



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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**IN THE MATTER OF THE *SECURITIES ACT*,
R.S.O. 1990, c. S.5, as amended**

- and -

**IN THE MATTER OF
ZUNGUI HAIXI CORPORATION**

TEMPORARY ORDER

(Subsections 127(1) & 127(8))

WHEREAS on September 16, 2011, the Ontario Securities Commission (the “Commission”) issued a temporary cease trade order pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) ordering that all trading in the securities of Zungui Haixi Corporation (“Zungui”), whether direct or indirect, cease (the “Temporary Order”);

AND WHEREAS the Commission ordered that the Temporary Order take effect immediately and expire on the fifteenth day after its making unless extended by order of the Commission;

AND WHEREAS on September 19, 2011 the Commission issued a Notice of Hearing to consider whether, in the opinion of the Commission, it is in the public interest for the Commission (i) to extend the Temporary Order, pursuant to subsections 127(7) and (8) of the Act, until November 10, 2011, or until such further time as is ordered by the Commission; and (ii) to make such further orders as the Commission considers appropriate (the “Notice of Hearing”);

AND WHEREAS Staff of the Commission (“Staff”) served Zungui and the Special Committee of the Board of Directors of Zungui with copies of the Temporary Order and the Notice of Hearing;

AND WHEREAS Staff served Zungui with copies of the Affidavit of Peter Cho sworn September 26, 2011 and Staff’s Written Submissions dated September 26, 2011;

AND WHEREAS on September 28, 2011, Staff appeared before the Commission and no one appeared for Zungui;

AND WHEREAS Staff presented evidence of conduct that may be harmful to the public interest;

AND WHEREAS no one appeared before the Commission to oppose the extension of the Temporary Order;

AND WHEREAS the Commission ordered that pursuant to subsections 127(7) and (8) of the Act that the Temporary Order be extended until November 10, 2011 and that the hearing to consider a further extension of the Temporary Order be scheduled for November 9, 2011 at 10:00 a.m.;

AND WHEREAS on November 7, 2011, the Commission issued a Notice of Hearing to announce that it would hold a hearing pursuant to sections 127 and 127.1 of the Act to consider whether, in the opinion of the Commission, it would be in the public interest, to make certain orders against Zungui, Yanda Cai and Fengyi Cai (the "November 7th Notice of Hearing");

AND WHEREAS the November 7th Notice of Hearing was issued in connection with a Statement of Allegations issued by Staff on November 7, 2011;

AND WHEREAS on November 9, 2011, Staff appeared before the Commission and no one appeared for Zungui;

AND WHEREAS on November 9, 2011, the Commission ordered that, pursuant to subsections 127(7) and (8) of the Act, the Temporary Order was extended to the conclusion of the hearing on the merits in this matter;

AND WHEREAS on January 26, 2012, it was ordered that all or substantially all of the hearing on the merits in the matter of Zungui, Yanda Cai and Fengyi Cai initiated by the November 7th Notice of Hearing was to be conducted in writing;

AND WHEREAS Staff filed written submissions and evidence by way of affidavit in respect of the hearing on the merits;

AND WHEREAS on February 2, 2012, the Commission heard oral submissions on the merits from Staff, and no one appeared on behalf of the Zungui, Yanda Cai or Fengyi Cai, although they were properly notified of the hearing on the merits;

AND WHEREAS on February 2, 2012, following the hearing on the merits, the Commission delivered its oral reasons and decision with respect to Staff's Statement of Allegations;

AND WHEREAS a sanctions hearing will be held in due course;

AND WHEREAS the Commission, having considered the evidence and submissions before it, is of the opinion that it is in the public interest to extend the Temporary Order until the conclusion of the sanctions hearing in the matter of Zungui, Yanda Cai and Fengyi Cai;

IT IS HEREBY ORDERED that, pursuant to subsection 127(8) of the Act, the Temporary Order is extended to the conclusion of the sanctions hearing in the matter of Zungui, Yanda Cai and Fengyi Cai.

DATED at Toronto this 2nd day of February, 2012.

“Christopher Portner”

Christopher Portner