TCOM gideon lens

■# Trip.com Group (TCOM) - Gideon-Lens Equity Research

Date: 2026-05-29. Analyst: Codex. Current price: USD47.08 per NASDAQ ADR. Market capitalization: USD30.284B. Reporting currency: RMB. FY end: December 31.

VERDICT BLOCK

Verdict: PASS

Scorecard:

Gate	Result	Notes
Management	YELLOW	Strong operators, unresolved SAMR, VIE, disclosure, governance issues
Moat	YELLOW	Real platform moat, but 2046 test remains unresolved
P/E <= 15 on confident EPS at TTM + 5 calendar years	PASS	Base EPS cushion 48.2%
Compounder Score	Audited 64 / 100	Score-implied Reject; diagnostic only
Business Quality Score	Audited 58 / 80	Credible quality, capped by ROIC, moat, governance issues
20% Return UW Score	Audited 6 / 20	P/E 15 passes, but 20% return case fails

One-line thesis (or reason to pass): Trip.com is a high-quality, asset-light Asia travel platform that looks statistically cheap on normalized 2030 EPS, but ER2 should PASS because management and moat are not clean PASS gates and the audited 20% return rubric rejects the stock at USD47.08.

Kill / trigger criteria:

- BUY trigger: no price-only BUY while management and moat remain YELLOW; if both gates upgrade to PASS, the P/E 15 base-case value is USD69.80, while the stricter 20% return buy price is about USD29.
- PASS triggers: SAMR restrictions that impair merchant terms or platform monetization; accommodation revenue growth below 12% YoY for two consecutive reported quarters plus consolidated operating margin below 24% in either quarter; diluted share count still above 690M at year-end 2027 despite ongoing SBC and repurchase authorization.
- Upgrade to BUY conditions: SAMR resolves without material practice restrictions, compensation and incentive disclosure improve, accommodation/international growth converts into margin contribution, and repurchases reduce diluted share count at sensible prices.

Position sizing if bought: 0% today. If the qualitative gates later clear, start small, no more than 2% of equity book, because China/VIE/regulatory and AI-distribution risks remain structurally harder to underwrite than the spreadsheet.

Stage 0 - Time anchor

Today is 2026-05-29. Trip.com uses a calendar fiscal year ending December 31. The most recently reported official financial period verified in this run is FY2025 Q4 and full-year 2025, ended 2025-12-31; the 2026-05-27 filing was AGM-related, not a Q1 2026 financial release. The TTM anchor is Q1 FY2025 + Q2 FY2025 + Q3 FY2025 + Q4 FY2025, producing TTM ending 2025-12-31. The ER2 forward horizon is exactly five calendar years from that anchor: 2030-12-31. No downstream file was allowed to substitute FY2024 + 5 or a fiscal-year-containing-today convention.

Stage 1 - Disqualifier sweep

ROIC: YELLOW, because the business is asset-light and cash-generative but the audited score cites FY2025 all-in ROIC of only 8.2% and recovery-distorted ROIIC. FCF conversion: GREEN, with FY2025 FCF strong enough to fund investment, dividends, and buybacks, though SBC is real. Net debt / EBITDA: GREEN, with large net cash. End-markets: GREEN/YELLOW, because China and Asia travel demand is still growing, but travel is cyclical and 2023-2025 includes

reopening tailwinds. Governance: YELLOW, due VIE exposure, founder influence, rights-plan structure, SAMR investigation, securities litigation, and limited compensation detail. AI disruption: YELLOW, because fulfillment and service are defensible but planning and ticketing interfaces are exposed. Pricing power: YELLOW, with strong gross margins but limited evidence of unilateral price increases or hard consumer switching costs. No auto-disqualifier was red, so the run proceeded.

Management - one paragraph summary

Management is YELLOW. Jane Sun, Cindy Wang, James Liang, and the broader team deserve credit for preserving the platform through the pandemic, rebuilding FY2025 revenue to RMB62.4B and operating income to RMB15.8B, keeping a strong net-cash balance sheet, and beginning more meaningful dividends and repurchases while still investing in product development, AI, international expansion, and service. Capital allocation is one of the better parts of the file: capex is low, product-development spending is strategic, and the MakeMyTrip monetization was economically useful. The problem is not operating competence. The problem is minority-shareholder underwritability. The management appendix flags Cayman/VIE structure, co-founder board appointment rights, long-tenured founder-linked governance, home-country equity-plan practice, a rights plan extended to 2034, related-party/investee transactions that require oversight, unresolved SAMR anti-monopoly investigation, and a March 2026 securities class action. Compensation disclosure is also too thin to prove long-term ROIC, FCF, or per-share-value alignment. This is too much hair for a decade-following management PASS, but not enough to call FAIL.

