media 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, led by the CEO and Co-Chairman, Li Shuangqing, who has specific experience of establishing and building a network of advertising sales agencies handling the business of multiple regional television stations across China. This directly relevant experience is matched among the key senior managers – Zhou Chuansheng (VP Sales and Marketing), Guan Yong (VP Business Development) and Liu Rui (Head of Media Planning) – who not only have significant industry experience individually, but also have considerable experience working together as a team over many years with Mr. Li.

#### Strategies for Future Growth

- Improve core business profitability in the Local JV Cos

In order to maximize advertising sales and the effectiveness of its operations, China Networks Media is in the process of implementing new incentive structures, bringing in new talent and senior managers, and significantly enhancing the skill base of the sales force in Kunming and Taiyuan through training and development programs. In addition, China Networks Media is exploring ways of reducing the costs of advertising delivery – including by utilizing new storage/transmission technologies and exploiting economies of scale – as well as leveraging its network to offer advantageous pricing for advertising customers.

- Expanded offering across the network of partner stations

Through its consulting work for PRC TV Stations, China Networks Media goes beyond the typical means of serving advertisers and seeks to improve the quality of the programming offering and of the advertiser's on-air promotion strategy, including by utilizing research aimed at better understanding the demographics of the audience. This may also include coordinating the acquisition of quality programming across the PRC TV Stations in its network and advising on the exploitation and promotion of successful programming produced by the local TV stations into the national TV market, and across other media platforms. By offering a higher level of value-added services to local advertisers, including media planning and creative services, China Networks Media expects to increase the volume and level of local advertiser spending and may work with PRC TV Stations to develop new offerings, such as Home

Shopping, on their existing channels.

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- Expand the network to include more TV station partners

China Networks Media is actively continuing to seek new opportunities to form partnerships with additional PRC TV Stations in other regions across China using the template operating and regulatory structure established with Kunming and Taiyuan. It is also considering establishing relationships with advertising agencies to exploit unsold ad inventory.

#### Television Advertising Products and Services

The China television industry has grown rapidly in recent years. The total number of available television stations increased considerably to 2,231 in 2006 from 837 in 1995, and volume of television programming increased to 2,618,034 hours in 2006 from 383,513 hours in 1995.

These channels historically operated on a four-level system established by the PRC government in 1983: central (two stations), provincial (76 stations), city (264 stations) and county (1,935 stations). As a result of the promulgation of Document No. 82 in 1999, the last category of stations – which were effectively only re-broadcasting programs from the other three levels of stations as they had no means of producing their own programming – was merged with the other three levels of stations in their regions, resulting in the current three-level system, which closely mirrors the structure of the PRC government. In 2001, the three-level system was expanded to include cable television operators and the stations also began to acquire satellite TV operations, beginning with Shenzhen City TV in 2004.

The three current levels are as follows:

- Central Level (2) – The central level has two channels, CCTV and CETV, which broadcast 16 channels nationally.
- Province Level (76) – The province level has 27 province stations with satellite channels that can be rebroadcast in other regions. The province level also includes 45 education TV stations and the 4 major municipalities – Beijing, Shanghai, Tianjin and Chongqing – that have satellite channels.
- City Level (264) – At the city level, most of the channels are broadcast only in the city areas. However, some, such as Shenzhen and Harbin, provide a broader provincial footprint and/or have satellite channels.

China Networks Media's focus is, in general, on partnering with city TV stations. These PRC TV Stations then agree to, effectively, have China Networks Media run the advertising operations formerly managed directly by the PRC TV Stations. By operating the JV Tech Cos on behalf of the PRC TV Stations, China Networks Media believes that it brings its experience in commercial best-practices to bear and provides centralized coordination and sales force services for reaching national advertisers to local advertising markets. Through its demographic reach and network of affiliations, China Networks Media is able to maximize the value of the advertising time-slots on the stations it serves and offers a compelling value proposition to PRC TV Stations, which are in themselves profitable and thriving businesses.

#### Kunming

##### Kunming City

Kunming is a prefecture-level city and the capital of Yunnan province, located in southwestern China. It is the political, economic, communications and cultural center of Yunnan. In 2008, the gross domestic product, or GDP, of Kunming was 160.5 billion yuan and the GDP per capita was 25,826 yuan. As of December 31, 2008, the population was 6.24 million, with urban residents constituting 60.12% of the population.



## Kunming TV Station

The Kunming Television Station was originally established in March 1985 and, in July 2001, merged with the Kunming Cable Television station to form the new Kunming Television Station. Kunming TV has six television channels covering five districts, eight counties and one city, in Kunming, with a combined population of approximately 6.2 million. Kunming TV's six channels are comprised of: General Channel, Living Channel, Entertainment Channel, Economic Channel, Movies Channel and News Channel, collectively offering more than 130 hours per day of programming including drama, documentary, news and entertainment of which Kunming TV produces 7 programming hours per day in-house. The General Channel and the Movies Channel are broadcast through terrestrial and cable dual launches, while the other four channels are broadcast through cable transmission. The Kunming TV Station has comparatively higher audience ratings and markets shares in the Kunming city area. Kunming TV's General Channel was ranked fourth and its Movies Channel was ranked seventh in audience ratings in the Kunming city area in 2007. Collectively, Kunming TV's channels generated advertising sales revenues of approximately \$14.5 million in 2008 and net income of approximately \$5.2 million. Kunming TV sells advertising on all six of Kunming TV's channels.

### Top 10 TV Channels by Average Ratings in Kunming (2007)

Ranking	Channel	Rating (%)	Share (%)
1	Yunnan TV City Channel (TV2)	1.24	10.3
2	CCTV General Channel	1	8.3
3	CCTV-6	0.65	5.4
4	Kunming TV General Channel	0.63	5.2
5	CCTV-8	0.61	5.1
6	CCTV-3	0.59	4.9
7	Yunnan TV Movies Channel (TV5)	0.56	4.7
8	CCTV-5	0.37	3.1
9	Kunming TV Movies Channel	0.37	3.1
10	CCTV-2	0.35	2.9

Source: CSM Television Audience Rating Year Book 2008

## General Channel

The General Channel offers many regional current affairs programming, such as local community news and discussion on hot topics, which attracts a large audience. It also offers three prime-time drama series, which attract a large audience. China Networks Media believes that more than 80% of the viewers who watch the General Channel are between 15-54 years old, with male viewers accounting for 54% of the viewers. China Networks Media also believes that the percentage of the public officers who view the channel constitute 24.4% of the viewers. The cadre, management level personnel, personnel at private enterprises, public officers, students and retirees constitute a majority of the channel's viewers. China Networks Media believes that viewers with incomes of more than RMB 600 account for 65% of the viewers and viewers with incomes between RMB 2,001 and RMB 2,300 account for viewership as high as 63.9%.

## Living Channel

The Living Channel, with its focus on, among other things, fashion, lifestyle, traveling and cooking, targets an audience mainly comprised of young viewers who enjoy the new and modern lifestyle. The Living Channel has the largest number of young viewers between 18 to 35 years old in the Kunming area.

Entertainment Channel

The Entertainment Channel broadcasts distinctive TV dramas, which appeals to a wide audience. It broadcasts 13 classic drama series daily, which many married women who stay at home enjoy.

Economic Channel

The Economic Channel broadcasts a combination of discovery and science programs, money management programs, and movies and drama series during the day, which appeals to a wide audience. In addition, this channel has created a home shopping forum.

### Movies Channel

The Movies Channel has ranked at the top, as compared to other Kunming channels in the Kunming area for many years. This channel is known for its self-produced local dialect drama series, “My Theater,” which has one of the top ratings continuously for many years in the Kunming area. In addition, “Dawn Theater”, “Action Theater”, “Your Family My Family”, “Overseas Theater” and other programs appeal to all levels of family members.

### News Channel

The News Channel offers news programs which are linked together as a series. Program contents are supplementary and compatible with each other in order to attract its audience to continuously watch the news programs and to reduce the possibility of its viewers changing channels. Such arrangements have provided effective advertisement delivery among programs. China Networks Media believes that the viewers who watch the News Channel are primarily comprised of males, between 15-54 years old.

