

INFORMATION REPORT

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COUNTRY China/Indo-China

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25X1A2g SUPPLEMENT TO REPORT NO.

- Under instructions from Peiping government authorities, YEH Chien-ying (葉劍英), mayor of Canton and governor of Kwangtung, was to buy and send arms and ammunition to Vietminh forces in Indo-China, through the facilities of the South China Trading Company, controlled by his brother YEH Tao-ying (葉導英). The branch office of the company, established at Shihchi (113-22, 22-30) to facilitate shipments by sea, on 24 February 1950 sent to Indo-China one shipment of arms, consisting of 1,920 pistols and rifles. Because small profits were gained and the hazards of running the Nationalist blockade were great, the office made no further shipments. YEH Tao-ying, however, secretly engaged in exporting and importing profitable commodities for his private profit and was estimated to have netted Hong Kong \$10,000,000 since the establishment of the firm.\*
- Because of YEH's negligence in carrying out its orders, the Communist government ordered the company dissolved,\*\* changed its name to the Chu Chiang (珠江) Trading Company, and placed it under the direction of the Kwangtung Government Trade Bureau. It was to be established in Canton on 15 March 1950 with LI P'ei (李培) as general manager and CHOU Yuan-shen (周遠山) as assistant manager. Because of the urgency of arms shipments to Indo-China, a Shihchi office was set up on 17 March at 73 T'an Feng Chi (歡風岐) Road and plans were made to ship to the Vietminh forces arms and ammunition transferred from the former South China Trading Company.
- Another agency shipping arms to Vietminh, as well as to Malaya and the Philippines, is the Hsin Li (新利) Navigation Bureau of the Hsin Li Shipping Company.\*\*\* This firm has its main offices on the third floor of the building opposite the Grand Hotel on Hsin Ma (新馬路) Road, Macao, and branches in Hong Kong, Canton, and Sunwui. Shipping points are Yeh Li Shan (野狸山), Hsiangchou (113-32, 22-14), Ch'i Jen Shih (企人石), Wantzu (113-31, 22-16), and Sha Li T'ou (沙梨頭) in Macao. A power boat, the ~~SEVEN FIVE~~ (順風), carried cargo to open water, where it is transferred to an unidentified Soviet ship. Since January 1950, eight shipments have been made in this manner. Two of the company's vessels also run regularly to Kongmoon and two to Taishan (112-48, 22-15).

CLASSIFICATION CONFIDENTIAL

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CENTRAL INTELLIGENCE AGENCY

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4. At the fourteenth meeting of the South China Politburo on 17 March 1950, attended by FANG Fang (方方), deputy chairman of Kwangtung Province, T'AN Cheng-wen (譚政文), commissioner of the Canton Public Security Bureau, HSLAO Hsiang-jung (蕭向榮), Minister of Propaganda of Kwangtung, I Hsiu-hsiang (易秀湘), Finance Commissioner of Kwangtung, and CHEN Po (陳泊), deputy commissioner of the Canton Public Security Bureau,\*\*\*\* it was decided to supply HO Chi Minh with 20,000 rifles he had requested. Surplus food supplies from Indo-China were to pay for the rifles, and deliveries were arranged as follows:

- a. 6,000 rifles to be supplied by Kwangtung Military District and 8,000 from the Chu Chiang Trading Company to be delivered by the company by sea to an unspecified point in Indo-China.
- b. 5,000 rifles to be delivered by Kwangsi Military District to the border area between Kwangsi and Indo-China, exact points unspecified.
- c. 1,000 rifles to be delivered by Chan Chiang (湛江) (Fort Bayard) Military Control Commission to Tunghsing (107-58, 21-33).\*\*\*\*\*

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\* [redacted] Comment. For an earlier discussion of YEH's practices and profits, see [redacted]

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\*\* [redacted] Comment. This action was reported by another source as caused by the firm's corrupt practices; see [redacted]

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\*\*\* [redacted] Comment. This firm is also known as Szu Sh'iang (四强), and Lien Ho (聯合) Company.

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\*\*\*\* [redacted] Comment. All these members of the Canton and Kwangtung government assumed office in October 1949. T'AN Cheng-wen is usually denominated commissioner of police of Kwangtung rather than of Canton; see [redacted]

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\*\*\*\*\* [redacted] Comment. The relation of any of the above shipments to agreements made between Vietnam and Communist China in 1949 is not clear. [redacted]

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