After Hirota Koki tacked on the Japanese foreign minister post and embarked on a path of repairing international relations, Sino-Japanese relations had improved. On Jan 22nd, 1935, Hirota announced a policy of non-aggression against China. On Feb 22nd, Whang Jingwei announced a suspension of the boycott policy against Japanese imports. In May, ambassador-level relations between two countries were restored. Japanese Kwantung Army and Tianjin garrison Army, however, continued the encroachment policy.

On May 29th, 1935, Sakai Takashi, on the pretext that heads of two pro-Japanese newspapers had been assassinated, raised a protest with He Yingqin, Acting Chairman of the Peiping National Military Sub-council, and demanded that Yu Xuezhong be dismissed from the post of Hopei Provincial Chair; that Nationalist Party Headquarters and its organizations leave Hebei. On May 30th, Japanese military, with armoured vehicles, paraded in front of Chinese provincial government. On May 31st, Chinese ambassador to Japan, Jiang Zuobin, contacted Hirota Koki for a peaceful settlement. On June 1st, Hitota wanted China to talk to Japanese garrison at Tianjin direct.

On June 4th, Sakai repeated his demands. On 5th, Japanese pushed out a ‘settlement guideline’, with demands that Chinese Military Police 3rd Regiment, Peiping National Military Sub-council, Hebei Provincial Government must leave Hebei; Yu Xuezhong be dismissed; Chinese 51st Corps and Central Army units leave Peiping and Tianjin; and anti-Japan activities be suppressed. On 7th, Kwantung Army moved to the Great Wall line; on 9th, a third oral ultimatum was issued, with a deadline set at June 12th. He Yingqin replied that five conditions were already met as of the previous day, namely, Governor Yu Xuezhong and Tianjin Mayor Zhang Tingbo and his Chief of Police had been dismissed; 3rd MP Regiment and the Political Training Department had relocated elsewhere; that party headquarters at provincial and city levels had ended; anti-Japanese organizations were ordered to be banned; and that 51st Corps were relocating. Sakai then countered with more demands, including the termination of KMT party organizations in whole province and in railway system; withdrawal of 51st Corps from Hebei; withdrawal of Central Army; and banning of anti-Japan activities across China. On June 10th, Heh Yingqin replied that 25th & 2nd Divisions of Central Army had vacated Hebei Province for Chahar. Not ready for war with Japan, the Chinese government was forced to comply with stringent Japanese requirements. By exchange of demands and replies between Yoshijiro Umezu of Japan and Heh Yingqin of China, in lieu of an official document stamped and signed by both parties, the so-called He-Umezu Agreement became effective as of June 10th, 1935, which effectively recognized the demilitarization of Hebei Province. (Numerous memoirs pointed out that Heh Yingqin did not sign the document
but was asked by Japanese to acknowledge the receipt of Japanese memorandum.)

To push further the agenda of demilitarizing and controlling five provinces of northern China, Japan simultaneously extracted concessions in regards Chahar Province. On June 11th, Japanese military intelligence chief in Kalgan demanded with Qin Dechun that China make remedies for the June 5th arrest of four Japanese agents in Zhangbei, between Duolun and Kalgan. A five day ultimatum was made for the punishment of 132nd Division commanders, in-person apology by 29th Corps Chief Song Zheyuan and guarantee that no repeat offence will occur. Additionally, Japanese intelligence chief Doihara Kenji demanded that 29th Corps be moved to south of the Yellow River. On 17th, Japanese chief of staff for Kwantung Army devised a ‘negotiation guideline’, and then demanded with Song Zheyuan that 29th Corps move to southwest of the Great Wall; anti-Japan organizations and agencies be dismissed; and that responsible officers be punished. A two-week ultimatum was issued. On 23rd, Doihara Kenji rasied further demands with Qin Dechun, including permission for Japan to establish military facilities in Charhar, co-development of economy in northern China and recruitment of Japanese as military and political advisers. On 27th, Qin Dechun conceded to Japan in a Qin-Doihara Agreement, dismissing persons who made the arrest of Japanese at Zhangbei, withdrawing anti-Japan organizations, respecting Japan’s proper actions in Chahar, pulling back 29th Corps from Changping, Yanqing and Dacunbao [to the east of the Great Wall and to the north of Dushikou-Kalgan] within two weeks, and permitting Japanese advisers in Chahar.