In 2007, the percentages of revenue from advertising agencies and direct clients were as follows:

Channel	Source	Percentage (%) of revenue
General Channel	Advertising Agency	94.32%
	Direct Client	5.68%
Living Channel	Advertising Agency	86.59%
	Direct Client	13.41%
Entertainment Channel	Advertising Agency	98.86%
	Direct Client	1.14%
Economic Channel	Advertising Agency	26.06%
	Direct Client	73.94%
Movies Channel	Advertising Agency	90.04%
	Direct Client	9.96%
News Channel	Advertising Agency	61.30%
	Direct Client	38.70%

Source: Kunming TV Station Management Data, 2008

The table below describes the broadcast characteristics of the six Kunming TV channels:

Channel	Broadcasting time of program (Daily)	Broadcasting time of advertisement (Daily)
General Channel	21 hrs 2 minutes	5 hrs 43 minutes
Living Channel	19 hrs 59 minutes	4 hrs 50 minutes
Entertainment Channel	19 hrs 58 minutes	3 hrs 12 minutes
Economic Channel	19 hrs 20 minutes	3 hrs 19 minutes
Movies Channel	24 hrs	4 hrs 44 minutes
News Channel	22 hrs 31 minutes	3 hrs 45 minutes

Source: Kunming TV Station Management Data, 2008

### Yellow River

### Taiyuan City

Taiyuan is a prefecture-level city and the capital of Shanxi province, China. In 2008, the GDP in Taiyuan was 146.81 billion yuan, and the GDP per capita was 42,378 yuan. As of December 31, 2008, the population was 3.47 million, with urban residents constituting 82% of the population.

### China Yellow River TV Station

China Yellow River TV Station was established and officially approved by the State Council Information Office and the Ministry of the Radio, Film and TV in 1991. Yellow River TV Station is a professional radio and television broadcast organization which is run by the Radio and Television Bureau of Shanxi Province. Its operation principle is to disseminate Chinese culture, introduce China to the world and facilitate China's understanding of the world. It has one TV Channel and one radio channel: Minsheng TV Channel and Art and Entertainment Radio Station. Minsheng TV Channel reaches a population of approximately 30 million across Shanxi province, and its sister radio stations, Art and Entertainment Radio, reaches an approximately 20 million people. The Minsheng TV Channel is a general entertainment television channel offering a wide range of content. The channel broadcasts programs 20 hours per day, of which it produces 2.5 hours per day in-house. It is the only provincial terrestrial TV station, two-way cable channel covering the ground. Its programs cover the entire Shanxi province and neighboring area, including Inner Mongolia, Shanxi, Henan and parts of Hebei, with more than 30 million potential viewers. Collectively, the Yellow River television and radio stations generated advertising sales revenues of \$4.7 million in 2008 and net income of \$2.8 million, of which approximately 20% of its revenues were generated from its radio channel. Yellow River TV Station sells advertising on the Minsheng TV and Art and Entertainment Radio Station.

### Minsheng TV Channel

With the channel's desire to focus on current events and politics, its program ratings have increased, and it has increased social influence and public credibility. This channel has won the highest audience rating in ground-level television, the largest number of award-winning programs, the highest-level awards, and has become the best income-generating economic channel in Shanxi province.

### Art and Entertainment Radio Station

The Arts and Entertainment Radio Station was established in April 1995. It is a general entertainment radio station offering a wide range of programs, including news, music and comedy, and is the only professional arts FM stereo radio in Shanxi province. It draws strength from different areas, imports a number of outstanding programs from radio stations abroad, and creates programming that combine local characteristics with international trends. It keeps the highest listening rate and daily reach rate in Shanxi province. In 2005, it became the first broadcast medium to achieve a simultaneous live broadcast online across the province.

In 2007, the percentage of revenue from advertising agencies and direct clients were as follows:

Channel	Source	Percentage (%) of revenue
Minsheng TV Channel	Advertising Agency	58.38%
	Direct Client	41.62%
Arts and Entertainment Radio Station	Advertising Agency	27.66%
	Direct Client	72.34%

The broadcast characteristics of the Yellow River TV Channel and FM Station are as follows:

Channel	Broadcasting time of program (daily)	Broadcasting time of advertising (daily)
Minsheng TV Channel	20 hours 10 minutes	4 hours 13 minutes
Arts and Entertainment Radio	24 hours	3 hours 50 minutes

Source: China Yellow River TV Station Management Data, 2008

## Media Sales

China Networks Media provides media sales services to its clients by providing them with on-air advertising opportunities that may take the form of direct advertising time slots (i.e., “commercials”) or “soft” advertising opportunities, such as in-program product placement and program sponsorship rights. Through its JV Tech Cos, China Networks Media provides its services to “national advertisers,” which China Networks Media considers to be those advertisers who seek advertising opportunities across multiple geographies in China, and to “local advertisers,” which China Networks Media considers to be advertisers who seek advertising coverage in one limited geographic area. China Networks Media services its national advertisers through its National Client Service Center, which it maintains in its principal office in Beijing.



A typical campaign for a national advertiser begins with a meeting between China Networks Media's national sales personnel and the potential advertiser or its agency to learn more about the potential client's business and its advertising goals. China Networks Media then proposes a media plan that includes our recommendations for specific television channels and time slots on which to place advertisements, and typically also include proposals for utilization of soft advertising opportunities.

China Networks Media's national advertisers or their agencies purchase advertising time slots or "soft" advertising opportunities directly from the Local JV Cos. Once the client approves the advertising plan or "soft" advertising concept, China Networks Media's National Client Service Center team negotiates the contract for the ad to appear on the particular national channel. Typically, China Networks Media's National Client Service Center then enters into a "back-to-back contract" with the Local JV Cos team selling local advertising space and retains a commission for its services. The National Client Service Center team will coordinate with the Local JV Cos' local operations teams to ensure that handling, review, approval and broadcast of the relevant advertising complies with the contract, as well as help the client prepare and collect the relevant legal documents, business licenses and trademark certificates that PRC TV Stations require to run an advertisement. China Networks Media then follows up the national broadcast with an individualized report to the client analyzing and evaluating the effectiveness of the advertisement. The individualized report is not a part of sales contract. The individualized report is a value-added service provided to the advertiser in addition to the broadcast of the advertisement. The effectiveness of a national advertising client's advertisement is measured by the audience rating of the time-slot, in which the specific advertisement was broadcast. The audience rating data is provided by a mutually agreed third-party independent marketing intelligence company, such as CSM Media Research. The audience rating is not subject to concurrence of or approval by the advertiser. China Networks Media does not have any substantive performance or financial obligation when the advertisement is deemed ineffective. An advertiser is not entitled to a full or partial refund or to reject (and does not have a right to a refund or to reject) the services performed to date.

Sales to local advertisers are handled in a similar fashion, although the local team typically does not liaise with the National Client Service Center team and the National Client Service Center team would not generate a report analyzing the local advertisement's effectiveness in the local market. To date, the National Client Service Centers have not derived any income independent of the JV Cos.

#### Significant Customers

For the year ended December 31, 2008, two customers of the Kunming JV accounted for approximately 38% of China Networks Media's revenues on a consolidated basis, as set out in the table below:

Customer	Contribution to Consolidated Net Revenue	Percent of Consolidated Net Revenue
Kunming Fengyun Advertisement Ltd	\$ 3,130,020	22.0%
Yunnan Hua Nian Advertisement Ltd	\$ 2,330,169	16.4%

Each of these customers is an advertising agency of the Kunming JV. Kunming Fengyun focuses on the local real estate market; Yunnan Hua Nian focuses on the pharmaceutical industry. Additional advertising is purchased within the specific market focus for the agency's clients, subject to available time slots, within agreed price ranges and base amount. Contracts are subject to renewal annually and contain minimum amounts of advertising time which the agencies must purchase.

