



# VESTIGIA EXTRACTION BRIEF

**Alibaba Group Holding Limited**

**09988 .HK**

Fiscal Year	<b>FY2025</b>
Source	<b>HKEX Disclosure</b>
Volume Parsed	<b>Full Filing</b>
Auditor	<b>PricewaterhouseCoopers Zhong Tian LLP (Big 4)</b>
VIE Structure	<b>Yes</b>
Processing Time	<b>6.1 min</b>

## **Vestigia Labs**

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## CRITICAL DISCLOSURE

Confidence: HIGH

The analysis identifies critical disclosures regarding the company's auditor receiving a six-month suspension in the PRC and ongoing regulatory actions by the EU Commission against AliExpress. Financial observations include a divergence between net income growth and declining operating cash flow, alongside a substantial increase in cash used for investing activities and significant disposal losses. TEMPORAL NOTE: This company uses a March fiscal year. The figure reported as 'FY2025' covers April 2024 to March 2025.

### Key Observations

- Auditor PricewaterhouseCoopers Zhong Tian LLP received administrative penalties and a six-month suspension of certain business operations in the PRC in September 2024 [Page 134].
- EU Commission issued preliminary findings in June 2025 that AliExpress breached obligations under the Digital Services Act [Page 46, 117].
- Net income increased by 77% to RMB 125,976 million while operating cash flow decreased by 10% to RMB 163,509 million [Page 56, 89].
- Net cash used in investing activities increased to (RMB 185,415 million) from (RMB 21,824 million) [Page 88].
- Recorded disposal losses of RMB 13,123 million for Sun Art and RMB 8,515 million for Intime [Page 274].

## QUANTITATIVE INDICES

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INDEX / METRIC	EXTRACTED VALUE	CLASSIFICATION
Beneish M-Score	-2.67	BASELINE DATA
Sloan Accrual Ratio	-1.9%	BASELINE DATA
Tick & Tie Integrity	BASELINE DATA	—
Independent Auditor	PricewaterhouseCoopers Zhong Tian LLP	BASELINE ALIGNED
Bilingual Discrepancies	0	BASELINE ALIGNED

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- Total liabilities increased to RMB 714,121 million as of March 31, 2025, from RMB 652,230 million as of March 31, 2024 [Page 55, 247].
  - Current bank borrowings increased to RMB 22,562 million as of March 31, 2025, from RMB 12,749 million as of March 31, 2024 [Page 246, 300].
  - Non-current unsecured senior notes increased to RMB 122,398 million as of March 31, 2025, from RMB 86,089 million as of March 31, 2024 [Page 246, 301].
  - The company issued US\$5.0 billion in convertible unsecured senior notes due 2031 during the year ended March 31, 2025 [Page 88, 302].

**OFF-BALANCE SHEET & RELATED PARTY**

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- The company operates its Internet businesses in China through contractual arrangements with Variable Interest Entities (VIEs) [Page 50, 256].
  - Certain bank borrowings are collateralized by a pledge of assets, including buildings, property improvements, and treasury investments with carrying values of RMB 30,213 million as of March 31, 2025 [Page 90, 300].
  - The company provides a partial guarantee for a credit facility of HK\$6.5 billion in favor of Hong Kong Cingleot Investment Management Limited, with HK\$5.1 billion drawn down as of March 31, 2025 [Page 90, 304].
  - The company recorded costs and expenses of RMB 15,542 million for logistics services provided by certain investees during the year ended March 31, 2025 [Page 193, 304].

**LIQUIDITY VARIANCE**

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- Net cash provided by operating activities decreased by 10% to RMB 163,509 million in the year ended March 31, 2025, compared to RMB 182,593 million in the prior year [Page 88, 90].
  - Free cash flow decreased by 52.7% to RMB 73,870 million in the year ended March 31, 2025, from RMB 156,210 million in the prior year [Page 74].
  - Net cash used in investing activities increased to (RMB 185,415 million) in the year ended March 31, 2025, from (RMB 21,824 million) in the prior year, primarily due to increased treasury investments and capital expenditures [Page 88, 90].
  - Capital expenditures increased to RMB 85,972 million in the year ended March 31, 2025, from RMB 32,087 million in the prior year [Page 90].

- Net income increased by 77% to RMB 125,976 million in the year ended March 31, 2025, diverging from the 10% decrease in operating cash flow over the same period [Page 56, 69, 89].
- Interest and investment income shifted to a gain of RMB 20,759 million in the year ended March 31, 2025, from a loss of RMB 9,964 million in the prior year, primarily due to mark-to-market changes from equity investments [Page 68, 81].
- The company recorded a loss on disposal of RMB 13,123 million related to the sale of Sun Art Retail Group Limited during the year ended March 31, 2025 [Page 274].
- The company recorded a loss on disposal of RMB 8,515 million related to the sale of Intime Retail (Group) Company Limited during the year ended March 31, 2025 [Page 274].
- Impairment of goodwill was recorded at RMB 6,171 million in the year ended March 31, 2025, compared to RMB 10,521 million in the prior year [Page 68, 81].
- The auditor, PricewaterhouseCoopers Zhong Tian LLP, received administrative penalties including a six-month suspension of certain business operations in the PRC in September 2024 for unrelated audit work [Page 134].
- The EU Commission issued preliminary findings in June 2025 that AliExpress breached obligations under the Digital Services Act [Page 46, 117].