Moat - one paragraph summary

Moat is YELLOW, and the 2046 test is also YELLOW. Trip.com has real platform advantages: supplier breadth, brand trust, service recovery, local payments, cross-border China/Asia complexity, data feedback loops, and scale economies in product, customer service, compliance, and marketing. The strongest line is accommodation reservation, where fragmented supply and high-trust fulfillment create the best profit pool. Corporate travel has more genuine switching costs, but it was only 4.5% of FY2025 service-line revenue. Transportation ticketing was 36.0% of service-line revenue and is much weaker as a standalone moat because prices are transparent and supplier-direct channels are strong. The 2046 version of Trip.com can be described: an Asia travel fulfillment, service, and corporate workflow platform that supports travelers, suppliers, corporations, and possibly AI interfaces. But the unresolved question is whether Trip.com owns the customer relationship or becomes a lower-economics fulfillment layer behind AI agents, super-apps, supplier channels, or global OTAs. That uncertainty blocks a PASS.

Stage 5 synthesis - headline numbers

The quantitative synthesis is the best part of the bull argument. Trip.com has one official reportable segment, with service lines modeled underneath: accommodation reservation, transportation ticketing, packaged-tour, corporate travel, and others. FY2025 net revenue was RMB62.409B, operating income was RMB15.773B, and diluted share count was 698.379M. The model explicitly excludes the FY2025 MakeMyTrip investment gain from recurring earnings. It uses USD1 = RMB6.9931 and 1 ADS = 1 ordinary share.

Case	Revenue (RMBB)	OI (RMBB)	OI margin	NI (RMBB)	EPS (USD/ADS)	EPS x 15	vs. USD47.08
Bear	78.2	17.1	21.9%	13.6	2.92	43.86	-6.8%
Base	98.2	27.5	28.0%	21.6	4.65	69.80	48.2%
Bull	112.3	34.1	30.3%	26.7	5.75	86.28	83.3%
Probability-weighted	n.m.	n.m.	n.m.	n.m.	4.35	65.18	38.4%

Base-case 2030 revenue is RMB98.2B, a 9.5% five-year CAGR from the FY2025 TTM base. Base operating income is RMB27.5B, or a 28.0% margin versus FY2025's 25.3%. Base net income is RMB21.6B, and the modeled diluted share count falls to 663.8M after five years of RMB5.0B annual buybacks partly offset by SBC. Base EPS is USD4.65, compared with USD3.14 required to buy at 15x on the current USD47.08 price. The P/E 15 gate therefore passes with a 48.2% cushion. All 11 synthesis tie-outs passed, including reported-financial tie-out, product-to-segment rollup, weighted margin, currency/ADR bridge, share-count path, and non-recurring gain treatment.

The crucial interpretation is that this is a valuation PASS, not an ownership mandate. The bear case fails the P/E 15 gate by 6.8%, and the base case depends on lodging-led growth, margin expansion, and disciplined repurchases. With management and moat both YELLOW, the 48.2% cushion is a risk offset, not enough to upgrade to BUY or WATCH under the ER2 gate rules.

Red team - one paragraph

The red team agrees the thesis survives only as a valuation-watch case. Its strongest bear argument is that Trip.com can remain a strong travel platform while losing the economics of the visible OTA interface to AI agents, super-app discovery, supplier direct channels, and regulatory pressure. The most likely optimistic Stage 5 number is 2030 base OI of RMB27.5B at a 28.0% margin, because service-line margins are undisclosed and international/AI growth may require sustained product, service, and marketing spend. The exit signal is precise: over the next two reported financial quarters after FY2025, if accommodation revenue growth is below 12% YoY in both quarters and consolidated operating margin is below 24% in either quarter, downgrade to hard PASS unless management proves the weakness is temporary and not distribution-driven. The red team also warns against confusing the P/E 15 pass with a 20% compounder case; the audited diagnostic score says the base IRR is only about 9% and the max buy price for a 20% base-case IRR is roughly USD29.

Kill / trigger criteria

- Upgrade path: SAMR resolves without material restrictions, securities litigation does not reveal disclosure failure, and management improves compensation disclosure toward ROIC, FCF, and per-share value.
- Operating proof: accommodation grows at or above low-teens rates while sales and marketing plus product development intensity declines or at least stops rising as a percentage of revenue.
- Capital-return proof: repurchases reduce diluted share count meaningfully at sensible prices rather than merely offsetting SBC.
- Moat proof: international/inbound growth produces visible margin contribution and repeat direct traffic, not only high booking growth bought through paid channels.
- Hard downgrade: regulatory remedy lowers platform monetization, AI/super-app channels structurally raise acquisition cost, or service-line growth slows while consolidated margin falls below the red-team threshold.

Analyst flags

The official-source override matters. FMP had mismatches and missing product data, so official SEC/HKEX sources control. Trip.com has one reportable segment; the service-line model is useful but not a disclosed segment-margin model. FY2025 reported EPS is flattered by the MakeMyTrip gain and should not be capitalized. No Q1 2026 financial release was verified in this run, so the TTM anchor remains 2025-12-31. The final verdict is PASS, not because the business is poor or expensive on the P/E 15 math, but because ER2 requires clean management and moat gates before capital is allocated.

