

NOW THEREFORE this agreement witnesseth that the parties hereto covenant and agree with each other as follows:

1. In this agreement the term "Canadian services" has the meaning assigned to it by the Export Credits Insurance Act of Canada or any regulations made thereunder.

2. Notwithstanding anything contained in the Principal Agreement, it is mutually agreed that amounts that may be lent by the Minister to the Government of China thereunder as provided in clause two of the Principal Agreement, may be requisitioned by the Government of China to enable it to pay the cost of Canadian services in addition to the payment of the cost of Canadian-produced goods exported or to be exported from Canada to China, as provided in the said clause two, and the Government of China agrees to expend the moneys received by it by way of loans under the Principal Agreement and this agreement, solely for the purpose of purchasing from exporters and paying the cost of Canadian-produced goods exported or to be exported from Canada or the cost of Canadian services in accordance with a program to be agreed upon from time to time by the Canadian Minister of Trade and Commerce and the Canadian Minister of Finance and by representatives of the Government of China designated by the Ambassador of China to Canada.

3. Pursuant to clause seven of the Principal Agreement, it is mutually agreed that any portion of the Sixty Million Dollars (\$60,000,000) Canadian referred to in clause two of the Principal Agreement which has not been requisitioned by the Government of China in accordance with the said clause two on or before December 31, 1947, may be requisitioned by the Government of China on or before December 31, 1948, and the Minister will pay the amounts so requisitioned in the manner provided in the Principal Agreement in respect of amounts so requisitioned.

4. Without restricting the operation of clause six of the Principal Agreement, which shall have full operation in respect of amounts paid by the Minister into the account of the Government of China for the credit of the Chinese Government during the period therein mentioned, the Government of China agrees that amounts paid by the Minister into the account of the Government of China for the credit of the Chinese Government pursuant to the Principal Agreement and clause three of this agreement during the period commencing on January 1, 1948, and ending on December 31, 1948, inclusive, together with interest thereon as provided in clause five of the Principal Agreement, shall, at the end of the said period, be consolidated into one amount, called in this clause the consolidated debt, and the Government of China shall thereupon on December 31, 1948, pay one-thirtieth of the amount of the consolidated debt and deliver to the Minister bonds of a face value equal to the remainder of the consolidated debt, which bonds shall constitute valid, binding, absolute and unconditional obligations of the Government of China; the said bonds shall bear interest at the rate of three per centum per annum, payable semi-annually on the 30th day of June and the 31st day of December, and shall mature serially in twenty-nine equal annual amounts of principal payable on the 31st day of December 1949, and on the 31st day of December in each year thereafter up to and including the year 1977.