



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

P.O. Box 55, 19th Floor
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Toronto ON M5H 3S8

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Toronto ON M5H 3S8

**IN THE MATTER OF THE *SECURITIES ACT*,
R.S.O. 1990, c. S.5, AS AMENDED**

- AND -

**IN THE MATTER OF
ZUNGUI HAIXI CORPORATION, YANDA CAI and FENGYI CAI**

**ORDER
(Section 127 of the *Securities Act*)**

WHEREAS on November 7, 2011, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing (the "Notice of Hearing") pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") and a related Statement of Allegations (the "Statement of Allegations") with respect to Zungui Haixi Corporation ("Zungui"), Yanda Cai and Fengyi Cai (collectively, the "Respondents");

AND WHEREAS the Notice of Hearing stated that a hearing would be held at the Offices of the Commission on November 23, 2011 at 11:00 a.m.;

AND WHEREAS on November 23, 2011, Staff of the Commission ("Staff") attended before the Commission and no one appeared on behalf of the Respondents;

AND WHEREAS the Commission was satisfied that the Respondents were served with the Notice of Hearing and Statement of Allegations and had received reasonable notice of the hearing;

AND WHEREAS on November 23, 2011, the Commission made an order, *inter alia*, adjourning the hearing to November 30, 2011;

AND WHEREAS on November 30, 2011, Staff attended before the Commission and no one appeared on behalf of the Respondents;

AND WHEREAS the Commission was satisfied that the Respondents were served with the Commission's Order dated November 23, 2011;

AND WHEREAS Staff advised the Commission that, in accordance with the Order of the Commission dated November 23, 2011, it had made available for inspection by the Respondents at the Offices of the Commission (i) all of the documents or things in Staff's

possession or control relevant to the allegations and (ii) all of the documents or things that Staff intends to enter as evidence at the hearing on the merits;

AND WHEREAS the Commission ordered that the hearing on the merits commence on February 2, 2012 at 10:00 a.m. at the Offices of the Commission, 20 Queen Street West, 17th Floor, Toronto, and continue on February 3, 2012 or such further or other dates as may be agreed to by the parties and fixed by the Office of the Secretary;

AND WHEREAS by letter dated January 23, 2012, Staff requested, pursuant to Rule 11 of the Commission's Rules of Procedure, that all or substantially all of the hearing on the merits be conducted in writing, including through the use of affidavit evidence;

AND WHEREAS in support of their request, Staff provided the Commission with the Affidavit of Peter Cho sworn January 11, 2012 (the "Cho Affidavit") and the Affidavit of Service of Maria Montalto dated January 20, 2012 (the "Affidavit of Service");

AND WHEREAS the Commission has considered Staff's request, the Cho Affidavit and the Affidavit of Service and is of the opinion that, in the circumstances of this case, it is appropriate to order that the hearing on the merits be conducted in writing;

IT IS ORDERED that all or substantially all of the hearing on the merits in this matter is to be conducted in writing;

IT IS FURTHER ORDERED that Staff shall file any affidavit evidence it intends to rely on at the hearing on the merits by January 26, 2012;

IT IS FURTHER ORDERED that Staff shall file written submissions setting out the facts and the law on or before February 2, 2012 and that the dates currently scheduled for the hearing on the merits in this matter be set aside to permit the parties to make oral submissions or tender oral evidence, if required.

Dated at Toronto this 26 day of January, 2012