#### Competitors and Threats of Substitution

The television advertising industry in China is intensely competitive and highly fragmented. China Networks Media finds that to successfully compete with other industry participants it relies heavily on its management and advertising sales teams to maintain an inventory of advertising time slots available for purchase, sustain competitive prices, uphold its strategic relationships with television networks and maintain its reputation within the industry. It faces significant competition in selling advertising space to advertisers and their advertising agencies, both on the national and local levels. Its primary competitors are other media sales companies that have dedicated relationships to particular television stations and/or companies that broker timeslots from those stations. At the national level these include such companies such as SinoMedia Holding Limited, China Mass Media International Advertising Corporation, Qin Jia Yuan Media Services Company Limited and Cosmedia Group Holdings Limited. Major local competitors are other local TV stations, such as Yunnan TV station and Taiyuan TV station. Local level competitors compete with China Networks Media for advertising sales revenue based on the desirability of time slots it offers, the television network coverage PRC TV Stations provide, the quality of services it provides its clients, and its prices. Additionally, television as an advertising medium competes with other forms of advertising media, such as radio, newspapers, magazines, the Internet, indoor or outdoor flat panel displays, billboards and public transport advertising, for overall advertising spending. As providers of broadcast television advertising, it necessarily competes with providers of advertising over such other media for advertising revenue.

To the extent that existing local advertising sales competitors try to expand their relationships with local broadcast television providers, they also pose a threat to China Networks Media's ability to create new joint venture relationships with additional local broadcast television stations. China Networks Media also faces competition from new entrants in the television advertising sector, including the wholly-owned foreign advertising companies that have been allowed to operate in China since December 2005. These foreign entities expose China Networks Media to increased competition from international advertising media companies that may have greater financial resources or more advantageous professional connections than it does.

#### PRC Corporate Structure

China Networks Media conducts substantially all of its business in the PRC through ANT, its wholly-owned subsidiary in Hong Kong, and Beijing Guangwang Hetong Advertising & Media Co., Ltd. ("Hetong"), a PRC company and a domestic variable interest entity, or (VIE). Hetong is controlled by ANT through contractual arrangements.

In order to comply with the PRC's regulations on private investment in the television advertising industry, China Networks Media operates its business in two joint ventures with two separate local state-owned PRC TV Stations. China Networks Media's operations are conducted through direct ownership of ANT and contractual arrangements through ANT with Hetong. China Networks Media does not have an equity interest in Hetong, but instead enjoys the economic benefits derived from Hetong through a series of contractual arrangements.

ANT and the PRC TV Stations each own 50% of the JV Tech Cos, the PRC joint ventures which hold the television assets transferred from PRC TV Stations. Hetong owns 50% of Kunming Ad Co. and 50% of Taiyuan Ad Co., established with the PRC TV Stations. The JV Tech Cos collect the television advertising revenue earned by the JV Ad Cos, using assets transferred from the PRC TV Stations, which own the remaining 50% of the JV Tech Cos.

Under the Framework Agreements between ANT and each of the PRC TV Stations, ANT will contribute cash to fund the JV Cos, in return for which ANT will obtain 50% of the equity in each of the JV Cos. There is no specific provision in the current transaction documents requiring ANT to contribute further funds to the JV Cos once these capital contributions to subscribe this 50% equity have been made.

Under the contractual arrangements between the PRC TV Stations, each of the JV Cos and the Ad Cos will be responsible for soliciting advertisements for some of the PRC TV Stations' current television and radio channels specified in the Framework Agreements, and will enter into contracts with clients for the production and publication of those advertisements in its own name. The Ad Cos will further retain the JV Cos as their exclusive technical service providers, with the JV Cos providing the Ad Cos with all technical and managerial support, consulting services and any other relevant services in exchange for service fees. These arrangements will provide a channel for transferring all of the revenue generated from the advertising business operated by the Ad Cos to the JV Cos.

#### Corporate Structure for China Networks Media

China Networks Media does not directly or indirectly have an equity interest in Hetong, but ANT, our wholly owned subsidiary, has entered into a series of contractual arrangements with Hetong and its shareholders. ANT will enjoy de facto management and financial control over each of the JV Cos by virtue of the corporate governance provisions in each of the JV contracts and the JV Cos' articles of association. Under the Equity Joint Venture contracts between ANT and the PRC TV Stations and the related JV Co's articles of association, ANT is entitled to appoint three nominee directors, out of a total of five directors, to the board (which is the highest level of authority in a JV Co) of each of the JV Cos, and also to appoint the general manager and the chief financial officer.

The respective PRC TV Station contributed capital in the form of assets and ANT contributes capital in the form of cash, reflecting their 50/50 shareholding ratio in the respective JV Tech Cos. The term of the Kunming JV Tech Co. is 20 years and the term of the China Yellow River JV Tech Co. is 30 years. The JV Cos are subject to customary termination provisions. However, either party may move to terminate if the JV Tech Co sustains significant losses for two consecutive years making it impossible to operate or if one party is unable to perform any of its material obligations under the Equity Joint Venture Contract for six or more consecutive months, each such event constituting an Event of Force Majeure. As a result of the following contractual arrangements, China Networks Media controls and is considered the primary beneficiary of Hetong and, accordingly, it consolidates Hetong's results of operations in its financial statements. These arrangements include the following:

- The shareholders of Hetong have jointly granted ANT an exclusive and irrevocable option to purchase all or part of their equity interests in Hetong at any time; this option may only be terminated by mutual consent or at the direction of ANT;
- Without ANT's consent, the shareholders of Hetong may not (i) transfer or pledge their equity interests in Hetong, (ii) receive any dividends, loan interest or other benefits from Hetong, or (iii) make any material adjustment or change to Hetong's business or operations;
- The shareholders of Hetong agreed to (i) accept the policies and guidelines furnished by ANT with respect to the hiring and dismissal of employees, or the operational management and financial system of Hetong, and (ii) appoint the candidates recommended by ANT as directors of Hetong;
- Each shareholder of Hetong has appointed ANT's designee as their attorneys-in-fact to exercise all its voting rights as shareholders of Hetong. This power of attorney is effective until 2037; and
- Each shareholder of Hetong has pledged all of its respective equity interests in Hetong to Guangwang Tonghe Technology Consulting (Beijing) Co. Ltd. ("WFOE"), a wholly-owned subsidiary of ANT in the PRC to secure the payment obligations of Hetong under certain contractual arrangements between Hetong and WFOE. This pledge is effective until the later of the (i) date on which the last surviving of the Exclusive Service Agreements, the Loan Agreement and the Equity Option Agreement terminates and (ii) date on which all outstanding Secured Obligations are paid in full or otherwise satisfied. Each of these agreements are subject to customary termination provisions; however, the WFOE may terminate the Exclusive Services Agreement at any time upon 30 days' notice to Hetong.

Consistent with PRC practice relating to joint ventures between domestic entities, no separate joint venture agreements have been entered into among the shareholders in the JV Ad Cos. However, Hetong, the JV Tech Cos and PRC TV Stations have entered into the following contractual arrangements that provide Hetong with the ability to control and consolidate the results of operations of the JV Ad Cos. As a result of these agreements, China Networks Media controls and consolidates the JV Tech Cos and JV Ad Cos in its financial statements.

**Asset Transfer Agreement.** Pursuant to the Asset Transfer Agreement between the JV Tech Cos and the PRC TV Stations, the PRC TV Stations agree to transfer to the JV Tech Cos the assets of the PRC TV Stations in two

installments which have been appraised and the JV Tech Cos are obligated to pay the full consideration to PRC TV Stations in two installments. The assets relate to the advertising business operated by the PRC TV Stations, including, but not limited to, tangible and intangible assets. Until the assets are delivered to the JV Tech Cos, PRC TV Stations should be responsible for the custody and maintenance thereof. Following delivery of the assets, the PRC TV Stations will be entitled to continue using the assets for the purpose of the advertising business for no consideration other than liability for loss or damage. Furthermore, upon the expiration of two years from the date of establishment of the JV Tech Cos, the PRC TV Stations will continuously transfer assets to the JV Tech Cos and the JV Tech Cos shall continuously purchase such assets, provided that such purchased assets are necessary for the operational activities of the JV Tech Cos and that such purchases comply with the Asset Transfer Agreement concluded separately between the parties.

