

Transcript of June 20, 2013 Interviews of
LaShu Mine Employees and Manager

Note: On June 20, 2013, the investigator visited the LaShu Mine and conducted the following interviews of its employees and Mine Manager Xu. Important findings are highlighted in yellow.

(The video recording started with investigator holding that day's newspaper showing June 20th 2013. The investigator folds up the newspaper and starts walking towards the gate of LaShu mine. He stops in front of the sign showing "LaShu Coal Mine – Guizhou Union Energy (Group) Mining Joint-Stock Company Ltd".)

Investigator: 艾，你好，麻烦问下煤矿的负责人是那个哦。

Oh, hi, excuse me, who is the person in charge of this coalmine?

Female Employee: 啊?

Huh?

Investigator: 煤矿的负责人，说，就是说我代表我们公司来了解一下你们煤矿的情况。

Person in charge of this coalmine. By the way, I'm here on behalf of my company to learn a little about your mine.

(Male Employee A finishes phone call)

Investigator: 艾，大哥你好，我们公司,艾。派我来了解下公司，你们公司情况，以后我们公司要在你们公司来买煤。

Hi, buddy, my company, uh, sent me to inquire about you guys. Later our company may purchase coal from your mine.

Male Employee A: 买煤啊?

Buying coal?

Investigator: 艾，就是这个事情要找那个?

Yes, who should I talk to?

Male Employee A: 你们来买煤啊?

You want to buy coal?

Investigator: 啊。

Yes.

Male Employee A: 买那一种煤?

Which type of coal?

Investigator: 就是工业上用的。

The ones for industrial uses.

Male Employee A: 你们是哪的?

Who are you guys?

Investigator: 恒安

Heng'an.

Male Employee A: 恒安啊?

Heng'an?

Investigator: 做纸的。

We make paper.

Male Employee A: 煤是那里的嘛，靠那头的嘛。

The coal is in there, towards that end.

Investigator: 对头，对头。

Right, right.

Male Employee A: 现在，现在，你们自己派车来拖了嘛。

Now...uh, do you guys send your own trucks to pick up?

Investigator: 那个，我现在只是来了解一个大概情况，具体的，就是要我们公司那种，了解了，公司决定定了，过来考察了，再来谈那些事情。

I'm merely here to inquire about the basic information now. The details will be discussed...after the company decides and comes here

to evaluate.

Male Employee A: 哦，那个煤，那个现在呢，你是，你是来考察发热量嘛，还是考察嘛？

Oh, that coal...now that...you are here to evaluate its heat content, or are you here to see other things?

Investigator: 不是，不是，看下你们公司规模呀，那些考察下。

No, no. Just here to see your company's size, and other stuff.

Male Employee A: 哦，我们现在公司有 3 家矿嘛。

Oh, we now have 3 mines.

Investigator: 3 个矿？

3 mines?

Male Employee A: 啊，有威奢，罗州，拉苏。

Yes, (we) got WeiShe, LuoZhou and LaShu.

Investigator: 威奢，罗州，拉苏。

WeiShe, LuoZhou, LaShu.

Male Employee A: 艾。

Correct.

Investigator: 我们也其实是了解了的。但是我们公司个这种情况，你们是优能集团是吧？

We actually knew about these. However there's the other thing. Are you guys Union Energy Group?

Male Employee A: 艾，优能。

Yes, Union Energy.

Investigator: 但是,但是又了解到利华跟你们同时拥有这 3 个矿耶？

But, but we also learned that Lihua (sic) jointly own these three mines? [Note that the Investigator initially mistakenly says "Lihua" instead of "Liwei", the Chinese name of LLEN. The mistake is later corrected as the interview continues].

Male Employee A: 那个利华? 冒得啊。
Which Lihua? That's not the case.

Investigator: 利华公司的话。
Lihua (sic) company.

Male Employee A: 没的, 没的啊。
No, no.

Investigator: 因为我问道下说, 有, 那个说的是, 罗, 拉。哦威奢就是说, 好像是有股份的是吧? 利华的话?
Because we learned that...it was said Luo...La...uh, oh WeiShe mine. Heard they have equity in it (WeiShe mine)? I mean, Lihua (sic)?

Male Employee A: 艾。
Uh.

Investigator: 哦, 那, 那 2 个有的嘛?
Oh, what about the other two (mines)?

Male Employee A: 这个我不清楚。这是我们公司内部, 内部的事。
I'm not sure about this. This is our company's internal...internal matter.

Investigator: 你晓得嘛?
Do you know it?

Male Employee A: 公司内部, 内部的事, 我不晓得。你们考察, 考察有关买煤的事情还是其他东西。
Company's internal...internal matters...I have no clue. You are here to evaluate coal to buy or other things?

Investigator: 是啊。
Yes.

Male Employee A: 这, 这不清楚。
This, this...I'm not sure.

Investigator: 我想问下, 你们负责人是那个嘛?

Do you mind telling me who is the person in charge here?

Male Employee A: 那个? Who?

Investigator: 负责人的话.

Person in charge.

Male Employee A: 我们这, 我们这负责人都在公司里面。

Our...all of the people in charge...are all at the company headquarters.