Appendix A - Company Primer

Trip.com Group (TCOM / 9961) - Appendix A Company Primer

Prepared: 2026-05-29 Company: Trip.com Group Limited, historically Ctrip Ticker: Nasdaq TCOM / HKEX 9961 Fiscal convention: calendar year, fiscal year ends December 31 Latest official financial period used: FY2025 Q4 and full year 2025, ended 2025-12-31 TTM anchor: Q1 FY2025 plus Q2 FY2025 plus Q3 FY2025 plus Q4 FY2025, ending 2025-12-31 Forward horizon for the ER2 run: 2030-12-31 Currency and units: RMB millions unless explicitly stated

Data Source Rule - Verbatim

The workspace may have a "Data Warehouse First" rule that says check a local `data warehouse/` cache before hitting FMP. For the ER2 skill this rule is suspended. Every subagent that needs historicals, segment data, or transcript quotes must:

- Fetch live from FMP's `/stable/` endpoints. In Codex, use `C:\Users\Admin\.codex\skills\fmp-financial-data\scripts\fmp_request.py`, which loads the key from `FMP_API_KEY` or its local `.secret.env`.
- Fetch live from the company's IR website, SEC EDGAR, and HKEX/local filings as needed.
- Never substitute a cached data-warehouse file for a live fetch.

If a live fetch fails, retry the identical call once, then flag the failure. Do not fall back to cache or a different endpoint.

Source Posture

The quantitative foundation is the controlling financial source for this primer. It has official-source override, QFR clearance, and an 8/8 reconciliation pass. The data package was present only as a placeholder at writing time, so it was unavailable for qualitative context; this primer therefore relies on the quantitative foundation for all financial values and on primary Trip.com SEC/HKEX filings for business description, risk context, service-line mechanics, and listing structure. Fresh primer evidence was saved under `raw/primer/`: live FMP pulls, the FY2025 Form 20-F, the Q4/FY2025 Exhibit 99.1 release, the SEC submissions index, and the HKEX Q4/FY2025 result PDF. The Trip.com IR news-releases page timed out twice on identical live fetch attempts and is not used as a controlling source.

Trip.com is a foreign private issuer and a China-centered travel platform with U.S. ADSs and Hong Kong ordinary shares. The ER2 anchor is important: the 2026-05-27 item was AGM-related rather than a Q1 2026 financial release, so the most recently reported official financial period remains FY2025 Q4 and full year 2025. All references to "latest" financial performance in this primer refer to that period.

Business Overview

Trip.com Group is a travel marketplace and services platform. It began as Ctrip in 1999 and now operates a portfolio of brands that includes Ctrip, Qunar, Trip.com, and Skyscanner. Its practical job is to help travelers search, plan, compare, book, modify, and receive support for trips across lodging, flights, trains and other transport, packaged tours, corporate travel, and related services such as car services, insurance, financing, visa services, and in-destination activities. The company describes itself as a global one-stop travel platform. In plainer terms, it is an online travel agency with a large China base, an expanding international business, and a growing content and AI-assisted planning layer.

There are two sides of the platform. On the demand side are leisure travelers, business travelers, corporate travel managers, and increasingly cross-border travelers entering, leaving, or traveling within Asia. These users buy through mobile apps, mobile websites, desktop websites, call centers, offline stores, and corporate booking tools. The consumer path is mostly self-serve: search, compare, choose payment and cancellation terms, book, and then use Trip.com for confirmation, changes, refunds, and support. For corporate clients, the buying path includes managed travel policies, approval flows, expense controls, reporting, and account management.

On the supply side are hotels, alternative accommodations, airlines, train and transport providers, tour operators, destination partners, insurers, payment providers, advertisers, and other travel-service partners. Trip.com is valuable to those partners because it aggregates demand, provides online merchandising and customer-service infrastructure, and helps suppliers reach a broad user base that would be expensive to acquire one customer at a time. The FY2025 Form 20-F says the platform had

approximately 1.7 million global accommodation listings, flights from more than 680 airlines, and over 60,000 other ecosystem partners as of 2025-12-31. That supplier breadth is a central part of the moat: travel inventory is fragmented, perishable, and service-heavy, so the marketplace needs breadth, reliability, pricing transparency, and support coverage.

Trip.com does not report multiple business segments. The official segment statement is that the company operates and manages its business as a single segment. That means management allocates resources and evaluates performance at the consolidated Trip.com Group level. For investor orientation, revenue architecture should therefore be understood by service line, not by reportable segment. The five disclosed service lines are accommodation reservation, transportation ticketing, packaged-tour, corporate travel, and others. All map into the single official reportable segment.

The problem Trip.com solves is high-friction travel coordination. Travel purchasing is not a single SKU decision. It requires trust in inventory, price, refundability, language support, supplier reliability, payments, customer service, and itinerary continuity across multiple suppliers. In China and cross-border Asia travel, this complexity is amplified by local payment habits, transport modes, regulation, visa checks, and language coverage. Trip.com's model is to sit between the customer and travel ecosystem partners, absorb complexity, and monetize the transaction or related services.

Revenue Architecture

Trip.com's FY2025 service-line revenue before sales tax and surcharges was RMB62,510 million. After RMB101 million of sales tax and surcharges, official net revenue was RMB62,409 million. The service-line percentages below use the service-line total before sales tax and surcharges because that is the denominator used for the disclosed product-line revenue mix in the quantitative foundation and official release.