Kunming TV Station and Kunming JV entered into such Asset Transfer Agreement on August 11, 2008, under which Kunming TV Station will transfer its assets to Kunming JV, valued at RMB150 million and Kunming JV will pay the same to Kunming TV Station. China Yellow River TV Station and Shanxi Yellow River and Advertising Networks Cartoon Technology Co., Ltd. ("Taiyuan JV") entered into such Asset Transfer Agreement on July 17, 2008, under which China Yellow River TV Station will transfer its assets, valued at RMB45 million, to Taiyuan JV, and the same consideration should be paid by Taiyuan JV accordingly. All governmental, statutory and other approvals required for the transfer of the assets had been obtained as of the date of the first transfer in August 2008. No further approvals are required for the remaining transfers. The Asset Transfer Agreements are subject to customary termination provisions, including material breach, force majeure, insolvency and anticipatory breach.

Exclusive Cooperation Agreement. Pursuant to the Exclusive Cooperation Agreement between the JV Tech Cos and the PRC TV Stations, the PRC TV Stations exclusively and irrevocably grant to the JV Tech Cos the right to carry out advertising operations on its channels, and to provide to the JV Tech Cos all necessary and relevant support, as well as most-favored terms for the conduct of the advertising business. The PRC TV Stations shall share their resources with the JV Tech Cos, including, but not limited to, all client's information, such as databases. Under the terms of this agreement, the PRC TV Stations will not engage any other party in any similar cooperation. As such, the JV Tech Cos has the exclusive right to carry out advertising business on PRC TV Stations' channels.

Kunming JV and Kunming TV Station entered into the Exclusive Cooperation Agreement on August 6, 2008, while Taiyuan JV and China Yellow River TV Station entered into an Exclusive Cooperation Agreement on July 17, 2008.

The Exclusive Cooperation Agreements can be terminated (i) by each of the JV Cos serving 30 days prior written notice; or (ii) by the non-breaching party, in the event of breach, if the breaching party has not cured the breach within 30 days of the receipt of the notice from the non-breaching party. Further, the Exclusive Cooperation Agreement between Kunming TV Station and Kunming JV can be automatically terminated in the event that Kunming JV terminates its operation early, ceases to be lawfully established, or has its operational qualification revoked.

**Exclusive Services Agreement.** Pursuant to the Exclusive Services Agreement between the JV Tech Cos and the JV Ad Co, the JV Ad Co engages the JV Tech Cos to be its sole and exclusive provider of services relating to technical support for the production of advertising and the advertising consulting. At the same time, the JV Tech Cos engages the JV Ad Co to be its sole and exclusive advertising agent and grants to the JV Ad Co agency rights for all advertising under the exclusive right to carry out advertising operations, granted by the corresponding PRC TV Stations to the JV Tech Cos in accordance with the Exclusive Cooperation Agreement. Under the terms of this agreement, the JV Ad Co will pay the service fee to the JV Tech Cos as accrued, in accordance with the JV Tech Cos' regular invoices. As such, all of the JV Ad Co's pre-tax income (less the relevant business tax) generated during the term of this agreement and relating to the marketing of advertising and other operations will be transferred to the JV Tech Cos as the service fee. Kunming JV and Kunming Ad Co. entered into an Exclusive Services Agreement on August 6, 2008, while Taiyuan Advertising Networks Advertising Co., Ltd ("Taiyuan Ad Co.") and Taiyuan JV entered into an Exclusive Services Agreement on July 17, 2008.

The Exclusive Services Agreements can be terminated (i) by each of the JV Cos serving a 30 days prior written notice; or in the event of breach, by the non-breaching party, if the breaching party has not cured the breach within 30 days after receipt of the notice from the non-breaching party.

#### Transition Arrangements

Following the execution of the foregoing agreement, China Networks Media has been engaged in the process of determining which of the employees of the PRC TV Stations must be employed by the JV Tech Cos, which are to be hired by the relevant JV Ad Co and those who will remain as employees of the relevant PRC TV Station. In addition, China Networks Media has been deploying extensive integration management software system which allows management and investors to access and analyze the Company's operation, financial, sales, marketing and personnel data. It also has been conducting personnel integration analyses and formalizing its policies with respect to customer relations, pricing, incentivizing management and sales personnel and government relations. China Networks Media has also begun the process of transitioning the accounts receivable and establishing registered and working capital at the JV Tech Cos and JV Ad Cos to enable it to fully commence operations as joint ventures. The Company has been in the process of re-executing contracts with their clients who had signed contracts with the PRC TV Stations. In order to best understand local markets, China Networks Media's management has been conducting extensive market research and analysis.

#### Facilities

China Networks Media maintains executive offices at Suite 801, Tower C, Central International Trade Center, 6A Jianguomenwai Avenue, Chaoyang District, Beijing, China. The base rental cost for this space is approximately \$10,542 per month. China Networks Media considers its current office space with 400 square meters to be adequate for current operations.

China Networks Media's Kunming JV is located at No. 198, Danxia Road, Kunming city, Yunan province. Yellow River JV is located at No. 318, Yingze Street, Taiyuan city, Shanxi Province.

#### Employees

As of December 31, 2008, China Networks Media had a total of 112 employees in the following entities: Beijing headquarters (10), Kunming JV and Kunming Ad Co. (72), and Yellow River JV and Taiyuan Ad Co. (30). China Networks Media offers employees competitive compensation packages and various training programs, which are intended to attract and retain qualified personnel. As required by PRC regulations, China Networks Media participates in various employee benefit plans that are organized by municipal and provincial governments, including housing, pension, medical and unemployment benefit plans. China Networks Media is required under PRC law to make contributions to the employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of employees, up to a maximum amount specified by the local government from time to time. Members of the retirement plan are entitled to a pension equal to a fixed proportion of the salary prevailing at the member's retirement date. China Networks Media typically enters into a standard employment agreement and a confidentiality agreement with its employees and it believes its relationship with its employees is good. China Networks Media's employees are not represented by any collective bargaining agreements or labor unions.

## Governmental Regulation

China's advertising industry is highly regulated by numerous PRC regulatory authorities. Under the direct legal authority of the State Council, the State Administration for Industry and Commerce (SAIC) is the primary regulator of advertising industry in the PRC, and maintains a qualification system by issuing business licenses with a business scope that covers advertising to qualified entities through its local bureaus. A number of industry-specific authorities work with the SAIC and/or under the SAIC's regulatory framework to issue rules and policies relating to advertising. For example, the State Administration of Radio, Film and Television ("SARFT") is involved in regulating TV advertising.

## Regulatory Framework

In late 1987, the State Council issued the Regulations for the Administration of Advertising (Advertising Regulations, promulgated on October 26, 1987 by the State Council and effective as of December 1, 1987), which were supplemented several months later by Detailed Implementing Rules for the Regulations for the Administration of Advertising (Implementing Rules, promulgated on January 9, 1988 by the SAIC and revised on December 3, 1998, December 1, 2000, and November 30, 2004).

The Advertising Regulations and Implementing Rules established the SAIC as the governmental authority chiefly responsible for overseeing the advertising industry, and initiated a system of licensing and censorship requirements for advertising content. This legislation covers advertisements in print media, television and radio broadcasts, and films, on public posters and billboards, in vehicles, in printed materials sent through the mail, in exhibitions and product displays, and in "any other media, as well as the use of other forms to publish, broadcast, install, or post advertisements." The Advertising Regulations and Implementing Rules also specify penalties for legal violations.

It was not until October 27, 1994 that the National People's Congress promulgated the Advertising Law of the People's Republic of China as Decree No. 34 and effective as of February 1, 1995. Although as a national law it takes precedence over the Advertising Regulations, the Advertising Law adopts the requirements, definitions, and penalties set forth in those regulations and the Implementing Rules. The Advertising Law thus contains the terms and definitions subsequently used throughout the existing PRC regulatory structure for advertising. In addition, the Advertising Law requires advertisers, publishers and advertising agencies to publicize their fee standards and fee collection methods. Advertising agencies are also required to issue special invoices provided by the state tax authorities when receiving payment for services rendered. Only those companies licensed to undertake advertising agency and publishing activities can obtain such invoices, which are necessary for accounting and tax purposes. Further, the Advertising Law outlines the basic requirements for advertising content published in the PRC, namely, that it must be truthful, lawful and not misleading to consumers.