Investigator: 没在这里哦。

Not here?

Male Employee A: 没在.

Not here.

Investigator: 因为你个煤额, 我们公司就是说要在那边呢开一个那种分, 分厂, 就说一个月大概可能要个 1500-2000 吨吧。

Because our company is planning to set up a subsidiary factory nearby, and it needs about, probably, 1,500-2,000 tons every month.

Male Employee A: 1500-2000 吨才好多啊? 我们一天, 我们这就是, 就是, 额个, 一天就这么 (听不懂)。

1,500-2,000 tons are so little. Our daily, we can produce this much...in a day (inaudible).

Investigator: 我们是开了分公司额, 后头嘛, 回头合作好了嘛, 肯定还有后续的合作嘛, 是那么回事。

We are merely setting up a subsidiary. After that, once we have a good relationship, there can definitely be more cooperation. This is what I mean.

Male Employee A: 这个事嘛, 这个事嘛到赫章县公司找, 找优能, 优能集团吧, 找公司的吧。

This matter, this matter should be brought to the company (headquarter). You should go to Hezhang (county) and talk to Union Energy, Union Energy Group.

Investigator: 优能集团公司里头?
Union Energy Group Company?

Male Employee A: 艾, 优能集团公司。
Yes. Union Energy Group Company.

Investigator: 你们一, 一, 现在一个月生产的了好多煤嘛?
You guys produce a lot of coal each month?

Male Employee A: 我们的生产, 现在工程煤。
Right now, we are producing development coal.

Investigator: 艾。
Okay.

Male Employee A: 还没, 还没...正式生产。
Haven't, haven't...(started) official production.

Investigator: 还没开始就说。
Haven't started commercial production?

Male Employee A: 艾, 哈那一个矿已经正式生产了。
Right. One other mine has started official production.

Investigator: 哪个?
Which one?

Male Employee A: 威奢和罗州。
WeiShe, and LuoZhou.

Investigator: 罗州? 不是没生产的嘛? 罗州。
LuoZhou? It's not producing now? I mean, LuoZhou.

Male Employee A: 罗州有煤的哇。
LuoZhou does have some coal there.

Investigator: 威奢开始生产的吧?
WeiShe has started production, correct?

Male Employee A: 嗯。

Yes.

Investigator: 它生产了好久哦？你们这里，你们这里好久生产了？因为我们公司年底有可能开起来，都需要这个东西...

How long has it been since it started producing? And you guys here (LaShu)...when do you guys here start production? Because our company (operation here) may start at the end of the year, we need these...

Male Employee A: 哦，煤炭的哇，产量你在整个赫，整个赫章县城话里面随便咋个做，保持，保持你们一个月 1000-2000 吨没的问题。

Oh, in terms of coal (supply), the production volume from the entire He..., the entire Hezhang county, no matter what, can supply your 1,000-2,000 volume, without a problem.

Investigator: 我不是说，我们公司喊我了解你们那个，那个，现在一个月有好多出产的话？

Not that...our company instructed me to come to inquire about...that...how much are you currently producing every month?

Male Employee A: 现在，我跟你讲（被打断）

Currently, let me tell you...(interrupted)

Investigator: 计划嘛.

Your planned production capacity.

Male Employee A: 我们是年产 30 万吨的煤矿。

We're a 300,000 tons/year mine.

Investigator: 是年产 30 万吨。

So 300,000 tons annual production capacity.

Male Employee A: 艾，罗州和威奢是年产 45 万吨以上的.

Yes, LuoZhou and WeiShe are above 450,000 tons per year.

Investigator: 年产 45 万.

450,000 tons, annual capacity?

Male Employee A: 45 万吨。

450,000 tons.

Investigator: 哦，那是计划的是吧？

Oh, those are planned expansion, right?

Male Employee A: 艾。

Right.

Investigator: 你们那个是好久开始，比如说正式生产？

Then, when do you guys (LaShu mine) officially start... start normal production?

Male Employee A: 那个，那个 8 月份。（听不清）

That... about August (inaudible).

Investigator: 8 月份。

In August.

Male Employee A: 艾。

Right.

Investigator: 问题是我们公司年底就要要，可能那个事情 9-10 月份就要落实这个东西。

The problem is our company needs it by year end. So this matter has to be finalized by September, October...

Male Employee A: 9-10 月份，我们 8 月份正式生产，（有咳嗽，听不清）

September, October time frame...we officially start production in August (cough, inaudible).

Investigator: 到那里一个月是 30 万。

When that happens, it's going to be 300,000 per month?

Male Employee A: 一年。

Per year.

Investigator: 一年，年产 30 万吨。

Per year, annual production of 300,000 tons.

Investigator: 那是计划?
That (number) is the planned target?

Male Employee A: 年产必须要做计划.
Annual production has to reach the target.

Investigator: 必须要生产那么多?
Has to produce that much?

Male Employee A: 嗯。因为要是到一定时间运转的话，国家，国家要求最低能年产30万吨到45万吨煤矿才能生产。
Yeah. Because once it operates...uh, gets to a certain time, the government rule says only coalmines with minimum coal productions of 300,000 to 450,000 per year can be allowed to operate.

