

INDEPENDENT SUPPLIER RISK AUDIT (SANITIZED SAMPLE)

CONFIDENTIALITY NOTICE: *This is a sanitized sample report. All specific company names, registration numbers, and identifying details have been fictionalized to protect client privacy. The analytical framework represents our standard due diligence process.*

1. AUDIT OVERVIEW

Target Company: Jiangsu [Redacted] Tech Manufacturing Co., Ltd.

Claimed Status: Original Equipment Manufacturer (OEM)

Audit Date: February 2026

Auditor: Wu Wei, Independent Supply Chain Auditor (Jiangsu, China)

Overall Risk Rating: MEDIUM (Proceed with Caution)

2. EXECUTIVE SUMMARY The target company presents itself as a large-scale manufacturer on Alibaba. However, our deep-dive audit reveals they are primarily a trading entity with limited in-house assembly capabilities. While they have a legitimate export history, their R&D claims are significantly overstated, and there is a recent history of contract disputes regarding delivery delays.

3. CORPORATE REGISTRATION & REAL IDENTITY

Registered Capital: 5,000,000 CNY (Only 100,000 CNY actually paid-in).

Business Scope Analysis: The official business license heavily emphasizes "Technology Import/Export" and "Wholesale," rather than "Manufacturing" or "Production."

Conclusion: This is a trading company sub-contracting orders to smaller, unverified workshops in the surrounding industrial zones.

4. INTELLECTUAL PROPERTY & R&D VERIFICATION *Buyers often assume suppliers own the designs they sell. We verified the target's actual IP assets in the official Chinese patent database.*

Claimed Patents: "Over 20 industry patents."

Actual Active Patents: 2 (Utility Models related to basic packaging).

Invalidated Patents: 8 (Invalidated due to failure to pay annual maintenance fees).

Conclusion: The company does not possess the core R&D capabilities claimed on their website. If you are modifying a product design, they will likely struggle with technical execution as they rely entirely on third-party factories.

5. LEGAL, LITIGATION & FINANCIAL HEALTH *We scanned national court records and administrative penalty databases to uncover hidden liabilities.*

Litigation History (Past 3 Years): 2 active cases found.

Case Details: Both are "Sales Contract Disputes" where the target company was sued by domestic suppliers for delayed payments.

Administrative Penalties: None found regarding environmental or tax violations.

Conclusion: The company is facing minor cash flow issues, which increases the risk that they might use your deposit to pay off domestic debts rather than purchasing raw materials for your order.

6. AUDITOR'S FINAL RECOMMENDATIONS & ACTION PLAN To protect your margins and ensure delivery, we recommend the following strict measures before moving forward:

Do not accept their standard Proforma Invoice (PI). Their default PI heavily favors the seller. Draft a formal Purchase Agreement under Chinese jurisdiction.

Implement a Strict Penalty Clause: Add a clause stating a 1% deduction from the final balance for every week of delayed shipment.

Adjust Payment Terms: Do not pay the standard 30% deposit. Negotiate a 15% - 20% maximum deposit, with the balance strictly tied to a pre-shipment quality inspection (PSI).

Demand Factory Transparency: Require the supplier to list the exact address of the sub-contracted factory in the contract so a mid-production inspection can be conducted.

End of Sample Report