

What a Chinese supplier's business licence does NOT tell you

A business licence is the first document every Chinese supplier sends you, and the most over-read. It is a registration record. It tells you a company exists on paper. It does not tell you whether anyone is working, what they can make, or how well.

1. What the licence does tell you

Unified Social Credit Code (统一社会信用代码):

The company's 18-digit national identity number. Use it, not the company name, to search. It is the one field that cannot be reused by a similar-looking name.

Date of establishment:

How long the entity has existed. A two-year-old company is not automatically bad, but it has no long delivery history, and the licence will not show whether the site, staff or equipment are new too.

Registered capital - subscribed vs paid-in (认缴 vs 实缴):

This is the field most buyers misread. Subscribed capital is a promise; paid-in capital is money that was actually put in. A company can show "RMB 10,000,000" and have almost nothing paid in. Treat the number as a statement of intent until you see the paid-in figure.

Business scope (经营范围):

Look for words meaning production, manufacturing or processing (生产 / 制造 / 加工) alongside the sales wording. If the scope only covers sales, wholesale or import-export, the company is legally a trader for that product.

Operating status (登记状态):

In business (存续 / 在业) versus revoked, cancelled or abnormal (注销 / 吊销 / 经营异常). Check this on the day you pay, not the day you first looked.

Registered address:

Where the entity is registered. Often not where production happens - and sometimes not a factory at all.

2. What the licence does NOT tell you

- Whether the factory is actually running. A licence is consistent with a full order book or with an empty workshop.
- Production capacity - machines, shifts, monthly output, or how much of that capacity is already committed to other buyers.
- Whether the printing, lamination or finishing steps in your product are done in-house or subcontracted to a third party you never meet.
- Whether they have real delivery capability: raw material supply, staffing, export documentation, shipping and after-sales handling.
- Quality level. Nothing on the licence says anything about process control, inspection, traceability, colour management or defect history.
- Whether the certificate PDFs they sent are valid, in scope, and issued to this entity.

3. How to check a licence yourself - step by step

1. Ask the supplier for a clear photo or scan of the licence, and for the exact invoicing entity name.

2. Go to the National Enterprise Credit Information Publicity System, gsxt.gov.cn (free, official). Search by the Unified Social Credit Code, not by the company name.
3. Confirm the four basics match the document you were sent: legal name, credit code, registered address and operating status.
4. Read the business scope line by line and note whether production / manufacturing / processing appears.
5. Look at the registration history: establishment date, capital changes, address changes, and any entry in the abnormal operations list or administrative penalties.
6. Cross-check on a commercial database such as Tianyancha or Qichacha for staff social-insurance count, shareholders, branches and litigation. These are paid or partly paid products - treat them as a secondary source, not the authority.
7. Then ask the supplier for the two documents the registry cannot give you: which processes they run in-house, and one real inspection record from a recent order.

4. Five red flags worth acting on

- Business scope is sales only.

No production, manufacturing or processing wording. Whatever you buy is made by a third party. That is workable, but you are not buying from a factory and the price should reflect it.

- Registered capital looks large but the social-insurance headcount is zero or near zero.

A company claiming to run a plant with no registered employees is a strong signal that production sits elsewhere - or that this entity is a sales and invoicing shell.

- Registered address is a residential building or a shared office suite.

Common for traders and perfectly legal, but it means no production at that address. Ask where the goods will actually be made and in whose name the site is registered.

- The same workshop photos appear on several suppliers' pages, or on several storefronts.

Reused factory imagery usually means one producer and several resellers, and you cannot tell which one controls your lead time or your claim.

- A certificate number cannot be found on the issuing body's own verification page.

Check the number and the certified entity on the issuer's site. If the certificate belongs to another company or another site, it does not cover your order.

5. So what evidence do you actually need

The licence proves the counterparty exists. Before a deposit, add the following and read them together:

- A machine and process list, with which steps are in-house and which are subcontracted - in writing.
- A short video call or live walk-through of the lines that will run your product, not a photo album.
- One redacted inspection record and one traceability example from a recent order.
- The exact MOQ for your specification, and the price at MOQ and at 2x MOQ.
- The certificate PDFs plus the issuer's verification links, checked by you.
- Confirmation that the contract entity, the invoice entity and the bank account name are the same.
- A signed physical standard sample before the production run.

None of this is exotic. It is simply the evidence a quality function asks for internally before it approves a supplier - which is the job I did for three years, including on-site quality audits of 4 core suppliers in China.