Investigator: 哦，现在这里还没生产，就是说，威奢是开始生产了嘛？已经。
Oh, so this place hasn't started production, but on the other hand, WeiShe has started production? Already?

Male Employee A: 艾，威奢开始生产了。
Right, WeiShe has started production.

Investigator: 生产了好久了，那边？
How long has it been since it started, over there (meaning WeiShe)?

Male Employee A: 也是去年验收完的，生产几个月了。
It finished all approvals and requirements last year, it's been producing for several months.

Investigator: 几个月了。你们这里负责人全都不在吗？
Several months? So none of the people in charge are here now?

Male Employee A: 阿，现在不在。
Right, not here now.

Investigator: 就只有，现在规模都只有那么大啊？
Just this...the size right now is just this big?

Male Employee A: (转身指向后方)上面办公楼。

(Turned around and pointed to the back) The office building up there.

Investigator: 上面还办公楼拉撒。那谢谢啊，上去看一下。

There's the office building up there? Ok thanks. I'll go up and have a look.

(The investigator walks through the mine and towards the office building).

Investigator: 师傅，麻烦问一下，这个煤矿的负责人在哪里找哦？

Excuse me sir, where do I find the person in charge of this coal mine?

Male Employee B: (听不清楚).

(inaudible)

Investigator: 再上好？好，谢谢。

Keep going up here? Ok thanks.

(The investigator walks through the parking lot, climbs upstairs and walks inside the office building. Then he turns the camera to point it at the mine management pictures on the wall for a few seconds.)

Investigator: 哎，老兄，麻烦问一下这矿的负责人是哪一位哦？

Oh excuse me buddy, who is the person in charge of the mine?

Male Employee C: 你找那个呢？

Who are you looking for?

Investigator: 我找那个负责人，因为我们公司呢想在你们这买煤。让我来了解一下情况。

I'm looking for the person in charge here, because our company wanted to buy coal from you guys. I was asked to come here to inquire.

Male Employee C: 买煤要找哪个？我看下。我去问哈。

Uh, who should you be talking to about coal purchases. Let me see.
Let me ask for you.

(The investigator follows a Mine Manager named "Xu" into a conference room.)

Investigator: 要的，要的。

Okay okay.

Mr. Xu: 你坐哈，你坐哈啊。

Have a seat, you have a seat.

Investigator: 老师傅你贵姓啊？

What's your last name sir?

Mr. Xu: 我姓徐。

My last name is Xu.

Investigator: 哦，徐，徐。

Oh, Xu, Xu.

Mr. Xu: 你贵姓？

And you are?

Investigator: 我姓冯。

My last name is Feng.

Mr. Xu: 冯哈。

Feng.

Investigator: 哎，小冯就是。

Right, just Xiao Feng

Mr. Xu: 坐。

Have a seat.

Investigator: 谢谢，谢谢。

Thanks, thanks.

Mr. Xu: 做嘛子?
What can I do for you?

Investigator: 我们公司是那个, 是那个要在贵阳那边附近开个分厂, 我们是恒安纸业的。
Our company is that...our company wants to set up a new subsidiary factory near Guiyang. We're Heng'an Paper Group.

Mr. Xu: 恒安纸业?
Heng'an Paper Group.

Investigator: 哎, 就想那个 (被打断)
Right, (we) would like to (interrupted)

Mr. Xu: 恒安是那个我们平时用的纸那个。
Heng'an is (the maker of) that tissue paper we use everyday, isn't it?

Investigator: 对, 对。
Yes. Yes.

Mr. Xu: 额, 是福建的恒安。
Oh, the Heng'an from Fujian (province)?

Investigator: 我们重庆就是开了一个新片区的生产基地, 这边到处也再扩展。
We opened a new production base in an area near Chongqing. We are expanding everywhere in this region too.

Mr. Xu: 哦,
Okay.

Investigator: 我过来就想, 就是说, 因为我们公司了解了你们这里。然后过来了解个大概的情况。
I'm here today, because, we learned about your company here, and decided to come here to inquire about some basic information.

Mr. Xu: 哦。你们是要拖到贵阳的呀? 拖到贵阳的话...
Oh. Are you guys going to ship it to Guiyang? If going to Guiyang...

Investigator: 哎.

Right

Mr. Xu: 是现在，因为...没有火车哦？

(The problem) right now is..., because there's no train.

Investigator: 那个，我们现在是属于这种情况，喊我过来大概了解下，细节啊一些东西啊，运啊那些，我们后续肯定后头还有些人跟进。

That...our situation right now is like this. I was told to come to here to initially find some basic information. Details and other things, such as transportation, will be followed up later by others.

Mr. Xu: 阿.

Ah.

Investigator: 我们现在想了解一下你们那里耶，都了解到问了，到现在都还没生产哈？大概是好久生产呢？

I just want to know about...actually I already asked and was told that you guys haven't started production here. About when can you start production?

Mr. Xu: 生产，我们之前主要做的是工程煤。

Production...we were producing some development coals.

Investigator: 嗯，

Okay.

