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CENTRAL INTELLIGENCE AGENCY

REPORT NO. [REDACTED]

INFORMATION REPORT

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SUPPLEMENT TO REPORT NO. [REDACTED]

1. The fall of Shanghai and Hangchow is imminent.
2. Generalissimo CHIANG Kai-shek is now in Shanghai holding conferences on the defense of the city. CHIANG will leave at the last minute for Taiwan, then he will go to Canton to continue to fight against the Chinese Communists**.
3. TANG En-po, commander of the Nanking-Shanghai-Hangchow Garrison Command, is not attempting to make a deal with the Chinese Communists**. TANG has stated he will defend the city to the last man, and will commit suicide in Shanghai upon the fall of the city.
4. The Communist forces are completing the isolation of Shanghai, and Nationalist troops in Kunshan (120-57, 31-24) are surrounded. The Chinese Communist attack on Shanghai will concentrate on Nationalist defenses in the outskirts. Because of this, the Nationalists are evacuating all foreigners from the Hungjao district.
5. There is great resentment among the local foreign and native officials over the departure of the US Navy.
6. MAO Sen, commissioner of the Shanghai police, claims that he and 30,000 followers will continue to fight underground even after Shanghai falls. MAO is confident of his ability to control the police up to the time of the complete surrender of Shanghai, and he feels that the city will not follow the pattern established in Nanking***.
7. Chinese Communist General CHEN Yi will assume the top-ranking position in Shanghai immediately upon the fall of the city. CHEN has six thousand especially-trained troops to maintain order during the transition period****.
8. YUNG, assistant director of the Chinese Communist Board of Trade for the Central China Area, Yangtze Region, is now in Shanghai to recruit about

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fifty members for the board to serve CHEN Yi in an advisory capacity. These members will represent the Shanghai business guilds.

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* [REDACTED] Comment. Press reports claim that the Generalissimo left Shanghai in the evening of 27 April aboard the Chinese warship TAI KONG to go to Amoy, and that the Kuomintang (KMT) is forming a supreme political affairs council with the Generalissimo as chairman. WANG Chung-hui, a veteran lawyer, is directing the formation of a government national defense council.

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** [REDACTED] Comment. See [REDACTED] regarding TANG's deal with the Communists.

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* [REDACTED] Comment. MAO's principal subordinates are known to the Chinese Communist Public Security Department, which has been successful in uncovering KMT underground agents in Peiping and Tientsin.

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** [REDACTED] Comment. CHEN will probably be chairman of the Military Control Commission and concurrently mayor, following the pattern of YEH Chien-ying in Peiping. According to foreigners arriving in Shanghai from Peiping, the Chinese Communist Party has been training, for a relatively short period, a take-over cadre for Shanghai in the "South China Take-over Cadre Training School," Peiping.

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[REDACTED] Comment. A rumor is circulating in the Shanghai Soviet community that the Chinese Communist Administration Cadre will take over Shanghai, and there will be no general Communist troop entry into the city.

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