Service line	FY2025 revenue	Share of service-line total	What it represents
Accommodation reservation	26,100	41.8%	Hotel and lodging reservation commissions and related lodging services
Transportation ticketing	22,489	36.0%	Air, train, and other transportation ticketing commissions and services
Packaged-tour	4,688	7.5%	Bundled tours, vacation products, destination activities, and referral fees
Corporate travel	2,829	4.5%	Managed business-travel booking and travel-management services
Others	6,404	10.2%	Ancillary travel services, advertising, finance/insurance, car services, visa and other items
Total revenue before sales tax	62,510	100.0%	Sum of disclosed service lines

Accommodation reservation is the largest service line. It is the hotel and lodging marketplace: Trip.com connects travelers with hotels and alternative accommodation providers, supports search and comparison, handles booking flow, and earns revenue mainly through hotel partner commissions. The company recognizes accommodation reservation revenue when the reservation becomes non-cancelable, which is when the service obligation is considered satisfied. Economically, this is a take-rate business on lodging gross bookings rather than a hotel ownership business. Trip.com does not need to own the hotel asset to monetize the booking; the key inputs are supplier coverage, consumer traffic, pricing, conversion, customer service, and post-booking reliability.

Transportation ticketing is the second-largest service line. It includes ticketing for flights, trains, and other transport products. The company operates this business through subsidiaries, VIEs and VIE subsidiaries, and a network of ecosystem partners. Ticketing commissions are generally recognized when tickets are issued, and other related services are recognized when rendered. This line is strategically important because transportation creates trip intent: a flight or train search often comes early in the planning funnel and can cross-sell hotels, tours, insurance, local activities, and car services. The line is also lower-margin in many OTA models because air ticketing has relatively low commission rates and intense price transparency, but it is valuable as traffic generation and itinerary anchor.

Packaged-tour revenue comes from bundled travel products and services. These may combine transport, lodging, activities, guides, destination services, and itinerary support. Trip.com receives referral fees from ecosystem partners for packaged-tour products and services through the platform. The company recognizes referral fees on the departure date of the packaged tour. This line is smaller than accommodation and transport, but it is helpful for leisure travel monetization because packages can simplify complex trips and bundle higher-touch service. It is also more cyclical and seasonal because discretionary

packaged leisure trips respond to consumer confidence, holidays, outbound travel rules, and destination demand.

Corporate travel is the business-travel management line. Revenue primarily includes commissions from transportation ticketing, accommodation reservation, and packaged-tour services rendered to corporate clients. The customer is not just an individual traveler but a company managing employee travel. The value proposition is policy compliance, negotiated inventory, expense reporting, approval workflows, duty-of-care support, and consolidated service. Corporate travel can be stickier than purely consumer transactions because companies embed the platform into internal processes, but it can also move with macro conditions, headcount, trade shows, and enterprise travel budgets.

Others includes travel-adjacent and platform services that do not fit the four named lines. Based on the 20-F business description, this category can include car services, travel-related financing and insurance, visa services, advertising, and other ancillary products. It is a basket of monetization attached to the trip lifecycle. The strategic question is whether Trip.com can turn high-frequency travel intent into broader wallet share without degrading trust through excessive fees or low-quality add-ons.

Unit Economics

Trip.com's consolidated economics are those of a scaled digital marketplace with meaningful service and technology costs. In FY2025, net revenue was RMB62,409 million, cost of revenue was RMB12,122 million, gross profit was RMB50,287 million, and operating income was RMB15,773 million. That implies gross margin of roughly 80.6% and operating margin of roughly 25.3%. The business is not capital intensive in the way an airline, hotel owner, or tour-bus operator is capital intensive. FY2025 operating cash flow was RMB14,379 million and capex was RMB797 million, producing free cash flow of RMB13,582 million in the quantitative foundation. Capex was only about 1.3% of net revenue, consistent with an asset-light platform.

The gross margin structure comes from the fact that Trip.com is mainly selling service intermediation rather than physical inventory. A hotel commission, ticketing service fee, referral fee, or corporate travel service fee does not require the company to build the hotel or operate the airline. Cost of revenue nevertheless matters. It includes service delivery, customer support, payment and transaction processing, call centers, fulfillment infrastructure, and other direct service costs. The Q4/FY2025 release said FY2025 cost of revenue was 19% of net revenue. In travel, service quality is part of the product: if a flight is canceled, a hotel rejects a booking, a refund is delayed, or a traveler needs help across borders, the platform's ability to solve the problem determines whether the user returns. That means Trip.com may rationally carry more service cost than a lighter pure software marketplace.

The largest operating expense buckets are product development and sales and marketing. FY2025 product development expense was RMB15.1 billion, about 24% of net revenue. This is the cost of maintaining and improving search, pricing, mobile apps, recommendation systems, AI planning features, supplier connectivity, fraud/risk systems, payments, corporate travel tooling, and data infrastructure. Some of this is defensive: the product must keep up with global OTAs, domestic China apps, supplier-direct channels, and AI-based search interfaces. Some is offensive: better personalization and automation can increase conversion, attach rates, service efficiency, and user retention.