Mr. Xu: 工程煤的量就不大了嘛。我们应该要到...大量的出，估计要到下个月。

The volume of development coal is not big. We estimate it will be, for us to start large volume production, it will be next month.

Investigator: 下个月。

Next month (July)?

Mr. Xu: 我不晓得你们，你们〔被打断〕

I don't know whether you, you...(interrupted).

Investigator: 我们是〔被打断〕

We're...(interrupted)

Mr. Xu: 你们建好了嘛?

Have you guys finished the construction (of your plant)?

Investigator: 啊

Huh?

Mr. Xu: 你们建好没得?

Have you finished the construction?

Investigator: 那个?

Which?

Mr. Xu: 你们厂建好没得?

Have you finished building your new factory?

Investigator: 年底，年底就准备（被打断）。

At end of the year, end of the year (interrupted).

Mr. Xu: 还没得运行的嘛？还没建嘛？

So you haven't started operation? Haven't started construction?

Investigator: 是啊，我们之前要考察下，运行了再来，再说些问题肯定就不得行了啊。

Yes. That's why we're here to inquire. Once it starts operation, it's too late to talk about this.

Mr. Xu: 你是负责哪一块的额？销售，采购？

Which areas are you responsible for? Sales? Purchasing?

Investigator: 不是销售，是那么回事，我是这个公司才进两三个月。因为我们叔叔是那里头得一个干部，所以说才进去，喊我出来跑一下，了解一下大概的情况，了解之后呢，回去反映。具体那些东西额的哈，都肯定如果是觉得，有必要过来看，肯定是另外的人过来谈，是那么回事。

Not sales. My situation is...I just joined this company two or three months ago, because my uncle was a leader there. So (I) just

recently joined there and was asked to come outside, doing some initial investigations. After the initial inquiry, I'll report back. The details, if necessary, will definitely be discussed when they send other people over here.

Mr. Xu: 嗯。

Okay.

Investigator: 我跟你说，大概可能一个月需要 1500-2000 吨。

Let me tell you, we probably need about 1,500-2,000 tons every month.

Mr. Xu: 1500-2000 吨嘛，这个没的问题。我们，因为我们拉苏煤矿是优能集团的阿，我们在赫章还有几个矿的哇。

Just 1.5k-2k tons, that is no problem. We, the owner of LaShu mine, Union Energy Group, have several other mines in Hezhang.

Investigator: 徐哥哈，我喊你徐哥啊，你是负责哪一块的啊。

Brother Xu, can I call you brother Xu (a respectful way of addressing someone older in the same generation), which area are you responsible for?

Mr. Xu: 我就是负责这矿上的阿。

I'm in charge of this mine.

Investigator: 就是负责这矿上的。

Just in charge of this mine.

Mr. Xu: 拉苏矿的。

LaShu mine.

Investigator: 哦，到现在就是这个情况，我了大概了解(被打断)。

Oh, the current situation is...I kind of found out...(interrupted)

Mr. Xu: 你就是煤，对煤质有什么要求？

What are your requirements on coal?

Investigator: 煤质其实要求不高。

Our requirements on coal are not very high.

Mr. Xu: 嗯,

Oh.

Investigator: 艾, 这个东西的话看后面, 煤质要求不高。

Right, this detail will depend on (what others decide) later. Not much requirement on coal quality.

Mr. Xu: 是, 是啥要求艾。

What, what are the requirements?

Investigator: 烧阿那些。

Uh...it's being used to burn.

Mr. Xu: 你对质量有啥要求?

What are your requirement on coal quality?

Investigator: 那些具体的细节我还真不晓得, 我们。我们本来都是出到这边来了, 喊我过来了解一下, 把这些信息返回去, 看值不值得他们过来考察一下, 那些都是他们的事情。

I really don't know all the details. We...we already went out here, so I was told to come here to inquire and have this information reported back. Then they can decide whether to make a trip here. That's what they will have to decide.

Mr. Xu: 你都不晓得煤的质量要求, 因为煤的差异是很大的。

You don't even know the requirements on coal, because coal varies in great variety.

Investigator: 哎,

Oh.

Mr. Xu: 所以我们呢, 如果是用在, 普通得拿来, 动力煤得话, 额, 估计就用不起。因为我们的煤比较贵, 主要用在化工。(被打断)

Because our (coal)...if it's being used as ordinary thermal coal, uh...I doubt it's worth it. Because our coal is relatively expensive, and used mostly in chemical...(interrupted).

Investigator: 大概是好多钱一吨?
What's the approximate price per ton?

Mr. Xu: 我们块煤大概是一千多嘛。它是分块煤和粉煤的嘛。
Our lump coal costs about 1000 RMB per ton. There's a difference between lump coal and powdered coal.

Investigator: 一千多?
Over 1000 RMB?

Mr. Xu: 哎。
Right.

Investigator: 我们主要是可用的是能量烧瓦那些，锅炉啊那种。
We mainly may use it to fuel...our boilers and stuff.

Mr. Xu: (跟其他人说话，听不懂)，他指的是烧锅炉那种，我们这煤，可能用不起。
(Xu was talking to other people, inaudible). If you just need something to burn in your boilers, our coal may be too expensive for you.