**CAPITAL STRUCTURE & SHAREHOLDER**

<b>WVR Structure</b>	Yes (1:1 (ordinary shares, but Alibaba Partnership has exclusive right to nominate up to a simple majority of board directors))
<b>Dividend Per Share</b>	US\$0.25 per Share or US\$2.00 per ADS (comprising US\$0.13125 per Share / US\$1.05 per ADS regular dividend and US\$0.11875 per Share / US\$0.95 per ADS one-time extraordinary dividend)
<b>Buyback Amount</b>	US\$11.9 billion

- The company operates with a Weighted Voting Rights (WVR) structure where the Alibaba Partnership has the exclusive right to nominate up to a simple majority of the board of directors, despite ordinary shares having a 1:1 voting ratio [Page 48, 167, 169].
- The company repurchased 1,078 million Shares for US\$11.9 billion in FY2025, and has a remaining buyback authorization of US\$20.1 billion through March 2027 [Page 4, 213, 214].
- A total dividend of US\$4.6 billion was declared for FY2025, comprising a regular dividend of US\$1.05 per ADS and a one-time extraordinary dividend of US\$0.95 per ADS [Page 4, 93, 225, 312].

- JPMorgan Chase & Co. is disclosed as a substantial shareholder with various interests (beneficial owner, trustee, investment manager, security interest, lending agent), with its largest beneficial ownership at 1.88% of outstanding shares [Page 191].
- Total share-based compensation expense decreased to RMB15,577 million (US\$2,147 million) in FY2025 from RMB18,546 million in FY2024, primarily due to a decrease in the number of awards granted and an increase in long-term cash incentives [Page 67].

## REGULATORY & GEOPOLITICAL EXPOSURE

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<b>VIE Structure</b>	Yes
<b>Active Proceedings</b>	1
<b>Regulatory Bodies</b>	European Commission

- The company operates its Internet businesses and other businesses in which foreign investment is restricted or prohibited in the PRC through Variable Interest Entities (VIEs), which are incorporated in the PRC and owned by PRC citizens or entities controlled by PRC citizens. The representative VIEs include Zhejiang Tmall Network Co., Ltd., Zhejiang Taobao Network Co., Ltd., Alibaba Cloud Computing Ltd., Hujing Culture Entertainment (Beijing) Co., Ltd., and Shanghai Rajax Information Technology Co., Ltd. Total assets attributable to VIE entities as of March 31, 2025, were RMB 180,278 million [Page 22, Page 49, Page 50, Page 258].
- The European Commission initiated a formal proceeding in March 2024 against AliExpress to assess Digital Services Act compliance. Preliminary findings in June 2025 indicate AliExpress breached obligations related to illegal content dissemination, potentially leading to fines up to 6% of total worldwide annual turnover [Page 46].
- The company settled a consolidated class action lawsuit for US\$433.5 million on October 25, 2024, with a final judgment entered on March 28, 2025. Additionally, the JD.com lawsuit for abuse of dominant market position is in the second-instance stage, with the company having accrued for potential damages [Page 45].
- The company is subject to increasing export control and economic sanctions from the U.S. and other countries, which may limit its ability to upgrade products and services, particularly AI technologies, and maintain competitiveness. China has also imposed its own export control restrictions. [Page 113]
- The company collects and processes large quantities of personal data and faces challenges in protecting this data, addressing privacy concerns, and complying with evolving data protection laws like PIPL and GDPR. Any perceived improper use or disclosure of data could harm its reputation and business. [Page 119]

**Tick-and-Tie Reconciliation**

<b>Status</b>	BASELINE DATA
<b>P&amp;L Net Income</b>	RMB 125,976 million [Page 244]
<b>CF Opening</b>	RMB 125,976 million [Page 251]
<b>Variance</b>	0%

Reconciled: P&L (RMB 125,976 million) vs CF (RMB 125,976 million) – 0.00% variance due to rounding.

**Temporal Period Alignment**

<b>Status</b>	BASELINE DATA
<b>Detail</b>	No temporal issues detected

No footnote flags extracted from this filing.

0 discrepancies extracted from 09988.HK FY2025 HKEX Disclosure.

**EN AND ZH FILINGS STRICTLY ALIGNED**

No semantic translations anomalies or numeric variances detected.