## Requirements for Establishing Foreign-invested Advertising Enterprises

The Rules for the Administration of Foreign-Invested Advertising Enterprises (promulgated on March 2, 2004 by the SAIC and the Ministry of Commerce) detail the application and approval procedures, and qualification requirements for advertising joint ventures and wholly-foreign owned enterprises in the PRC.

The requirements for establishing Sino-foreign advertising joint ventures include a two years or more operating history in the advertising business for each of the joint venture parties, together with records evidencing the parties' achievements in the advertising business.





To establish a wholly foreign-owned advertising company, the foreign investor must be engaged in advertising as its primary form of business, and must have been established and operating for at least three years. Given that certain foreign investors are unable to meet the two or three years qualification requirement, the adoption of the trustee structure (as described below) is still the preferred mode of entry in this industry.

Given that China Networks Media and ANT are unable to meet the two or three years qualification requirement, it currently relies on the trustee structure with these affiliated PRC companies to establish domestic advertising companies that operate our advertising business in China.

Once ANT or any other subsidiary of China Networks Media meets the aforementioned statutory requirements on foreign direct investment within the advertising industry in the PRC, China Networks Media may, depending on the circumstances and legal requirements in effect at such time, unwind the trustee structure and adopt the form of either a wholly foreign-owned advertising company or a Sino-foreign advertising joint venture.

#### Regulation on Broadcasting Radio and TV Advertisements

SARFT and its local branches at the county level or above are responsible for the regulation and screening of programs for radio and TV broadcasting. This includes restrictions on the content and airtime of the broadcast of TV commercials. On September 15, 2003, SARFT promulgated the Provisional Measures on Administration of Broadcasting Radio and Television Advertisements, which provides detailed requirements for the broadcast of radio and TV advertisements, including the following:

- Radio and TV advertisements shall be clearly differentiated from other TV programs and should not be broadcasted in the form of news report. Current events and political news programs shall not carry the names of any enterprises or products. Advertisements with addresses, telephone numbers or contact information shall not be broadcasted during special reports on individuals or enterprises.
- Radio stations and TV stations shall examine the content of the advertisements and the qualifications of the enterprises involved and shall only broadcast the advertisements that have been so examined.
- Radio and TV advertisements on each channel must not exceed 20% of the total of each channel's daily program time and must not exceed 15% of each channel's program time per hour (i.e. nine minutes per hour) between 11:00 a.m. - 1:00 p.m. for radio programs and between 7:00 p.m. - 9:00 p.m. for TV programs.
- Advertisements shall not be broadcasted in a way that would affect completion of the programs. Except for the period between 7:00 p.m. - 9:00 p.m., advertisements can only be broadcasted once and for a maximum period of 2.5 minutes during the airing of any movie or TV drama.
  - The broadcast of advertisements related to tobacco are prohibited by radio stations and TV stations. Advertisements relating to alcohol are strictly controlled in accordance with relevant PRC laws, rules and regulations. The number of alcohol advertisements cannot exceed 12 segments for each TV channel per day or exceed two segments between 7:00 p.m. - 9:00 p.m.

CHINA NETWORKS MEDIA LIMITED'S MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

China Networks Media, Ltd. (formerly known as China Networks Limited) was first incorporated in the Cayman Islands and registered with the Cayman Islands Registrar of Companies on March 30, 2007. China Networks Media, Ltd. ("China Networks Media") was continued into the British Virgin Islands as a BVI Business Company under the "BVI Business Companies Act" on June 2, 2008 in anticipation of a business combination with a U.S. reporting company.

At September 30, 2008, China Networks Media had not yet commenced any operations nor generated revenue since the JV Cos were not operational as of such date. China Networks Media began to generate revenue from the Kunming JV as of October 1, 2008 and from the China Yellow River JV as of January 1, 2009. Activity through September 30, 2008 relates to China Networks Media's formation, private placement offering, establishment of joint ventures and contractual relationships in the People's Republic of China (the "PRC"), and potential business combination with Alyst Acquisition Corp. as described below. China Networks Media has selected December 31 as its fiscal year end. China Networks Media's business plan is dependent upon financing and the proposed business combination with Alyst Acquisition Corp. as described below.

On August 13, 2008, China Networks Media, Alyst and certain other persons, executed the Merger Agreement providing for, among other things, the Redomestication Merger and the Business Combination. China Networks Media will be the surviving corporation in the Business Combination and will become a wholly-owned subsidiary of CN Holdings.

The Business Combination will be accomplished by the merger of CN Holdings' wholly-owned subsidiary, China Networks Merger Co., with and into China Networks Media, resulting in China Networks Media becoming a wholly-owned subsidiary of CN Holdings. The current market value of the aggregate maximum merger consideration payable to China Networks Media in the Business Combination is approximately \$137,180,000, based upon the closing price of Alyst's common stock on the NYSE Amex on May 8, 2009 of \$7.75 per share. CN Holdings will issue to China Networks Media's shareholders aggregate merger consideration of (i) 2,880,000 CN Holdings ordinary shares (with a current market value of \$22,204,800), (ii) an aggregate of \$17,000,000 in cash, (iii) deferred cash payments of up to \$6,000,000 and deferred share payments of up to 9,000,000 ordinary shares of CN Holdings, in each case subject to the achievement of specified financial milestones set forth in the Merger Agreement, and (iv) \$22,110,000 of proceeds from the exercise of CN Holdings warrants. The deferred cash and deferred stock consideration will be payable as follows: (x) \$3,000,000 cash and 2,850,000 shares of stock upon China Networks Media achieving pro forma net income for fiscal year 2009 of greater than \$20,000,000; (y) \$3,000,000 cash and 3,075,000 shares of stock upon China Networks Media achieving pro forma net income for fiscal year 2010 of greater than \$30,000,000; and (z) 3,075,000 shares of stock upon China Networks Media achieving pro forma net income for fiscal year 2011 of greater than \$40,000,000.

On July 21, 2008, China Networks Media entered into a purchase agreement with several accredited investors (the "Purchase Agreement"). Pursuant to the Purchase Agreement, it consummated a private placement of 56 units, each unit consisting of (i) a promissory note in the face amount of \$499,825, bearing interest at the rate of 10% per annum (the "Note"), and (ii) 17,500 detachable shares of the China Networks Media's class A preferred stock (collectively, the Notes and the class A preferred stock are referred to as the "Units"). As security for the repayment of the Notes, China Networks Media's two shareholders, MediaInv Ltd. and Kerry Propper, collectively pledged and granted to the investors, on a pro rata basis, a first priority lien on 50.1% of the ordinary shares of China Networks Media owned by them. The proceeds of the sale and issuance of the Units were used in the following manner: (a) \$13.6 million was

used for initial equity contributions due from Advertising Networks Ltd. (“ANT”), a Hong Kong wholly-owned subsidiary of China Networks Media, for investment in joint ventures established with PRC TV Stations, and (b) a fee of \$980,000 was paid to Chardan, as a placement fee for the financing, and (c) the remaining proceeds are being used for working capital, including payment of certain administrative, legal and accounting fees.

In connection with the transaction and pursuant to the terms of a registration rights agreement (the “Registration Rights Agreement”), China Networks Media has agreed, and Alyst has agreed to assume the obligation, to register for resale the ordinary shares underlying the shares of class A preferred stock issued as part of the Units. China Networks Media has agreed to file with the Securities and Exchange Commission a registration statement with respect to the resale of the shares no later than the date that is 30 days after the consummation of the business combination between China Networks Media and Alyst. Such obligation will be assumed by CN Holdings.

In recent years, the PRC TV market and advertising industry have been undergoing significant regulatory and structural reforms. Many services previously controlled by PRC state-owned enterprises have been opened to private domestic and foreign-invested enterprises since 2005. Although the regulatory liberalization is still in developmental stages, China Networks Media considers that the environment is ripe for exploitation of these emerging opportunities and that its joint venture model will enable it to secure access to significant operations throughout the PRC. The joint venture model enables China Networks Media to expand more rapidly since its initial financial consideration in entering such arrangements is less than the amount required were it to acquire substantially all of a target’s assets. China Networks Media further considers that its experienced executive and management team has strong national and local government relationship throughout the PRC which will be key in facilitating the establishment of additional joint ventures.

