PRINTABLE EDITION · UNFILTERED CHINA

# China Sourcing Starter Kit

The decisions that decide whether your first order goes well — where to look, how to write the first message, how to read a quotation, and where orders actually break.

> I spent seven years on the supplier side of the table. This kit is the part I can say in public: the mechanics of how a Chinese quotation is built, and what each line of it is really telling you.

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> **Read this first.** Almost every expensive mistake in China happens before you place the order, in the first two weeks of messages. Speed is not the goal; information is. A supplier who answers in three minutes is not necessarily better than one who answers in a day — it usually just means someone is sitting at a desk with a template.

## 1. Where to look: three channels, three very different prices

The same factory can quote you two different prices on the same day, depending on which channel you find them through. This is not a scam; it is how the channel's cost structure works.

| Channel | What it really is | Typical price level | Best for |
|---|---|---|---|
| **1688.com** | Domestic wholesale. Chinese-language only, no export service, prices are pre-export. | Lowest — often 30–50% below an Alibaba quote for the same item | When you have someone on the ground, or you already know exactly what you want |
| **Alibaba.com** | Export-facing. English sales staff, export documentation, trade assurance. | Middle — the export service is priced into the unit | Your first 1–3 orders, while you are still learning |
| **Sourcing agent** | A person or firm who finds, vets and manages suppliers for a fee. | Highest — typically 3–10% of order value on top | When your time is worth more than the fee, or volumes justify it |

A useful trick: find the product on 1688 first to learn the real domestic price band, then negotiate on Alibaba with that number in your head. You will not get the 1688 price, but you will know how much room there is.

## 2. The first message

The single biggest difference between enquiries that get ignored and enquiries that get a real answer is whether the supplier can tell you are serious without asking you. Serious means: you know what you want, you know how many, and you know where it is going.

### The template

```
Subject: RFQ — [product name] — [quantity] pcs — [destination country]

Hello [name],

We are preparing to order [product] and would like a quotation.

Quantity: [X] pcs for the first order, expected repeat of [Y]/year.
Destination: [city, country], preferred Incoterm FOB [port].
Requirements: [material / size / certification needed, e.g. CE, FCC].
Target unit price: [your number] — please tell me if this is realistic.

Could you please send:
```

```
1. Quotation with unit price at 100 / 500 / 1000 pcs
2. Product spec sheet and photos of the actual production line
3. Your business licence (营业执照) and export record
4. Lead time for samples and for a full order

We are comparing 3 factories this week and will place a sample order with one of them.

Best regards,
[your name], [company], [country]
```

Why it works: it answers the four questions a Chinese salesperson is scored on before they will spend time on you — what, how many, where, and when. The "target unit price" line is deliberately honest; it lets them tell you upfront if you are dreaming, instead of quoting low and substituting materials later.

**FILLED-IN EXAMPLE**

```
Subject: RFQ — 500 ml stainless vacuum flask — 1,000 pcs — Rotterdam, NL

Hello Li,

We are preparing to order a 500 ml double-wall stainless vacuum flask and would like
a quotation.

Quantity: 1,000 pcs for the first order, expected repeat of 6,000/year.
Destination: Rotterdam, Netherlands, preferred Incoterm FOB Shenzhen.
Requirements: 304 stainless inner wall, food-contact test report for EU.
Target unit price: USD 4.20 — please tell me if this is realistic.

Could you please send:
1. Quotation with unit price at 100 / 500 / 1000 pcs
2. Product spec sheet and photos of the actual production line
3. Your business licence (营业执照) and export record
4. Lead time for samples and for a full order

We are comparing 3 factories this week and will place a sample order with one of
them.

Best regards,
Marieke van Dijk, Northlight Goods, Netherlands
```

What makes this work: the quantity is specific, the port is named, the material grade is stated, and the target price is offered as a question rather than a demand. It invites a correction instead of a rejection.

## 3. How to read a Chinese quotation

A quotation is not a number, it is a structure. Learn to see the structure and you will know where the padding is.

- **Unit price tiers.** Always ask for 3 quantities. The shape of the curve tells you the real cost driver — a big drop at 500 usually means a fixed setup cost, not material.
- **Tooling / mould fee.** Common and legitimate for custom parts. Ask whether it is refundable against a volume threshold, and get that in writing. A tooling fee quoted with no drawings yet is a red flag.
- **Sample fee vs sample free.** "Free sample" usually means you pay $40–80 shipping. That is normal. "Sample fee" on a stock item is often just margin.
- **Validity period.** A quote valid 7 days means raw material prices are moving. Ask what material drives it.
- **Payment terms.** Standard is 30% deposit / 70% before shipment. Anything asking 100% upfront from a new buyer is a warning; anything offering 100% after delivery is unusual and worth verifying.