FY2025 sales and marketing expense was RMB14.9 billion, also about 24% of net revenue. This is the most important swing factor in marketplace profitability. Travel demand can be bought through performance marketing, promotions, brand campaigns, app-install campaigns, loyalty programs, destination partnerships, and merchant campaigns. A platform with strong direct traffic and habitual use can earn attractive margins because it does not need to buy every transaction from search engines or social channels. A platform fighting aggressive promotions can see margins compressed. Trip.com's FY2025 operating margin stayed in the mid-20s despite revenue growth, but sales and marketing grew faster than net revenue in the Q4 release, showing that growth is not free.

General and administrative expense was RMB4.5 billion, about 7% of net revenue. This supports management, finance, legal, compliance, facilities, listing costs, and corporate infrastructure. For a cross-listed China-related ADR/HK issuer operating across regions, G&A also carries regulatory and compliance complexity: SEC reporting, HKEX governance, data protection, licensing, anti-monopoly, sanctions screening, and VIE governance are not trivial overhead items.

Service-line economics differ even though the company reports one segment. Accommodation reservation is usually the highest-quality service line because lodging inventory is fragmented, consumers value comparison, suppliers need demand distribution, and OTA commissions can be meaningful. Transportation ticketing is often more price-transparent and supplier-concentrated, with lower commission rates, but it drives traffic and itinerary ownership. Packaged tours can carry attractive referral economics when demand is strong, but service intensity and seasonality can be higher. Corporate travel may have lower headline take rates on large enterprise volumes, but it can have recurring account relationships and workflow

lock-in. Others can be high-margin in areas such as advertising or insurance referral, but it can also include lower-margin ancillary support. The consolidated margin is therefore a blend of mix, take rate, marketing intensity, service cost, and technology leverage.

The balance sheet gives Trip.com strategic flexibility. At 2025-12-31, the quantitative foundation shows cash and restricted cash of RMB46,451 million, short-term investments of RMB32,007 million, and held-to-maturity time deposits and financial products included in investments of RMB27,302 million, for RMB105,760 million of cash-like and investment liquidity as defined there. Debt included RMB19,335 million of short-term debt and current portion of long-term debt plus RMB11,430 million of long-term debt. That liquidity matters in a cyclical industry: it lets the company absorb travel shocks, fund marketing, invest in technology, repurchase shares, and handle regulatory or competitive disruptions without needing distressed financing.

Industry Structure

Trip.com operates inside the global travel distribution stack. At the bottom are suppliers: hotels, airlines, rail providers, attractions, tour operators, car-service providers, insurers, payment providers, and destination merchants. At the top are travelers and corporate travel buyers. In between are direct supplier websites, online travel agencies, metasearch engines, super-apps, travel-management companies, content platforms, social networks, and increasingly AI assistants that can plan and transact.

The OTA layer exists because travel supply is fragmented and hard to compare. Hotels vary by room type, location, cancellation policy, loyalty benefits, review quality, and real-time availability. Flights and trains vary by time, routing, fare class, refundability, baggage policy, and schedule reliability. Packaged tours and activities add even more information asymmetry. A scaled OTA can reduce search cost for travelers and reduce distribution cost for suppliers. The value is highest when users trust the platform for price, inventory, support, and trip continuity.

China and Asia add distinctive structural features. China has a huge domestic travel market, substantial high-speed rail usage, a large mobile-first consumer base, and concentrated holiday peaks. Outbound and inbound travel are also strategically important. The FY2025 Q4 release said overall bookings on Trip.com's international OTA platform increased around 60% year over year in 2025 and the company served approximately 20 million inbound travelers during the year. Management framed inbound travel as a growth driver and tied the international strategy to "Globalization and Great Quality." For a primer, the key point is not the slogan but the direction of travel: Trip.com is trying to evolve from a China OTA with international assets into a global travel platform with Asia advantages.

Industry cyclicality is real. Travel demand moves with income, consumer confidence, exchange rates, visa policy, air capacity, hotel supply, corporate budgets, pandemics, geopolitical disruptions, and natural disasters. Trip.com's 20-F explicitly notes seasonality, with the third quarter generally contributing the highest portion of annual net revenues because of summer leisure and business travel demand. FY2025 service-line quarters in the quantitative foundation show this pattern: Q3 net revenue of RMB18,338 million was meaningfully above Q1, Q2, and Q4. Seasonality is not a flaw, but it affects working capital, marketing timing, staffing, and investor interpretation of sequential growth.

The industry is structurally competitive because entry barriers are mixed. A new OTA can build a website, buy traffic, and connect to inventory, but a trusted scaled travel platform is much harder to replicate. The defensible assets are brand, direct traffic, supplier relationships, service operations, payments and fraud systems, travel data, loyalty, corporate travel integrations, and the ability to solve exceptions. The 20-F warns that competitors include other travel agencies, consolidators, supplier-direct channels, content platforms, social networks, large technology companies, and AI-powered assistants or agents.