Investigator: 用不起？哪我们还要提取一些原材料一些东西，炭那那些。
Not worth it? Then we still need to extract some raw materials, such as carbon etc.

Mr. Xu: 你化工，我们就不晓得符不符合。
The chemical industrial applications...we are not sure whether it fits.

Investigator: 我说嘛，技术那些东西，我确实不晓得，大概就是情况。
To be honest, I really have no idea about the technical aspects.

Mr. Xu: 煤的东西，要不就是动力煤，化工煤，要不就是冶金煤，我们主要用于冶金和化工。
For coal, there is mainly thermal coal, chemical coal or it's metallurgical coal. We produce mainly coal used mainly for metallurgical and chemical applications.

Investigator: 化工?
Chemical application?

Mr. Xu: 哎,
Right.

Investigator: 化工肯定用的着。肯定,肯定有几个、几个块,那个是。
(Coal for) chemical application should do. There must be...must be...several...several areas.

Mr. Xu: 那我们就不晓得你们具体指标能不能满足。阿,如果说你们是用烧锅炉的话,就太贵了。就没必要,那就买一般热值不是很高,这个,价格相对便宜的多。像我们粉煤,至少都在(inaudible)块钱以上。
Then we really don't know whether we can meet your specific technical standard requirements. If you just use it to fuel the boiler, it's going to be too expensive. It's not necessary. You should just buy regular coal with not that high of heat content. Its price is relatively low. Like our powdered coal, its going to be at least (inaudible).

Investigator: 这样吧,我记你一个电话嘛,我就是说具体的。
Let's do this. Let me write down your phone number, in terms of the details...(interrupted).

Mr. Xu: 有名片没得?
Got a business card?

Investigator: 我名片没带。
I didn't bring one.

Mr. Xu: 哦。
Oh.

Investigator: 我才到公司,也是靠关系那个去的。
I just came to this company and we came in through connections.

Mr. Xu: 叫什么公司吗?

What's the name of the company?

Investigator: 恒安撒。

Heng'an.

Mr. Xu: 恒安。我记住你电话。

Heng'an. I'll write down your phone number.

Investigator: 你，你跟我说嘛。

Why don't you tell me yours?

Mr. Xu: 1388511 (听不清)

1388511 (inaudible)

Investigator: 我跟你打过来，呀，呼叫不起。

I'll call you. Uh, it won't go through.

Mr. Xu: 没的信号？你说吧，我跟你打。

No signal? Why don't you read yours I'll call you.

Investigator: 13038305282

13038305282

Mr. Xu: 重庆的。

From Chongqing.

Investigator: 艾，哎，我主要说那些细节，我确实搞不清楚，过来了解一下，你这个是8月底正式生产。我姓冯。

Right, right. Like I said, I really have no clue about some of these specific details. Just here to do some initial inquiry, so this mine here is going to start production at the end of August? Oh, my last name is Feng.

Mr. Xu: 通没得？

Is it coming through?

Investigator: 没的信，没的信号了。这一点信号都没得额。

No signal, not a single bar. It gets no signal here at all.

Mr. Xu: 13038305282, 咦, 是移动, 还是联通啊?

13038305282, uh, is it China Mobile or Unicom?

Investigator: 联通的, 应该没信号的。

Unicom. Should be issue with signal.

Mr. Xu: 好吧, 我就留了。

Okay, I got it.

Investigator: 但是现在我大概了解一下, 你们这里好久, 好久正式生产?

Just to confirm, when do you guys start official commercial production?

Mr. Xu: 正式生产就是下个月啊。

Official production starts next month.

Investigator: 下个月。

Next month.

Mr. Xu: 嗯。

Yes.

Investigator: 你们年产量多少哦。

What is your annual production volume?

Mr. Xu: 年产量我们现在是 30 万吨。

Annual production capacity we're right now at 300,000 tons.

Investigator: 30 万。

300,000 tons.

Mr. Xu: 30 万吨。

300,000 tons yes.

Investigator: 30 万

300,000.

Mr. Xu: 就是生产以后吧。

This is (the amount) after we start production.

Investigator: 是计划产量？

Is this the planned production volume?

Mr. Xu: 不是啊，是年产量，就是核定了产量。

No, it's just our annual production (capacity), its also the approved production capacity.

Investigator: 必须每年都要生产那么多到哦？

Every year you must produce that much?

Mr. Xu: 对，采矿证上就是 30 万吨。

Yes, the number on the mining permit is 300,000 tons.

Investigator: 因为我也听到说呢，那种东西额，你采不到那么多额，指标达不到是吧？

I have also heard that, if you don't mine that much, you're not going to meet your target, correct?

Mr. Xu: 一般都是超产。

We normally can exceed the capacity.

Investigator: 哦。

Oh.

Mr. Xu: 一般都是超产的嘛。我不晓得贵州的煤矿你了不了解。

Normally (we) would exceed the capacity. I don't know if you know anything about Guizhou's policy on coalmines.

Investigator: 贵州，这方面我不是很了解。

Guizhou...don't know much about this area.

Mr. Xu: 啊。

Ah.