#### Recent Developments

China Networks Media, through ANT, entered into a non-binding letter of intent (“LOI”), dated February 27, 2009, with Zhuhai Broadcasting and Television Station (“Zhuhai TV”), for the formation of a 50:50 joint venture. It is expected that the general structure and terms of the framework and definitive agreements will be substantially similar to those entered into in connection with the establishment of the China Yellow River JV and the Kunming JV. If consummated, China Networks Media would contribute cash of approximately \$11 million to the joint venture. If the transactions contemplated by the LOI are consummated, Zhuhai TV’s participation in China Networks Media’s advertising network would expand the company’s population reach to a total of approximately 38 million viewers. The contemplated transaction is contingent on, among other things, finalizing definitive documentation and completion of an audit of Zhuhai TV’s advertising functions in accordance with US GAAP and PCAOB standards. China Networks Media’s management is currently continuing its due diligence process. The audit process is expected to commence before the end of June 2009 and China Networks Media expects to consummate the transactions contemplated by the LOI prior to the end of 2009. However, there can be no assurance that definitive agreements will be executed or that the transaction will be consummated in 2009 or ever.

#### Carve-Out Financial Statements

“Carve-Out” financial statements for the Advertising Centers of each of Kunming TV Station and China Yellow River TV Station have been included in this proxy statement/prospectus. These Carve-Out financial statements represent the historical financial operations of the respective Advertising Center, which China Networks Media will consolidate after consummation of the formation of the JV Cos. As the Advertising Centers were historically operated and controlled by the respective TV stations, their financial and operating performance may not be indicative of future results that may be obtained from these assets under the JV Cos.

China Networks Media’s management team will control the JV Cos operations and may make changes to existing management, employees and properties of the Advertising Centers. The Advertising Centers have operated under PRC state-owned enterprises, with different operational and cost structures, strategies, operating policies and regulatory reporting requirements from those of publicly listed companies. China Networks Media expects that, under the JV Cos, the Advertising Centers will operate in a highly competitive environment, requiring improvements to financial planning and operations, sales strategy and management, disclosure procedures, staffing and internal

controls. China Networks Media further expects that it will be required to increase marketing and sales expenditures relating to these assets for branding, promotion and marketing. For more information on expected operational changes and related expenses, see “China Networks Media revenue sources and costs and expenses – Operating Costs and Expenses” below.

#### Joint Ventures between Advertising Networks Ltd. (“ANT”) and the PRC TV Stations

In 2008, China Networks Media established certain equity joint ventures with the state owned PRC TV Stations. ANT established the equity joint venture, Taiyuan JV, with China Yellow River TV Station in Shanxi Province in June 2008; and established an equity joint venture, Kunming JV, with Kunming TV Station in Yunnan Province in July 2008 (Taiyuan JV and Kunming JV are collectively referred to as the “JV Tech Cos”, and China Yellow River TV Station and Kunming TV Station are collectively referred to as the “PRC TV Stations”). ANT holds 50% equity interest in the Kunming JV and Taiyuan JV, respectively, and Kunming TV Station and China Yellow River TV Station own the remaining 50% of the respective JV Tech Cos. Under the terms of the Kunming JV agreement, Kunming TV Station will contribute certain assets with a fair value of RMB150 million (approximately \$21,900,000) and ANT will contribute an equal amount in cash. Kunming TV Station and ANT have contributed 100% and 50%, respectively, of their obligations under this agreement at March 31, 2009. Under the terms of the Taiyuan JV agreement, China Yellow River TV Station will contribute certain assets with a fair value of RMB45 million (approximately \$6,600,000) and ANT will contribute an equal amount in cash. China Yellow River TV Station and ANT have contributed 100% and 60%, respectively, of their obligations under this agreement as of March 31, 2009.

In August 2008, Beijing Guangwang Hetong Advertising & Media Co., Ltd. (“Hetong”), the trustee company, established two domestic advertising companies with Kunming TV Station and China Yellow River TV Station, under the respective name of Kunming Kaishi Advertising Co., Ltd. (“Kunming Ad Co.”) and Taiyuan Advertising Networks Advertising Co., Ltd. (“Taiyuan Ad Co.”) (Kunming Ad Co. and Taiyuan Ad Co. are collectively referred to as the “JV Ad Cos”). Hetong is 100% owned by two PRC nationals, who are the trustees.

In order to comply with current PRC laws limiting foreign ownership in the television advertising industry, China Networks Media’s operations are conducted through direct ownership of ANT and through contractual arrangements with Hetong. China Networks Media does not have an equity interest in Hetong, but instead derives indirect economic benefits from Hetong through a series of contractual arrangements. Through these arrangements, ANT controls Hetong, which in turn owns 50% of Kunming Ad Cos, and 50% of Taiyuan Ad Co. established with PRC TV Stations. The JV Tech Cos collect the television advertising revenue earned by the JV Ad Cos pursuant to the Exclusive Services Agreement described below, using assets transferred from PRC TV Stations to the JV Tech Cos pursuant to the Asset Transfer Agreement described below.

China Networks Media's accounts include the accounts of its joint ventures with the PRC TV Stations, the JV Tech Cos, as a result of China Networks Media’s effective control of these entities. As a result of several contractual arrangements with Hetong and its shareholders, China Networks Media controls and is considered the primary beneficiary of Hetong, and, accordingly, consolidates the accounts of Hetong in its financial statements. Hetong is a variable interest entity (“VIE”) as defined by Financial Accounting Standards Board Interpretation No. 46(R): Consolidation of Variable Interest Entities, an interpretation of ARB 51 (“FIN 46R”).

**Asset Transfer Agreement.** Pursuant to the Asset Transfer Agreement entered into between each of the JV Tech Cos and the corresponding PRC TV Stations, respectively, the PRC TV Stations must transfer to the relevant JV Tech Cos the assets of the PRC TV Stations in two installments which have been appraised and the JV Tech Cos are obligated to pay the full consideration to PRC TV Stations in two installments accordingly. The assets relate to the advertising business operated by the PRC TV Stations, including, but not limited to, tangible and intangible assets. Until the assets are delivered to the JV Tech Cos, PRC TV Stations are responsible for their custody and maintenance. Following delivery of the assets, the PRC TV Stations will be entitled to continue using the assets for the purpose of the advertising business for no consideration other than liability for loss or damage.



Kunming TV Station and Kunming JV entered into an Asset Transfer Agreement on August 11, 2008, under which Kunming TV Station will transfer certain of its assets to Kunming JV, valued at RMB150 million, and Kunming JV will pay the same to Kunming TV Station. China Yellow River TV Station and Shanxi Yellow River and Advertising Networks Cartoon Technology Co., Ltd. (“Taiyuan JV”) also entered into such Asset Transfer Agreement on July 17, 2008, under which China Yellow River TV Station will transfer certain of its assets, valued at RMB45 million, to Taiyuan JV, and the same consideration will be paid by Taiyuan JV. All governmental, statutory and other approvals required for the transfer of these assets were obtained as of the date of the first transfer in August 2008. As of March 31, 2009, Taiyuan JV paid China Yellow River TV Station RMB27 million (approximately \$3,970,000) for purchase of program rights under this agreement. RMB75 million (approximately \$10,900,000) was paid under the Kunming Asset Transfer Agreement as of March 31, 2009.

**Exclusive Cooperation Agreement.** Pursuant to the Exclusive Cooperation Agreement between the JV Tech Cos and the PRC TV Stations, the PRC TV Stations have exclusively and irrevocably granted to the JV Tech Cos the right to carry out advertising operations on its channels, and to provide to the JV Tech Cos all necessary and relevant support, as well as most-favored terms for the conduct of the advertising business. The JV Tech Cos share their resources with the PRC TV Stations, including, but not limited to, all client information (e.g. databases). Under the terms of this agreement, the PRC TV Stations will not engage any other party in any similar agreements. As such, the JV Tech Cos have the exclusive right to carry out advertising business on PRC TV Stations’ channels.

Kunming JV and Kunming TV Station entered into such Exclusive Cooperation Agreement on August 6, 2008, while Taiyuan JV and China Yellow River TV Station entered into such Exclusive Cooperation agreement on July 17, 2008.