Global investor comparisons often include Booking Holdings, Expedia Group, Airbnb, MakeMyTrip, and regional OTAs. In China, pressure can also come from local services platforms, super-app traffic ecosystems, supplier-direct channels, and travel brands embedded in large internet platforms. Trip.com owns or operates important China travel brands, including Ctrip and Qunar, but it still competes for consumer attention and supplier economics every day. The most interesting new vector is AI: if users ask a general AI assistant to plan and book trips without visiting OTA apps, the traffic funnel could weaken. Conversely, if Trip.com uses AI to improve itinerary planning, service automation, conversion, and merchant tools, AI could reinforce the platform.

Regulation, China Structure, and Listing Context

Trip.com is a Cayman Islands holding company, not simply an onshore PRC operating company. Its China operations are conducted through PRC subsidiaries and variable interest entities. The 20-F explains that PRC laws and regulations restrict foreign investment in certain businesses, including internet and related businesses, so restricted businesses are operated through VIE contractual arrangements. Significant VIEs hold value-added telecommunications, travel agency, tour service, air-ticketing, mobile application, website, and other key operating licenses or assets.

This matters for equity holders because ADS and HK ordinary shareholders own interests in the Cayman parent, whose economic exposure to some China operations depends on contracts rather than direct equity ownership. That structure is common among China internet issuers, but it creates legal and regulatory risk. If PRC authorities changed their view of VIE structures, restricted licenses, outbound listings, data transfer, or foreign ownership in relevant businesses, the company could face constraints, restructuring costs, fines, or limitations on cash movement.

Trip.com is listed in the United States through ADSs on Nasdaq under TCOM and in Hong Kong through ordinary shares under 9961. Each ADS represents one ordinary share. This dual-market context gives investors liquidity and can reduce sole dependence on U.S. trading access, but it does not eliminate China ADR risk. The 20-F discusses the Holding Foreign Companies Accountable Act and the PCAOB inspection history for auditors headquartered in mainland China and Hong Kong. The PCAOB's 2022 determination vacated its earlier inability-to-inspect determination, but the risk framework remains relevant because future inspection access, U.S.-China policy, and SEC rules can affect trading status.

Data and cybersecurity regulation are also core. Trip.com processes traveler identity, payment, itinerary, location, corporate travel, and cross-border service data. The 20-F discusses PRC Data Security Law and Personal Information Protection Law constraints, including limits on providing data or personal information stored in China to foreign judicial or law enforcement bodies without approval from competent PRC authorities. This is not a peripheral issue for a travel platform: data is central to personalization, fraud prevention, customer service, supplier settlement, and AI product development.

Anti-monopoly regulation is a live issue. The Q4/FY2025 release disclosed that in January 2026 the company received notice of a State Administration for Market Regulation investigation under the PRC Anti-monopoly Law. The company said the investigation was ongoing, it was cooperating, it could not predict the status or result, and business operations remained normal. For a primer, the lesson is not to overstate the outcome before facts are known, but to recognize that a large platform between travelers and merchants can draw scrutiny around exclusivity, pricing, merchant terms, traffic allocation, algorithmic practices, promotions, and market power.

Trip.com also faces travel-specific licensing and operational regulation. VIEs and subsidiaries hold travel agency operation licenses, value-added telecommunications licenses, and air-ticketing-related arrangements. The company must manage consumer protection, refund rules, advertising, payment, tax, sanctions, export control, and destination-specific restrictions. International expansion adds regulatory surface area even as it expands the addressable market.

Cyclicality and Operating Sensitivities

Trip.com's revenue is exposed to travel volumes, take rates, and mix. A strong travel year can create a favorable loop: more users search, suppliers release more inventory, marketing efficiency improves, customer service costs are absorbed over more bookings, and cross-sell opportunities increase. A weak travel year can reverse that loop. The pandemic period showed that travel platforms can suffer extreme revenue shocks when travel restrictions or consumer caution suppress mobility. The post-pandemic recovery showed operating leverage when demand normalizes, but investors should not extrapolate straight-line growth without considering travel capacity, macro conditions, and regulatory constraints.

The most important operating sensitivities are lodging demand, air and rail volume, marketing intensity, international mix, and service cost. Accommodation is the largest service line and central to profit quality; if room nights grow and take rates are stable, the business can compound attractively. Transportation ticketing drives traffic, but ticketing transparency may limit take-rate expansion. Packaged tours and corporate travel add diversity but are sensitive to discretionary budgets and business confidence. Others may improve monetization per trip, but high-margin attach depends on user trust.

Marketing intensity deserves special focus. In FY2025, sales and marketing was almost the same size as product development and roughly a quarter of net revenue. If direct traffic, loyalty, brand strength, and app engagement improve, marketing as a percentage of revenue could decline and operating margin could expand. If competitors spend aggressively, content platforms tax traffic, or Trip.com pushes international expansion through paid acquisition, marketing may stay elevated. This is the main bridge between "good business" and "good compounder."

Technology investment is both cost and moat. Trip.com has integrated AI products such as travel planning and assistant features, according to the 20-F. These can reduce friction in itinerary planning, customer support, recommendations, and

merchant tools. But AI also lowers the interface barrier for other platforms. A general-purpose AI assistant could search, compare, recommend, and book without sending the user to a dedicated OTA app. The 20-F warns that AI-powered assistants and agents may reduce traffic to dedicated OTAs and help competitors or suppliers replicate functions. The long-duration question is whether Trip.com owns enough customer relationship and fulfillment depth that AI becomes a product advantage rather than a commoditizing demand aggregator.

