

THE CHINA SOURCING FILES / ISSUE 01

Stop Trusting Chinese Factories at Face Value.

The 7 questions that separate a real factory from a well-dressed middleman, in 10 minutes, before you wire a single dollar.

A free guide from EJ Sourcing, used internally on every supplier we vet for clients in the US, UK and Europe. Our team works across Singapore, Hong Kong, Taiwan, Mainland China and Vancouver.

BEFORE YOU READ ON

What you don't see is what hurts you.

A few years ago, our team walked into the office of a supplier in Nanchang. The boss was charming. Five staff were running around with tea and snacks. Everything looked normal... until we noticed what was missing. Not a single personal item on any desk. No mug, no pen holder, no cushion. Nobody knew where the air-conditioning remote was, in an office they said they'd worked in for three months. No water dispenser. No printer.

Two months later we sent a freelancer back to the same address. A different company was already inside. The supplier had never operated from there.

That story is the reason this checklist exists. Most buyers from outside China lose money the same way: not to bad luck, but to a supplier that looked the part for one factory visit, one video call, or one polished Alibaba page. The questions in this guide are the ones our team asks before we let a client transfer a single deposit, and they take roughly ten minutes to put to any supplier.

Who this is for

Importers and brand owners in the US, UK and Europe who are placing orders worth USD 5,000 to USD 500,000 with a Chinese supplier, especially first orders, new categories, or new factories.

How to use it

Send the seven questions to your supplier in one email. Don't soften them, don't bundle them. A real factory will answer all seven inside two working days. A middleman will deflect, delay, or answer four of them. Score what you get back against the green-flag and red-flag answers in each section. Three red flags in a row is a walk-away.

QUESTION 1 OF 7

01

Are you the actual manufacturer, or are you sourcing this from another factory?

ASK THIS — WORD FOR WORD

"Please confirm whether your company manufactures this product in-house. If yes, can you share a recent photo of the production line with today's date written on paper in the frame? If part of the order is sub-contracted, please tell us which steps and to which factory."

WHY IT MATTERS

In our own intake, across hundreds of suppliers vetted for clients in the US, UK and Europe, only 30–40% of suppliers who pitch themselves as factories survive first-stage vetting. The most common reason they fail is that they are trading companies presenting as manufacturers. Trading companies aren't always a problem, but only if you know you're paying their margin. When a 'manufacturer' is actually three layers removed from production, every quality complaint goes through a game of telephone, and pricing has padding you can't see.

✓ GREEN-FLAG ANSWER

A same-day reply with the photo, the address of the production line, and a clear statement of which steps are in-house (e.g. 'injection moulding and assembly in-house; printing sub-contracted to a partner factory in the same city').

✗ RED-FLAG ANSWER

'We have many factories.' 'We work with a partner factory.' Vague answers, week-long delays, or stock photos with no date stamp. Refusal to name the sub-contracted partner.

WHAT EVIDENCE LOOKS LIKE

A real production photo will have today's date visible, will show inventory in the supplier's branding, and the floor will look used — scuff marks, organised tooling, a worker in the frame. An empty, perfectly tidy line is often staged.

QUESTION 2 OF 7

02

What is your monthly production capacity for this exact product?

ASK THIS — WORD FOR WORD

"What is your monthly capacity for the product we discussed (units / month)? What percentage of that capacity is already committed for the next 60 days?"

WHY IT MATTERS

Capacity mismatch is one of the most common causes of late shipments we see. A factory quoting you a 30-day lead time during quiet season may need 60 days during Chinese New Year, August (peak season for Q4 retail), or any week with an unannounced power restriction. Asking for a number forces an honest answer.

✓ GREEN-FLAG ANSWER

A specific number (e.g. '120,000 units per month, currently 70% booked'), willingness to share their current production schedule for your slot, and an offer to write the agreed lead time into the PI.

✗ RED-FLAG ANSWER

'We can do any quantity.' 'Capacity is no problem.' Refusal to commit to a specific monthly number, or a lead time that suddenly stretches once the deposit is paid.

WHAT EVIDENCE LOOKS LIKE

Ask for a production schedule screenshot from their internal ERP or a photo of the workshop white-board. Real factories track this; ghost factories cannot fake it convincingly under questioning.