**Exclusive Services Agreement.** Pursuant to the Exclusive Services Agreement between the JV Tech Cos and the JV Ad Cos, the JV Tech Cos will be the sole and exclusive provider of services to JV Ad Cos relating to technical support for the production of advertising and advertising consulting. In addition, the JV Ad Cos will be the sole and exclusive advertising agent to the JV Tech Cos and the JV tech Cos will grant to the Ad Co. agency rights for all advertising under the exclusive right to carry out advertising operations. Under the terms of the Exclusive Services Agreement, the Ad Co. will pay the service fee to the JV Tech Cos as accrued, in accordance with the JV Tech Cos’ regular invoices. As such, all of the Ad Co.’s pre-tax revenue (less the relevant business tax) generated during the term of this agreement and relating to the marketing of advertising and other operations will be transferred to the JV Tech Cos as the service fee and the JV Tech Cos’ foreign shareholder will be entitled to transfer 50% of the profit to an offshore holding company under this contractual arrangement.

Kunming JV and Kunming Ad Co. entered into an Exclusive Services Agreement on August 6, 2008, while Taiyuan Advertising Networks Advertising Co., Ltd (“Taiyuan Ad Co.”) and Taiyuan JV entered into an Exclusive Services Agreement on July 17, 2008.

China Networks Media revenue sources and costs and expenses

Revenues

Upon commencement of the JV Tech Cos’ operations, China Networks Media will earn substantially all of their revenues from advertising service income.

- Sale of advertising time-slots. Through the JV Tech Cos, China Networks Media will derive a substantial majority of its revenue from selling advertising time slots to advertising agencies and advertisers. Advertising agencies account for more than 60% of total customers, and such percentage is expected to increase gradually in the future. Advertising customers typically pay a deposit before the relevant advertisements are broadcast, and the balance is paid monthly or immediately after broadcast. Certain key customers with good track records of payment



are allowed to make payments two months after broadcast. Revenues are recognized when advertisements are actually broadcast.

- Sale of program-related advertising services. A small portion of revenues are generated from advertising opportunities relating to programs produced by the PRC TV Stations themselves. These include, without limitation, program sponsorship 'sting' slots, in-program product placements and other 'soft' advertising opportunities, as well as revenue from value-added services, such as short message service, messages relating to program content. These represented approximately 2.9 %, 6.9%, 6.3%, and 5.6%, of our total gross revenues for the years ended 2005, 2006, 2007 and 2008, respectively.

Operating Costs and Expenses

Cost of Revenues. Cost of Revenues is primarily comprised of purchased TV program costs, rental fees for equipment used in generating advertising revenue. Cost of purchasing programs is expected to increase over time as China Networks Media plans to coordinate with the PRC TV Stations to acquire a greater number of high quality programs to increase audience rate and advertisers demand.

**Selling Expenses.** Selling and marketing expenses have not been significant to the operations of the PRC TV Stations because they previously functioned as a public utility in the PRC, which had not been a priority for them. China Networks Media anticipates that under its management, these expenses will increase, but not significantly, in order to ensure that the operations remain competitive. These expenses are primarily comprised of sales promotion expenses, program promotion expenses and entertainment expenses directly related to sales and marketing activities. The major cost of acquiring advertising space on other media, such as radio and newspaper, is covered through barter arrangements.

**General and Administrative Expenses.** General and administrative expenses include salaries and benefits for China Networks Media's employees, including the advertising sales force. General and administrative expenses also include costs and expenses associated with office, utilities, transportation, travel and other costs. They also include office rental and property and plant leasing. It expects general and administrative expenses to increase as it expands its sales force. In connection with China Networks Media's transition to a public company, post-consummation of the Business Combination, it expects to incur incremental general and administrative expenses, including full-time employees related to legal, accounting and SEC reporting and other costs associated with regulatory filings, which are estimated to exceed \$400,000 on an annualized basis.

#### Revenue and product offering trends affecting the JV Tech Cos

Currently, substantially all of the JV Tech Cos' revenues are generated from sales of advertising time-slots. However, China Networks Media expects revenues over the next five years to increase as a result of the following:

**Price increase for sales of advertising times-slots:** Increased price of advertising by leveraging multi-territory network to capture additional national advertising sales, as well as improved efficiency of local advertising sales force;

**Expanded advertising services:** Expand full-service offer to local advertisers offering media planning and creative services, such as advertising production, which will generate additional revenues, as well as higher volumes of local advertising;

**Programming:** Leverage buying power to coordinate the acquisition of programming from local and international content owners to the stations in its network, as well as the development of additional channel and/or programming options, such as home shopping, improving audience size and generating additional advisory and other revenues.

#### Overview of historical financial information presented

China Networks Media's operating activities from March 30, 2007 (inception date) to September 30, 2008, were limited and related to its formation, and professional fees and expenses associated with its acquisition activities. Through September 30, 2008, its historical results of operations were insignificant and not reflective of the results of operations it anticipates following the partnership operation with the JV Tech Cos. China Networks Media began to generate revenue from the Kunming JV as of October 1, 2008 and from the Yellow River JV as of January 1, 2009. As a result, the following historical results of operations and financial operations related to its recently completed joint venture with the PRC TV Stations have been provided to assist investors in evaluating the historical performance of this business, in addition to its other activities:

- China Networks Media for the year ended December 31, 2008 compared to the year ended December 31, 2007;
- Kunming Television Station – Advertising Center and Yellow River Television Station – Advertising Center for the year ended December 31, 2008 as compared to the year ended December 31, 2007;
- Kunming Television Station – Advertising Center and Yellow River Television Station – Advertising Center for the year ended December 31, 2007 compared to the year ended December 31, 2006; and
- Kunming Television Station – Advertising Center and Yellow River Television Station – Advertising Center for the year ended December 31, 2006 compared to the year ended December 31, 2005.

## Significant Accounting Policies and Estimates

### China Networks Media

Valuation of long-lived assets. China Networks Media follows Statement of Financial Accounting Standard (“SFAS”) No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. China Networks Media periodically evaluates the carrying value of long-lived assets to be held and used, including intangible assets subject to amortization, when events and circumstances warrant such a review. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset. Fair market value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets to be disposed of are determined in a similar manner, except that fair market values are reduced for the cost to dispose.

Accounts receivable. Accounts receivable are stated at the amount management expects to collect from balances outstanding at the period end. Allowances for doubtful accounts receivable balances are recorded when circumstances indicate that collection is doubtful for particular accounts receivable or as a general reserve for all accounts receivable. Management estimates such allowances based on historical evidence such as amounts that are subject to risk and customer credit worthiness. Accounts receivable are written off if reasonable collection efforts are not successful.

Management periodically reviews the outstanding account balances for collectability. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Revenue recognition. China Networks Media has advertising revenue and advertisement production revenue. Advertising revenue is generated from advertising time-slots sold to advertising agencies or advertisers to broadcast their advertisements on television or radio channels. Advertisement production revenue is generated from service provided to advertisers in designing and producing video advertisements. Advertisement production revenue represented less than 10% of total net sales for the year ended December 31, 2008. China Networks Media recognizes revenue on advertisement when advertisements are broadcast or when the advertisement production service is provided, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable. Net sales represent the invoiced value of services, net of business tax and agency commissions. China Networks Media is subject to business tax which is levied on majority of the Company’s sales at the rate of 5.0-5.5% on the invoiced value of services.

China Networks Media requires customers to prepay certain amounts, as determined by both parties, at the time the contracts are signed. Customer deposits are recognized into revenue when the related service is provided or

advertisement is aired and all other revenue recognition criteria are met.

**Cost of Revenue.** China Network Media's cost of revenue on advertising revenue includes amortization of purchased program inventory, costs to buy back certain advertising time-slots sold to agency companies which China Network Media's advertising customers need, and cost of producing advertisements.

**Property and Equipment.** Property and equipment are stated at cost including the cost of improvements. Maintenance and repairs are charged to expense as incurred. Depreciation and amortization are provided on the straight-line method based on the shorter of the estimated useful lives of the assets or lease term as follows:

Leasehold improvement	3 years
Furniture, fixtures and equipment	5 years
Computer software	1 year

**Income taxes.** China Networks Media was originally incorporated in the Cayman Islands and subsequently reincorporated in the British Virgin Islands ("BVI"). China Networks Media is not subject to income taxes under the current laws of the Cayman Islands or BVI. PRC entities will be subject to the PRC Enterprise Income tax at the applicable rates on taxable income at the commencement of operations.