> **The question that reveals the most:** "Which part of this price is material, and which is processing?" A real factory can answer in one sentence. A trading company usually cannot, because they have never seen the cost breakdown themselves.

## 4. The 8-question supplier screen

Ask these before you send money. The point is not to get perfect answers — it is to see how they handle being asked.

1. Can you send your business licence (营业执照)? What is your registered scope and registered capital?
2. Is your facility a factory or a trading company? If trading, which factory do you use, and can I visit it?
3. How many production lines and how many workers? What is your monthly capacity for this item?
4. Which certifications do you hold, and can I see the certificate numbers to verify them?
5. Who are your current export markets? Can you show a redacted export record or a shipping document?
6. What is your defect rate on this product, and what do you do with rejects?
7. Which of your components are made in-house and which are bought in?
8. If my order is 30 days late, what happens?

Registered scope matters more than people think: a company registered for "trading of electronic products" can legally sell you a battery, but almost certainly does not make one. Registered capital (注册资本) in China is no longer paid-in, so treat it as a weak signal — but the scope is filed and hard to fake casually.

**WHAT A GOOD ANSWER SOUNDS LIKE**

| Question | Answer that should reassure you |
|---|---|
| Factory or trading? | "Factory. 2 lines, 46 workers, 80,000 pcs/month for this item. Video call from the floor any time — here is the workshop now." |
| Made in-house? | "Body and lid in-house; the silicone gasket and the printing are bought in from two suppliers in Dongguan." |
| Defect rate | "Around 1.2% at final inspection. Rejects are stripped for parts; the steel goes back to our material supplier." |
| 30 days late | "Written penalty of 0.5% per week, capped at 5% of order value" — and they put it in the contract without being asked twice. |

## 5. Samples: what to pay for, what to refuse

- **Pay for:** custom samples, courier shipping, and any sample that requires tooling.
- **Refuse:** a "sample fee" larger than roughly 3× the unit price on a stock item, and any request to pay a deposit before a sample exists.
- **Always:** photograph the sample with its packaging and serial/lot markings, and keep it. The sample is your reference standard — if the shipment does not match it, that sample is your evidence.
- **Measure, don't look.** Weigh it, measure the critical dimensions, and write the numbers down. "Looks the same" is not a specification.

## 6. Incoterms and who owns the risk

Incoterms (International Commercial Terms, published by the ICC) decide where risk transfers. Getting this wrong is how people lose a container.

| Term | Who pays freight | Risk transfers at | Use when |
|---|---|---|---|
| EXW (Ex Works) | You | At their factory door | You have your own forwarder in China |
| FOB (Free On Board) | Seller to port, you after | Goods loaded on the vessel | Default choice for sea freight |
| CIF (Cost, Insurance, Freight) | Seller to your port | Goods loaded on the vessel | Only if you trust their forwarder |
| DDP (Delivered Duty Paid) | Seller, all the way | At your address | First orders, if you accept the markup |

> If you are new, **FOB** is almost always the right answer. It keeps the ocean freight and customs in your control while keeping the inland leg on someone who knows China.

## 7. Inspection: the only two that matter

- **Pre-shipment inspection (PSI)** — done when goods are 80–100% packed, against an AQL (Acceptable Quality Limit, the sampling standard used in inspection). A typical level is AQL 2.5 for major defects. Cost is roughly $200–350 per inspector-day in China. Always worth it above about $5,000 of goods.
- **During-production check (DUPRO)** — worth it when it is your first order with a factory, or when the product has a step you cannot undo (welding, moulding, coating).

Skip the "factory audit certificate" that suppliers offer for free. A certificate they paid for is marketing. An inspection you pay for is information.

## 8. Logistics, duties and compliance checkpoints

1. Confirm the HS code (Harmonized System code, the classification that determines your duty rate) before shipping — the duty rate can differ by 10+ percentage points between two plausible codes.
2. Check whether your product needs a country-specific approval: FCC (US radio/EMC), CE (EU conformity), UKCA (UK), or for food contact and children's products, FDA / CPSIA (US Consumer Product Safety Improvement Act).
3. Get the commercial invoice, packing list and bill of lading consistent with each other. Mismatched paperwork is the single most common cause of customs delays.
4. Budget realistically: sea freight 25–40 days to the US West Coast or Northern Europe, air 5–10 days, and expect 3–7 days of customs clearance on top.

## 9. Red flags that end orders

- Refuses a video call inside the facility, or the call is always in an office.
- Cannot answer which components are made in-house.
- Pushes hard for 100% payment upfront, especially via a channel your bank cannot trace.
- Quote is far below all others *and* they will not break down the cost.
- Business licence name does not match the bank account name.
- Says "same as the sample" but will not confirm it in writing on the order.

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