QUESTION 3 OF 7

03

Can you send your business licence and factory registration?

ASK THIS — WORD FOR WORD

"Please send a colour scan of your business licence (营业执照), and confirm the unified social credit code. If your registered address differs from your production address, please explain."

WHY IT MATTERS

Every Chinese company has a unified social credit code printed on its business licence. You can plug that code into QiChaCha (qcc.com) or Tianyancha (tianyancha.com) in thirty seconds and see: registered capital, year founded, legal representative, lawsuits, and whether the company is on any abnormal-operations list.

✓ GREEN-FLAG ANSWER

A same-day reply with a clear scan, plus willingness to explain any address mismatch (common and legitimate when a sales office and a factory are in different cities).

✗ RED-FLAG ANSWER

Partial scans with the credit code blurred. 'We'll send after the deposit.' A registered company name that differs from the one on the invoice. A company founded less than 12 months ago for a product that requires real tooling.

WHAT EVIDENCE LOOKS LIKE

Plug the unified social credit code into qcc.com, the result is in Chinese but the company name, registered capital, and incorporation date are easy to read. Anything below RMB 500,000 registered capital for a 'large factory' is suspicious.

QUESTION 4 OF 7

04

Who are your three biggest export clients, and which markets do they ship to?

ASK THIS — WORD FOR WORD

"Without naming individual buyers, please describe your three largest export clients by industry and destination market, and roughly what share of your total sales they represent."

WHY IT MATTERS

Most suppliers won't name clients, and you shouldn't expect them to, those are their relationships to protect. But every real exporter can describe the shape of their book: 'About 40% of our volume goes to a US household-goods importer, 30% to a German chain, the rest is domestic.' A supplier who can't shape this answer probably doesn't export at the scale they claim.

✓ GREEN-FLAG ANSWER

A specific, plausible breakdown by geography and category. Willingness to share anonymised packing lists or BOLs from prior shipments to your region.

✗ RED-FLAG ANSWER

Vague answers ('all over the world'), refusal to discuss markets, or a claim that they 'mainly export to your country' when their English-language materials have obvious errors and their export documentation experience is thin.

WHAT EVIDENCE LOOKS LIKE

Ask for a redacted packing list from a recent shipment to a market similar to yours. Customs codes, port pairs, and Incoterms will reveal whether they actually ship, and whether they understand the paperwork.

QUESTION 5 OF 7

05

What certifications do you hold and can you send the certificate numbers?

ASK THIS — WORD FOR WORD

"Please list the certifications relevant to our product (e.g. BSCI, ISO 9001, FDA registration, CE, REACH, RoHS) with certificate numbers and issuing bodies. We will verify with the issuer."

WHY IT MATTERS

Forged certificates are easier to produce than a credible factory. The defence is simple: every legitimate certificate has a number and an issuing body, and the issuing body can be contacted independently. A supplier that has a certificate will send the number without hesitation.

✓ GREEN-FLAG ANSWER

Certificate numbers supplied in the first email, with the name of the issuing body and the validity dates. Cooperation with you contacting the issuer directly.

✗ RED-FLAG ANSWER

PDF certificates with no number, or with the number cropped out. 'The certificate is being renewed.' An issuing body you cannot find online. Discomfort when you say you'll verify.

WHAT EVIDENCE LOOKS LIKE

BSCI audits are searchable at amfori.org by audit ID. ISO certificates can be checked at the issuing body's database (e.g. SGS, TÜV, Intertek). For FDA, search the FDA Establishment Registration database. If a supplier resists this, the certificate is not real.

QUESTION 6 OF 7

06

What is your defect rate and how do you measure it?

ASK THIS — WORD FOR WORD

"What is your typical defect rate (parts per hundred or per thousand) on your last six bulk orders for this product? Do you allow a third-party inspector (SGS, QIMA, Asia Inspection) to perform a pre-shipment inspection at AQL 2.5?"

WHY IT MATTERS

Every supplier has defects. The honest ones know their own number; the dishonest ones either claim zero or refuse to discuss it. More important than the number itself is whether they will allow a third-party inspector into the factory before shipment. A 'no' on inspections is functionally the same as saying 'we hide the defects'.