**Use of estimates.** The preparation of China Networks Media's financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates relate to valuation of program rights and intangible assets, preferred stock valuation, discount on promissory notes, allowance for uncollectible accounts receivable, depreciation, useful lives of property, taxes, and contingencies. These estimates may be adjusted as more current information becomes available and any adjustment could be significant. Estimates and assumptions are periodically reviewed and the effects of revisions are reflected in the consolidated financial statements in the period they are determined to be necessary.

#### Recently Issued Accounting Pronouncements

In December 2007, the FASB issued SFAS No. 141 (revised 2007), Business Combinations ("SFAS 141R"). SFAS 141R establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS 141R also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. This statement is effective for China Networks Media beginning January 1, 2009 and will change the accounting for business combinations on a prospective basis. The potential Business Combination described above will be accounted for in accordance with SFAS 141R.

In March 2008, the FASB issued Statement No. 161, Disclosures about Derivative Instruments and Hedging Activities (“SFAS 161”), which is effective January 1, 2009. SFAS 161 requires enhanced disclosures about derivative instruments and hedging activities to allow for a better understanding of their effects on an entity’s financial position, financial performance, and cash flows. Among other things, SFAS 161 requires disclosures of the fair values of derivative instruments and associated gains and losses in a tabular formant. SFAS 161 is not currently applicable to China Networks Media since it does not have derivative instruments or hedging activity.

In May 2008, the FASB issued Statement No. 162, The Hierarchy of Generally Accepted Accounting Principles (“SFAS 162”). SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles. SFAS 162 directs the hierarchy to the entity, rather than the independent auditors, as the entity is responsible for selecting accounting principles for financial statements that are presented in conformity with generally accepted accounting principles. SFAS 162 is effective 60 days following SEC approval of the Public Company Accounting Oversight Board amendments to remove the hierarchy of generally accepted accounting principles from the auditing standards. SFAS 162 is not expected to have an impact on the financial statements.

In April 2008, the FASB issued FASB Staff Position (FSP) FAS 142-3, Determination of the Useful Life of Intangible Assets, which amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FASB Statement No. 142, Goodwill and Other Intangible Assets. This Staff Position is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early adoption is prohibited. This FSP is not currently applicable to China Networks Media.

In June 2008, the FASB issued FSP EITF 03-6-1, Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities. This FSP provides that unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method. The Company does not currently have any share-based awards that would qualify as participating securities. Therefore, application of this FSP does not have an effect on the Company's financial reporting.

In May 2008, the FASB issued FASB Staff Position (FSP) APB 14-1, Accounting for Convertible Debt That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement) ("FSP 14-1"). FSP 14-1 is effective for the Company on January 1, 2009. The FSP includes guidance that convertible debt instruments that may be settled in cash upon conversion should be separated between the liability and equity components, with each component being accounted for in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest costs are recognized in subsequent periods. FSP 14-1 is not currently applicable to the Company since the Company does not have convertible debt.

On January 1, 2009, the Company adopted Emerging Issues Task Force (EITF) Issue No. 08-6, Equity Method Investment Accounting Considerations (“EITF 08-6”), which clarifies the accounting for certain transactions and impairment considerations involving equity method investments. The Company does not currently have any investments that are accounted for under the equity method. The adoption of EITF 08-6 did not have an impact on the Company’s consolidated financial statements.

On January 1, 2009, the Company adopted EITF Issue No. 08-7, Accounting for Defensive Intangible Assets. EITF 08-7 clarifies the accounting for certain separately identifiable intangible assets which an acquirer does not intend to actively use but intends to hold to prevent its competitors from obtaining access to them. EITF 08-7 requires an acquirer in a business combination to account for a defensive intangible asset as a separate unit of accounting which should be amortized to expense over the period the asset diminishes in value. The Company currently does not have

any defensive intangible assets.

In April 2009, the FASB issued FSP SFAS 107-1, "Interim Disclosures about Fair Value of Financial Instruments", or FSP 107-1, which will require that the fair value disclosures required for all financial instruments within the scope of SFAS 107, "Disclosures about Fair Value of Financial Instruments", be included in interim financial statements. This FSP also requires entities to disclose the method and significant assumptions used to estimate the fair value of financial instruments on an interim and annual basis and to highlight any changes from prior periods. FSP 107-1 will be effective for interim periods ending after June 15, 2009. The Company is currently assessing the impact of the adoption of FSP 107-1 on the Company's consolidated financial statements.

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In June 2008, the FASB issued FSP EITF 03-6-1, Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities. This FSP provides that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method. China Networks Media does not currently have any share-based awards that would qualify as participating securities. Therefore, application of this FSP is not expected to have an effect on China Networks Media's financial reporting.

In May 2008, the FASB issued FASB Staff Position (FSP) APB 14-1, Accounting for Convertible Debt That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement) ("FSP 14-1"). FSP 14-1 will be effective for financial statements issued for fiscal years beginning after December 15, 2008. The FSP includes guidance that convertible debt instruments that may be settled in cash upon conversion should be separated between the liability and equity components, with each component being accounted for in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest costs are recognized in subsequent periods. FSP 14-1 is not currently applicable to China Networks Media since it does not have convertible debt.

#### China Networks Media – Kunming Television Station – Advertising Center and Yellow River Television Station – Advertising Center

China Networks Media's discussion and analysis of its financial condition and results of operations are based upon its consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles ("GAAP") in the United States. The preparation of these financial statements requires China Networks Media to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. China Networks Media evaluates its estimates on an on-going basis based on historical experience and on various other assumptions it believes are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

China Networks Media believes the following critical accounting policies affect its significant judgments and estimates used in the preparation of its financial statements.

**Revenue Recognition.** China Networks Media typically signs standard advertising contracts with advertising clients, which require it to run the advertiser's advertisements on the PRC TV Stations' network for a specified period. The advertising customers typically pay a deposit before the relevant advertisements are broadcast, and the balance is paid after broadcast. Customer deposits received prior to the broadcast of advertisements are recorded as receipts in advance and recorded as revenue upon the broadcast of advertisements.

Advertising service revenues are recognized when all four of the following criteria are met: (i) persuasive evidence of agreement exists; (ii) delivery of service has occurred; (iii) the price is both fixed and determinable; and (iv) collection of the resulting receivable is reasonably assured. Revenues are recognized when advertisements are broadcast. Provision for discounts and estimated returns and allowances are provided for in the same period the related revenue is recorded.

China Networks Media adopted the gross presentation and present revenues gross of business tax and related surcharges. Business tax and related surcharges collectively represented approximately 8.0% of revenues and are deducted from revenues before arriving at net revenues.

**Accounts Receivable.** Accounts receivable is stated net of trade discounts and allowance for doubtful accounts. China Networks Media provides an allowance for doubtful accounts based upon prior experience and management's assessment of the collectability of specific accounts. As of December 31, 2008 and 2007, China Networks Media considered all accounts receivable collectable and therefore did not record an allowance for doubtful accounts.

**Sales, General and Administrative Expenses.** Historical allocation of all the expenses related to the business being carved-out has not been possible due to the fact that many expenses, incurred at the corporate level, are shared and relate to the entire company. In these circumstances, the proportional cost allocation method has been used for allocating these shared expenses. Management is of the opinion that the expenses allocated are not materially different from expenses that would be incurred by the business on a stand-alone basis.

**Foreign Currency Translation.** China Networks Media's functional currency is Renminbi ("RMB"); however, the reporting currency is the United States dollar. Reported assets and liabilities of China Networks Media has been translated using the exchange rate at the balance sheet date. The average exchange rate for the period has been used to translate revenues and expenses. Foreign currency translation differences are included as a component of Accumulated Other Comprehensive Income.

**Use of Estimates.** The preparation of the combined financial information in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. These estimates are based on management's best knowledge of current events and actions that the China Networks Media may take in the future. Actual results could differ from these estimates.

**Concentrations of Credit Risk.** Financial instruments of China Networks Media that potentially expose to concentrations of credit risk consist principally of accounts and others receivables.