BUYER CHECKLIST

FREE FIELD GUIDE

# Before You Pay a China Supplier

A practical pre-payment checklist for matching the company, transaction documents and proposed beneficiary.

## Use before money leaves your account.

Match the company, the sales document and the bank recipient before approving a material supplier payment.

# Start with the three-name test

Write down the names exactly as they appear. Do not rely on the English trading name alone.

1 Chinese legal entity

The Chinese name and Unified Social Credit Code shown on the business licence.

2 PI or contract issuer

The entity promising to sell the goods and accepting the contractual obligations.

3 Bank beneficiary

The person or company that will actually receive the deposit or full payment.

PAYMENT DECISION

## Hold when the names differ

A different beneficiary can have a legitimate explanation, but the relationship and authority should be documented and independently confirmed before transfer.

A valid business licence proves that an entity exists. It does not prove that every quotation, invoice, contract or bank account belongs to that entity.

# Twelve checks before the deposit

| Check | What to do |
|---|---|
| 1. Readable licence | Obtain a complete, legible Chinese business licence. |
| 2. Chinese name | Copy the legal name exactly; do not translate it first. |
| 3. USCC | Check that the 18-character identifier is consistent across documents. |
| 4. Operating status | Confirm the company is active in an appropriate current source. |
| 5. Business scope | Check that registered activities reasonably fit the product. |
| 6. PI issuer | Match the PI or contract issuer to the registered entity. |
| 7. Beneficiary | Compare the beneficiary with the contracted entity. |
| 8. Third party | Demand written authority and relationship evidence for a different payee. |
| 9. Jurisdiction | Ask why a mainland transaction routes to another country or territory. |
| 10. Changed account | Treat any bank-detail change as a fresh verification event. |
| 11. Independent callback | Use contact details sourced independently of the change request. |
| 12. Payment controls | Tie deposits and balances to signed documents and inspection milestones. |

# Red flags that stop a routine payment

### Red flag 1

The licence identifier belongs to another company or the licence image appears altered.

### Red flag 2

The supplier refuses to provide its exact Chinese legal name.

### Red flag 3

The beneficiary is an individual, unrelated company or unexplained offshore entity.

### Red flag 4

Bank details change after the quotation or contract is agreed.

### Red flag 5

The supplier creates same-day urgency around the transfer.

### Red flag 6

The PI, contract, email signature and licence use materially different entities.

### Red flag 7

The supplier refuses independent confirmation of payment instructions.

### Red flag 8

A marketplace badge is offered as the only answer to a beneficiary mismatch.

# Controls that reduce payment exposure

### 1 Confirm through an independent channel

Call a number or use a website obtained independently of the message containing the bank details.

### 2 Keep the contract and payee aligned

Prefer payment to the contracted entity. If that is impossible, document the authority and relationship.

### 3 Limit the first transfer

Use the smallest commercially workable deposit and avoid paying the full balance before objective milestones.

### 4 Use inspection gates

Tie later payments to a passed product inspection or other verifiable deliverable.

### 5 Keep the evidence

Store the licence, signed PI or contract, payment instruction, callback record and final report together.

### 6 Re-check last-minute changes

A report cannot cover a bank account, amount or entity changed after the report date.

# Choose the correct next action

| Evidence state | Decision | What happens next |
|---|---|---|
| No critical contradiction | Proceed with controls | Apply every listed control before transfer. |
| Important evidence missing | Hold | Do not pay until the evidence or correction is received. |
| Material contradiction or manipulation | Escalate | Do not pay. Obtain specialist review or choose another supplier. |

A remote document review cannot prove production capacity, product quality or what is physically happening at a factory. Use a factory audit, sample testing or pre-shipment inspection when those questions matter.

# Pre-payment worksheet

Complete this page for each new transaction. Attach the source documents rather than relying on typed names.

| | |
|---|---|
| Chinese legal name | ______________________ |
| Unified Social Credit Code | ______________________ |
| PI or contract issuer | ______________________ |
| Proposed beneficiary | ______________________ |
| Beneficiary jurisdiction | ______________________ |
| Order value | ______________________ |
| Deposit amount | ______________________ |
| Payment deadline | ______________________ |
| Independent callback source | ______________________ |
| Unresolved discrepancy | ______________________ |

Final decision: [ ] Proceed with controls [ ] Hold [ ] Escalate

This checklist is general information. It does not authenticate a bank account, guarantee supplier conduct or provide legal, tax, sanctions, product-compliance or inspection advice.

## Sources consulted

National Anti-Scam Centre: nasc.gov.au/news/beware-of-fake-invoices-from-scammers-impersonating-businesses

Scamwatch case study: scamwatch.gov.au/protect-yourself/real-life-stories

U.S. International Trade Administration: trade.gov/perform-due-diligence

EU SME Centre: eusmecentre.org.cn/faq/how-to-conduct-primary-due-diligence-in-china