Pre-payment review

Pre-payment supplier due diligence

A worked example of the report structure, with fictional parties and findings.

Sinospect Industrial Company Limited.

Fictional scenario: a buyer plans to pay a Hong Kong contracting company for equipment produced by a Mainland factory. The example follows the legal entities, their relationship and the proposed beneficiary account.

Scenario field	Fictional example
Buyer	Buyer A, industrial equipment importer
Contracting party	Contracting Company A, Hong Kong
Production party	Factory B, Mainland China
Proposed beneficiary	Account Holder C
Review stage	Before the buyer releases the deposit
Document reference	SAMPLE-DD, worked example

Example recommendation

Hold payment

Obtain a corrected beneficiary instruction and verify the relationship between the contracting party and the factory.

Basis

The example payment instruction names Account Holder C. The proposed contract names Contracting Company A. The relationship file contains a supplier statement that requires supporting evidence.

Report map

Evidence register; entity and ownership checks; authority and litigation searches; beneficiary review; conditions and review record.

Pre-payment review

Evidence register

Each finding points to a document or search record and the question it addresses.

Reference	Example document type	Purpose
E-A	Hong Kong registry extract	Identify Contracting Company A and its registered particulars.
E-B	Mainland business licence and registry extract	Identify Factory B and its registered business scope.
E-C	Ownership and relationship documents	Check the stated connection between Contracting Company A and Factory B.
E-D	Quotation and draft purchase contract	Identify the seller, equipment and agreed commercial terms.
E-E	Payment instruction and account evidence	Compare the proposed beneficiary with the contracting party.
E-F	Authority record	Check the proposed signatory and their authority to bind the seller.
E-G	Court and enforcement search record	Record the entity identifiers, sources, search date and relevant results.

Example evidence status: E-A, E-B, E-D and E-E are available in the scenario. The relationship evidence in E-C and authority evidence in E-F need completion. E-G records the searches and their results.

Traceable extracts

A project report places the relevant extract beside its source reference. The register records the issuing source, retrieval date, entity identifier and the item reviewed.

This worked example uses document descriptions and fictional findings to show that structure.

Pre-payment review

Entity, ownership and relationship checks

The legal seller and production party are reviewed separately, then connected through the evidence.

Check	Fictional finding	Evidence / action
Contracting entity	Contracting Company A appears in E-A and the draft contract.	Compare the legal name and registration identifier in both records.
Factory entity	Factory B appears in E-B and the supplier presentation.	Match the licence, registry extract and stated production address.
Ownership	The relationship statement describes Factory B as an associated company.	Obtain the relevant ownership record or an executed manufacturing agreement.
Business scope	The registered activities in the scenario relate to industrial equipment.	Compare the activities with the equipment in the draft order.
Commercial relationship	The draft contract makes Contracting Company A the seller.	Record how the seller engages Factory B and accepts responsibility for the order.

Example conclusion

The seller and factory are identified in separate records. The description of an associated company needs documentary support before it becomes a verified relationship finding.

Condition C-A: obtain the relationship evidence and reconcile the legal names across the contract, manufacturing arrangement and payment instruction.

Pre-payment review

Authority and litigation searches

The report records the named entity, search scope and evidence behind each conclusion.

Review area	Fictional finding	Follow-up
Signatory authority	The proposed signatory is identified in the draft contract; the authority record is incomplete.	Obtain the relevant appointment or authorisation document and verify it against the entity records.
Court search	An example search returns a similarly named entity. Its identifier differs from Factory B.	Record the identifier comparison and distinguish that result from the reviewed factory.
Enforcement search	The scenario contains an enforcement entry requiring an entity match and status check.	Confirm the entity identifier, date, amount and current disposition before assessing its relevance.
Adverse information	A supplier statement addresses the search result.	Compare the statement with the underlying record and retain both in the evidence register.

Example assessment: complete the authority check and resolve the enforcement result against the correct legal entity. Record the search date and jurisdiction beside each result.

Decision relevance

The report links a relevant finding to the proposed transaction: who signs, who owes performance, which entity receives payment and what evidence the buyer needs before proceeding.

Pre-payment review

Beneficiary review and payment conditions

The payment instruction is reconciled with the contract and the supporting account evidence.

Document	Fictional name shown	Assessment
Draft purchase contract, E-D	Contracting Company A	Seller named in the transaction.
Payment instruction, E-E	Account Holder C	Beneficiary differs from the seller.
Relationship evidence, E-C	Contracting Company A / Factory B	Additional evidence needed for the stated manufacturing relationship.

Example conditions before payment

A Obtain the relationship evidence described on page 3 and reconcile the legal entities.

B Obtain an instruction naming the agreed contracting beneficiary, supported by account evidence and verified through an established contact channel.

C Complete the signatory authority check and resolve the enforcement search result.

D Record the buyer's decision against the corrected documents and the remaining findings.

Example recommendation: hold the proposed deposit while these conditions remain open. The buyer records its payment decision after reviewing the updated evidence.

Pre-payment review

Review record and next steps

The final record connects each condition to the evidence reviewed and the buyer's decision.

Condition	Closure evidence	Example status
C-A: entity relationship	Relationship document and reconciled contract references	Open
C-B: beneficiary	Corrected instruction and verified account evidence	Open
C-C: authority and searches	Authority record and resolved search finding	Open
C-D: buyer decision	Dated buyer instruction linked to the reviewed version	Awaiting review

Prepared by

Due-diligence analyst

Role placeholder

Reviewed by

Report reviewer

Role placeholder

Review fields: report version, evidence cut-off date, review date, condition status and buyer instruction reference.

For your order

Send the supplier quotation, draft contract and proposed payment details. Sinospect defines the entities and records to check and sets out the scope and fee.

sinospect.com/services/supplier-qualification-china/pre-payment-due-diligence

sinospect.com/contact