1. The Communists are launching an assault on Hainan "at the end of February." YEH Chien-yung, Communist Governor of Kiangtung, is attempting to contact CHEN Chi-t'ang, Nationalist Governor of Hainan, to persuade him to surrender when the assault takes place. The argument used is that CHEN should not fight for Generalissimo CHIANG Kai-shek, who has abandoned him, and that CHEN can safeguard his own future by an early surrender. No specific terms for CHEN have been given.

2. Certain units under Nationalist General LIU An-chi were subverted by the Communists while in Kiangtung, with a firm agreement that the unit commanders would surrender upon demand. The continuous contact maintained with the commanders while they were on Hainan was broken when the units moved to Taiwan, where they are now stationed. The Communists are seeking to reestablish contact with the commanders but were unsuccessful as of the first week in February. Similar agreements exist with "many" Nationalist commanders on Taiwan.