Long-Duration Compounder Case

The bullish compounder case starts with marketplace scale. Trip.com has a large user base, broad supplier relationships, a multi-brand portfolio, and a two-sided platform in a category where trust and service matter. The platform has real breadth: lodging, transport, packages, corporate travel, and ancillaries. The model is asset-light, has high gross margins, low capital intensity, and produced meaningful free cash flow in FY2025. If travel demand in China and Asia continues to grow, if cross-border travel normalizes and expands, and if Trip.com can convert international investments into repeat direct traffic, the company could compound revenue and cash flow without proportionate capital investment.

The second part of the case is mix and monetization. Accommodation is the largest line and grew faster than total net revenue in FY2025. International bookings on the OTA platform grew around 60% year over year, and inbound travelers served reached roughly 20 million. If international travel becomes a larger share of the platform, the business may gain a longer runway than a mature domestic-only China OTA. Cross-border travelers often need more support, language coverage, payment flexibility, and itinerary help, which can increase platform value. Corporate travel can add workflow stickiness. Ancillaries can expand revenue per itinerary if attached responsibly.

The third part is balance-sheet resilience. The company entered the forward horizon with substantial liquidity and manageable capex needs. A strong balance sheet lets a travel platform keep investing through cycles, repurchase shares when appropriate, absorb regulatory costs, and maintain supplier confidence.

The bear case is equally important. Travel intermediation is not a monopoly utility. Suppliers want direct demand when they can get it. Users are price-sensitive. Search engines, social platforms, super-apps, and AI assistants can sit above OTAs in the funnel. Marketing can consume much of the gross profit if competition intensifies. Regulation can constrain platform practices. The SAMR investigation is unresolved as of the latest official FY2025 release. The VIE structure and China ADR/HK context add governance, legal, audit-access, and geopolitical risks that do not exist in the same form for a purely domestic U.S. travel company.

There is also a quality-of-earnings nuance in FY2025. Net income attributable to Trip.com was RMB33,294 million, much higher than operating income of RMB15,773 million, helped by significant non-operating gains, including the MakeMyTrip share repurchase transaction described in the 20-F and QF/QFR materials. For long-duration assessment, operating income and free cash flow are more informative than headline net income in that year. A compounder should not need investment gains to make the earnings story work; the core travel platform should produce durable operating profit and cash conversion across cycles.

The balanced conclusion is that Trip.com has credible compounder ingredients but not a free pass. It has scale, brand, supplier breadth, international runway, high gross margin, low capex, and a cash-rich balance sheet. Against that, it has cyclical end demand, intense competition, high marketing reinvestment, China regulatory and VIE risk, unresolved anti-monopoly review, and emerging AI distribution risk. The right ER2 question is not "is Trip.com a good travel platform?" The answer is yes. The harder question is whether the platform can grow through 2030 with stable or improving direct traffic, disciplined marketing, defensible supplier economics, and regulation that does not structurally impair monetization. That is the crux of the long-duration compounder debate.

Key Primer Takeaways For Downstream Work

Trip.com's official reportable segment count is one; all service lines map to the single Trip.com Group segment. Revenue architecture should therefore be modeled by disclosed service lines for intuition, while consolidated financials remain the audited segment source.

FY2025 service-line mix was lodging-led: accommodation reservation was RMB26.1 billion, transportation ticketing RMB22.5 billion, packaged-tour RMB4.7 billion, corporate travel RMB2.8 billion, and others RMB6.4 billion. Net revenue after sales tax and surcharges was RMB62.4 billion.

The operating model is high-gross-margin and low-capex but not costless. FY2025 gross margin was about 80.6%, operating margin about 25.3%, product development and sales/marketing were each roughly 24% of net revenue, and capex was about

1.3% of net revenue.

International growth is strategically central. The FY2025 release highlighted around 60% year-over-year growth in overall bookings on the international OTA platform and about 20 million inbound travelers served.

The largest unresolved regulatory flag is the January 2026 SAMR anti-monopoly investigation disclosed in the FY2025 release. The company said operations remained normal, but the outcome was not predictable at the time of disclosure.

For valuation and quality work, normalize FY2025 net income carefully because significant non-operating gains inflated net income relative to operating income. Operating income, free cash flow, and service-line revenue durability should carry more weight.