✓ GREEN-FLAG ANSWER

A specific defect-rate range with context ('1.5–3% across the last six runs, with most issues on cosmetic finish'). Open acceptance of third-party pre-shipment inspection at AQL 2.5. Willingness to bear the cost of re-work on rejected lots.

✗ RED-FLAG ANSWER

'Our defect rate is zero.' Hostility to third-party inspection. Insistence on shipping before inspection sign-off. Charging the buyer for re-inspection of rejected lots.

WHAT EVIDENCE LOOKS LIKE

AQL 2.5 (Acceptable Quality Limit) is the standard sampling level for consumer goods. A pre-shipment inspection costs roughly USD 200–500 per shipment and is, in our experience, among the highest-ROI line items in a sourcing project. If a supplier resists this for a first order, walk away.

QUESTION 7 OF 7

07

Can we visit the factory? Or arrange a third-party audit before placing an order?

ASK THIS — WORD FOR WORD

"We would like to either (a) visit your factory in the next four weeks, or (b) commission a third-party factory audit at our expense. Please confirm which is feasible and propose available dates."

WHY IT MATTERS

This is the question that exposes the empty-office trick at the start of this guide. Suppliers who don't actually own the production cannot pass an unannounced or short-notice visit. A third-party audit (USD 300–800, 1–3 days on site) is the same test from a distance, and it works whether or not you can fly to China.

✓ GREEN-FLAG ANSWER

An invitation to visit with specific dates, the factory address, and a list of nearby hotels. Or: full cooperation with a third-party audit firm of your choosing, with no preferred auditors imposed.

✗ RED-FLAG ANSWER

'Now is not a good time to visit.' 'Our boss is travelling for three months.' Insistence on a specific local auditor they 'work with often'. An office tour where nobody knows where the air-conditioning controls are.

WHAT EVIDENCE LOOKS LIKE

Use a major third-party firm: SGS, Intertek, TÜV Rheinland, QIMA, Bureau Veritas. Never a local auditor introduced by the supplier. A real factory audit includes: a walk of the production floor, a check of the business licence on the wall, verification of capacity claims against the line speed, and photos with timestamps.

BONUS

Three red flags that mean walk away.

These don't need a second opinion. The three signals below are listed in order of how frequently we see them: the first is the most common, the third is the most expensive. If any one appears, stop the conversation, do not pay a sample fee, and move on. We have never regretted walking away on these signals; we have repeatedly regretted the times we didn't.

01 Payment to a personal account.

A legitimate Chinese factory invoices through its registered company account, the same name that appears on its business licence. If a supplier asks you to wire to a personal name, a Hong Kong shell, or a third party 'for tax reasons', the risk of total loss is real. Confirm bank details through a second channel (a phone call to a number you found independently, not one they sent you).

02 Reluctance to share the business licence.

Every Chinese company has a unified social credit code on its business licence (统一社会信用代码). It is public information you can verify on QiChaCha or Tianyancha in 30 seconds. A real factory will send it without hesitation. Stalling, partial scans, or 'we'll send it after the deposit' all mean the same thing.

03 Pricing that's meaningfully below the rest.

If you've quoted five suppliers and one is 20–30% under the others on a commodity product, that gap is not a discount; it is a future problem. Common causes: a thinner material than the spec, downgraded components, a sub-contracted factory the supplier doesn't control, or a deposit that will be used to fund someone else's order. Cheap quotes are the most expensive ones we see.

NEXT STEP

Want us to run these seven questions on a supplier you're already talking to?

Book a Sourcing Strategy Session with our team. In 60 minutes we'll take a supplier (or shortlist) you're considering, put them through the full vetting playbook this checklist is drawn from, and give you a clear go / hold / walk-away with the reasoning behind it.

What you get: a 60-minute call with an EJ Sourcing partner, a written supplier-risk summary, a list of the specific follow-up questions to send your supplier next, and (if useful) an introduction to two or three alternative factories from our network in the same category.

Investment: USD 197, fully credited toward your first sourcing project with us if you decide to engage.

Book your Sourcing Strategy Session

ejsourcing.com

EJ Sourcing helps importers in the US, UK and Europe buy from Chinese factories without losing sleep over quality, deception, or hidden margins. Our team works remotely across Singapore, Hong Kong, Taiwan, Mainland China and Vancouver, close enough to the ground in China to walk into a factory on short notice. We are paid by you, never by the factory.