Investigator: 他们喊我过来还有个这么回事（被打断）。

The other reason I was asked to come here is...(interrupted)

Mr. Xu: 因为我们现在估计最多也就产个 45 万吨。就超产不到了。

Because the most we can produce (on an annual basis) is estimated to be 450,000 tons, it's hard to exceed that number.

Investigator: 45 啊?

450,000?

Mr. Xu: 就实际生产的嘛，它超出我们核定的产量，嗯，也就是最多也就是生产 45 万吨就到极限了。

That's actual production volume, and exceeds our approved production capacity. However, the maximum we could do is 450,000 tons.

Investigator: 每个月，每个月。

Every month, every month?

Mr. Xu: 每个月大概是额，4 万吨左右。

Every month, we can probably produce about 40,000 tons.

Investigator: 也就是说我们这个 1500-2000 吨没的问题了?

In other words, our 1,500-2,000 tons should not be a problem.

Mr. Xu: 没有问题，没有问题，绝对没有问题。哎。你占我十分之一都占不到，就不用怕。你还不要说，我们其他，其他还有矿哦。

Not a problem, not a problem. Absolutely no problem. You (your volume) is barely 10% of mine. Not to mention, we still have other...other mines.

Investigator: 你其他还有矿啊?

You guys have other mines?

Mr. Xu: 在赫章嘛，其他还有矿嘛。

In Hezhang (county), we have other mines.

Investigator: 因为我们了解你们旗下 3 个矿是吧。

We heard you guys have 3 mines, is that right?

Mr. Xu: 我们赫章总共是 7 个矿，赫章。

We have a total of 7 mines in Hezhang.

Investigator: 赫章.
Hezhang?

Mr. Xu: 对, 就在赫章县嘛.
Yes, in Hezhang county.

Investigator: 因为我们现在 (被打断)
Because we currently (interrupted)

Mr. Xu: 有几个矿。
Have several mines.

Investigator: 我的公司给我的信息额, 就是罗州有一个。
The information provided to me by my company, says you have a LuoZhou (mine)...

Mr. Xu: 嗯, 罗州有一个。
Right, LuoZhou is one.

Investigator: 这是拉芬。
This one is Lafen.

Mr. Xu: 拉苏。
LaShu.

Investigator: 哦, 拉苏。然后有一个是威奢。
Oh, LaShu. Then there's a WeiShe mine.

Mr. Xu: 对, 对。
Yes, right.

Investigator: 因为我们现在了解你们只这 3 个矿。
Because we only heard of these 3 mines of yours...

Mr. Xu: 没的, 我们还有 4 个, 安罗西 (音), 和政(音), 城关, (听不清那 4 个矿) 但都没得生产。那几个。
Not really. We have another four, An Lu Xi, Cheng Guan, (inaudible), but none of those are in production.

Investigator: 哦，都没生产。拉苏跟那个，跟那个罗，罗州生产没的嘛。
Oh, not in production. What about LaShu and that...that LuoZhou?

Mr. Xu: 罗州和那个？威奢？
LuoZhou and which? WeiShe?

Investigator: 威奢，因为我们了解到的都那3个。
WeiShe, because all we knew is those 3 mines.

Mr. Xu: 我们生产的就是罗州和威奢嘛。
The ones in production are LuoZhou and WeiShe.

Investigator: 已经开始生产了嘛？
Both have started production?

Mr. Xu: 去年应该是，是嗯，停工，我看下哈，罗州应该现在是停起了，
停了一个把月吧。
Should have already from last year, uh, yes. Idled...let me see,
LuoZhou now should have stopped (production), idled for more than
a month.

Investigator: 罗州停启了？
LuoZhou is idled?

Mr. Xu: 对，我们现在都是在抢这边的，因这边要生产罗，人全部抽，抽
一百多个人，现在全部都在这里。
Yes, we are now rushing the work at this mine here, because we are
going to start production soon. So pulled the people...pulled about
100 people and put them to work here.

Investigator: 不是，过来，因为那个情况啊，我跟你说明那个情况，因为我们
也是安心过来了解的实际情况了，因为我们昨晚也到罗州问了下。
Not that. Let me tell you about this situation. Because our purpose
here is to find out the truth...because we went to LuoZhou last
night...

Mr. Xu: 哦，你们也到罗州了？
Oh, you guys went to LuoZhou too?

Investigator: 肯定，来了肯定到处了解。

Of course, once we're here, we need to see everything.

Mr. Xu: 你们也到罗州了？

You already went to LuoZhou?

Investigator: 哎，就是说，了解的情况不是很一样，因为我们之前呢了解到你们3个公司啊，就是说那个啥，还有利维共同享有的嘛？

Right, the information we heard of earlier was different, because we heard your three *companies* (*sic*)... what's that name again, uh... Liwei (L&L Energy) jointly own these?

Mr. Xu: 利维？

Liwei (L&L Energy)?

Investigator: 哎，因为我们也在谈。

Right, because we're talking to them...

Mr. Xu: 哪个东西共同享有？

What do you mean we jointly own... what?

Investigator: 都说那个矿都有股份的是吧，因为那个东西了解不到，我们不知找那个谈。

They told us they have equity in all mines... because we don't know the details about this thing (ownership), so we don't know who to talk to.

Mr. Xu: 你就和优能集团谈就行了嘛。你就跟优能集团找其他公司就行了嘛，我们都是集团公司下属矿，我们这就是单独矿嘛。

You can just talk to Union Energy Group. All of us are mines under the group company. We're one of the mines.

Investigator: 哎，那个我晓得。

Right, that I knew.

Mr. Xu: 我们都是隶属于优能集团的。

We are all owned by Union Energy Group.

Investigator: 那我们现在 3 个矿是，就是说我们了解到的哈，就说威奢是，不是说不是优能的？

With regard to the 3 mines, the ones we talked about earlier, basically WeiShe was not owned by Union Energy?

Mr. Xu: 是优能的啊。

It is owned by Union Energy.

Investigator: 是优能？

It is owned by Union Energy?

Mr. Xu: 咋不是优能的，这是拉苏，这是拉苏。

How can it not be? This is LaShu here. LaShu here.

Investigator: 我晓得，这是拉苏，威奢，威奢是，只是你们一个，一个那个部，就是说占有的嘛？使用权的吧？

I know, this is LaShu. But WeiShe...WeiShe is solely owned by you guys? I mean the right to use?

Mr. Xu: 你说拉苏？

You're talking about LaShu?

Investigator: 威奢，威奢。

WeiShe, WeiShe.

Mr. Xu: 威奢也是优能集团的嘛。

WeiShe is also owned by Union Energy.

Investigator: 但是我们了解到利维也有股份是吧？

But we learned that Liwei (L&L Energy) has equity in it too?

Mr. Xu: 利维是和优能集团的股东嘛。它和这个矿，这个矿是这样子，这个矿是优能集团控制的，然后优能集团公司里面就是，应该是有那个利维的嘛，但是我们矿上没得，不晓得，我们矿上不了解。

Liwei (L&L Energy) is a shareholder in Union Energy Group. This mine...this mine is controlled by Union Energy...and, among the shareholders of Union Energy, there should be this Liwei (L&L Energy). But nothing (no equity) in our mine, I don't

know...uh...we in the mine here don't know.

Investigator: 我们公司了解到一个这个东西，好去谈。

Our company learned this information. It's easier to talk (about business).

Mr. Xu: 签合同没得嘛？

(Have you) signed the contract?

Investigator: 哎，这个矿，就是说不费力撒，我们找直属关系的撒，不要中间又来一个那种就没的必要的撒。

Right. In other words, this mine...uh it's easier for us...to directly come here (to you)...no need for another middleman type of thing.

Mr. Xu: 整个呢，我们煤的销售，我们矿上是没的权利销售的。

This whole (decision)...to sell the coal, we don't have the right to sell.

Investigator: 那个我晓得。

That I knew.

Mr. Xu: 矿上等于说它整个销售全部是集团公司控制的，你签也是跟集团公司签，签合同，就是也不是和矿上签。矿上也没得，它管理是集团公司，像财务哦，销售，采购，都是它集团公司直管。

For the mines, basically the Group company controls all sales process. Your contract has to be signed with the Group company, not with the individual mine. Management functions like accounting, sales, purchasing are all handled by the Union Energy Group, there's no (such resources) at the mine.

Investigator: 我们公司也接触了利维公司，我们不想（被打断）。

We also got in touch with Liwei (L&L Energy) company, we don't...(interrupted).

Mr. Xu: 你接触利维公司没用嘛。

There is no point for you to talk to the Liwei (L&L Energy) company.

Investigator: 跟你说，是那种情况嘛，有可能我们是想找直接关系。

To be frank with you, the thing is, we would like to build a direct

relationship.

Mr. Xu: 你直接找优能集团就行了嘛。

Then you can directly come to Union Energy Group.

Investigator: 但是它说这些矿都是它的嘛。

But they (L&L Energy) told us all of these mines are theirs?

Mr. Xu: 它只是优能的股东嘛。

It (L&L Energy) is merely a shareholder in Union Energy.

Investigator: 股东？

Shareholder?

Mr. Xu: 它经营是优能集团在经营嘛。我们平时都很少谈论到它。

Its business operation is on the level of Union Energy. We, on a daily basis, very rarely talk about it here either.

Investigator: 那那个矿的使用权，就是归属权是哪个的嘛？

So who has the right to use these mines...uh, who has the ownership of these?

Mr. Xu: 优能集团嘛。

Union Energy.

Investigator: 3个都是嘛？那3个。

Same for all three? All three mines.

Mr. Xu: 都是优能集团。

(They are) all Union Energy's.

Investigator: 还只是入了股哦。

So it (L&L Energy) merely invested for some equity?

Mr. Xu: 它是优能集团的股东，它是优能集团的投资人。但是我们不管，我们经营上面，签合同的话，只认优能集团。

It's a shareholder in Union Energy. It's an investor in Union Energy Group. But we don't deal with them, operation wise, or in terms of contract signing, we only recognize Union Energy.

Investigator: 哦，它 3 个，它 3 个那个矿都入了股的嘛？

Oh, so it invested in all three...all three of those mines?

Mr. Xu: 它不是在矿上入股，我们矿上股东的组成，额，比如像拉苏煤矿，拉苏煤矿，优能占百分之九十，然后还有百分之十是优能买了之后原股东的嘛。

It (L&L Energy) has no equity at the mines level. The shareholding structure of the mines like us is as follows, uh, for example, in LaShu mine, Union Energy has 90% equity, then the rest 10% is still owned by the original shareholders after Union Energy bought it.

Investigator: 哦，现在的情况是拉苏，优能占了百分之九十。

Oh, so the current situation is, in LaShu, Union Energy has 90% (equity)?

Mr. Xu: 对，但是它，它这个利维是优能的股东嘛，它也投资的是优能，它不是具体的在矿上咋哎。

Yes, but it...this Liwei (L&L Energy) is a shareholder in Union Energy. It invested in Union Energy, but not in the mines.

Investigator: 哦。

Oh.

Mr. Xu: 哎。

Right.

Investigator: 那哪个你给我介绍下（被打断）

Then why don't you tell...(interrupted)

Mr. Xu: 你和他签没有用，它又不能销售，它主要是投资人，但是经营全部是优能在经营，哎，你说签销售合同，包括我们采购啊，都是面对优能。我们从来没有面对过利维。

It's useless to sign a contract with them (L&L Energy). They have no right to sell (coal). They are merely an investor. All the operations are managed by Union Energy. Right, all of the sales contracts, or purchase agreements with us, must be done with Union Energy. We (at the mine here) have never dealt with Liwei (L&L Energy).

Investigator: 利维啊。

Liwei (L&L Energy).

Mr. Xu: 对，我们只是说他们来了，我们接待一下。但是销售和经营上，我们对接都不是和他对接。都，他们也不直接管我们。哎。它也不直接管我们，我们都是直接接受那个优能集团管理，我们几条业务线都是，都是直接对优能那块。

Yes, the only thing we do is, when they come here, we treat and show them around. But we don't talk directly to them in terms of sales and mine operation. They don't directly manage us. Right. They don't directly deal with us here. We are directly under the management of Union Energy. Our several business divisions are...all report and deal directly with Union Energy.

Investigator: 你们的年产量是 30.

So your annual production is going to be 300,000?

Mr. Xu: 年产，反正最多就是 45 万吨。

Annual production, it won't exceed 450,000 at the most.

Investigator: 最多 40.

400,000 maximum.

Mr. Xu: 45. 450,000.

Investigator: 就是说 8 月份生产了的话，就是你们现在有个估计了撒，估计是好多嘛？一年的。

In other words, once you start producing in August, based on your current estimate, how much is it (going to be)? Per year.

Mr. Xu: 就是 45 万吨。再多，再多也能产，承担的风险也大了。

It's just going to be 450,000. Any more than that, it's going to be higher risk to take.

Investigator: 哦，威奢离这里有好远哦？

Oh, how far is WeiShe from here?

Mr. Xu: 威奢是在另外一个方向啊。

WeiShe is in the other direction.

Investigator: 我主要是赶时间，我可能不想去，再到去威奢去了。去了两个地方，大概就清楚了撒，我就在你这里了解一下威奢的大概情况是那么回事啊。

Mainly because of our tight schedule, we may not want to go to WeiShe. After having gone to these two places, we had a basic idea of the situation. I just wanted to learn briefly about WeiShe from you here.

Mr. Xu: 威奢的是去年开始生产的嘛，就去年，我看一下啊，下半年。

WeiShe started production last year too. Yes, last year...let me see...second half of last year.

Investigator: 都一直，一直都在生产？

It's always...always been in production?

Mr. Xu: 都在生产，但是产量，摠，摠，我不晓得它具体是好多哦，产量不晓得达到 30 万吨没得，不晓得现在产量。

It's been in production, but production volume...uh, I don't know what kind of volume it's been producing. No idea about whether its production volume has reached 300,000 or not.

Investigator: 徐哥，昨天我们了解的情况呢，罗州那边其实现在还没开始，其实我们也不存在那个东西，我们也不存在晓得你们公司就是说，公司实力我们也想晓得一个实在的东西（被打断）。

So based on what I learned yesterday, LuoZhou actually has not started (production). Honestly, we don't have any intention to...we don't want to know all about your company...but we just wanted to learn some hard facts about how strong your company is...(interrupted)

Mr. Xu: 你不是买煤的嘛？

Don't you just want to buy coal?

Investigator: 哎，是啊。

Right, yes.

Mr. Xu: 你现在总量就要 1000? 其实总量又不多.

And your actual volume isn't much.

Investigator: 哎, 其实也不多。

Right, actually not too much.

Mr. Xu: 这没有问题, 我们任何个矿, 任何一个矿都可以满足, 你一千多吨, 就是两天的产量。但是现在罗州是没有办法给你。

This is no problem. Any mine of ours, can meet your, about 1,000 tons requirement. It's about our production volume for 2 days. But right now, LuoZhou can't supply anything to you.

(Investigator's recording was turned off)