Source Register

Source	Use in primer	Local evidence
Quantitative foundation, QFR-cleared	Controlling source for financial values, service-line revenue, TTM anchor, cash flow, balance sheet, and source override status	`quant_foundation.md`
Quant foundation review	Confirms QF integrity, latest financial-period anchor, FMP-vs-official override, and Wave 1 clearance	`quant_foundation_review.md`
SEC FY2025 Form 20-F	Business model, single segment, platform description, VIE/listing/regulatory risks, competition, customers and suppliers	`raw/primer/official_fy2025_20f_sec.html`
SEC Q4/FY2025 Exhibit 99.1	Latest official financial release, service-line discussion, international booking and inbound-traveler highlights, SAMR investigation disclosure	`raw/primer/official_q4_fy2025_sec_ex991.html`
HKEX Q4/FY2025 results announcement	Hong Kong primary filing cross-check for latest annual results	`raw/primer/official_hkex_2025_q4_full_year_results.pdf`
FMP stable live pulls	Live evidence pull per ER2 data-source rule; QF remains controlling for financial values	`raw/primer/TCOM_revenue_product_segmentation_annual.json`, `raw/primer/TCOM_income_statement_annual.json`

Appendix M - Management Assessment

Trip.com Group (Ctrip) - Management Assessment

Data Source Rule - include and obey verbatim: The workspace may have a "Data Warehouse First" rule that says check a local `data warehouse/` cache before hitting FMP. For the ER2 skill this rule is suspended. Every subagent that needs historicals, segment data, or transcript quotes must:

- Fetch live from FMP's `/stable/` endpoints where needed.
- Fetch live from company IR/SEC/HKEX/local filings as needed.
- Never substitute a cached data-warehouse file for a live fetch.

If a live fetch fails, retry the identical call once, then flag the failure. Do not fall back to cache or a different endpoint.

1. Who is running the company

Trip.com is still run by a founder-influenced team, but day-to-day stewardship is now in the hands of long-tenured professional operators rather than a newly imported public-company team. The most important people are James Jianzhang Liang, executive chairman and co-founder; Jane Jie Sun, CEO and director; Cindy Xiaofan Wang, CFO and executive vice president; and Xing Xiong, COO. The FY2025 20-F filed with the SEC on April 28, 2026 lists James Liang as co-founder and executive chairman, Jane Sun as CEO and director, Cindy Wang as CFO and EVP, and Xing Xiong as COO. This is not a thin executive bench: Sun joined the company in 2005 as CFO, later served as COO and co-president, and became CEO in November 2016. Wang joined in 2001, became CFO in November 2013, and has been EVP since May 2016. Xiong joined in 2013, became COO in February 2021, and is responsible for air ticketing, accommodation, corporate travel, technology, international business, and other group areas.

The board is eight directors under the current articles: James Liang, Jane Sun, Neil Nanpeng Shen, Gabriel Li, JP Gan, May Yihong Wu, Iris Yang Xiao, and Rong Luo. Five are presented as independent directors: Shen, Li, Gan, Wu, and Xiao. That headline independence is only partly comforting. Shen is both co-founder and independent director; Li and Gan have served since the early 2000s; and the articles give the co-founders the right to appoint three directors, subject to approval by a majority of independent directors. The CEO also has a board seat by design. This is not a dual-class voting structure, and the 20-F says no shareholder has different voting rights, but the appointment mechanics preserve founder influence beyond ordinary one-share-one-vote board elections. That is a real minority-shareholder governance issue.

The 2026 board refresh is directionally positive. On February 25, 2026, Trip.com announced that Min Fan resigned as director and president, Qi Ji resigned as director, and May Yihong Wu plus Iris Yang Xiao were appointed independent directors. Wu brings CFO/audit committee experience at H World, MakeMyTrip, Alibaba Health, Swire Properties, and Noah; Xiao brings public-equity investing experience from Capital International, Principal Global Investors, and Ping An of China Asset Management. Gabriel Li was appointed to the compensation committee. The refresh adds financial and capital-markets competence, but it also highlights how long-tenured the previous governance architecture was.

2. Tenure and operating track record

Jane Sun has been CEO for roughly nine and a half years as of May 29, 2026, long enough to own the strategy and its outcomes. Her tenure covers a full cycle: pre-pandemic internationalization, the pandemic collapse, China reopening, outbound and inbound recovery, and the current international OTA and AI investment push. Management's three largest strategic decisions over this period were: protecting the platform through the pandemic without balance-sheet impairment; leaning into global and cross-border travel as recovery reopened; and converting the post-recovery cash position into a more formal capital return program while continuing product and international investment.

The first decision worked. Data package Section 2 shows the trough clearly: revenue was RMB20.0 billion in 2021 and RMB20.0 billion in 2022, with operating income of negative RMB1.4 billion in 2021 and only RMB0.1 billion in 2022. By 2023, revenue recovered to RMB44.5 billion and operating income to RMB11.3 billion; by FY2025, revenue reached RMB62.4 billion and operating income RMB15.8 billion. A travel platform that survives that shock with high liquidity and no obvious forced dilution earns credit for operating resilience.

The second decision, international and cross-border expansion, is also producing observable scale. In the Q4 FY2025 call, management disclosed FY2025 core OTA gross bookings of about RMB1.1 trillion, including around RMB280 billion from accommodation and RMB550 billion from air ticketing. Management also said international OTA gross bookings rose about 60% year over year in 2025 and that international business was about 40% of total revenue and bookings, up from around 35% in 2024. The data package confirms FY2025 accommodation revenue of RMB26.1 billion, transportation ticketing revenue of RMB22.5 billion, and strong growth in the "others" category. This is not a vague pivot; the revenue mix and booking commentary support the strategic direction.

The third decision, capital return, is newer and still being tested. The company adopted a regular capital return policy in November 2023. Data package Section 7 shows buybacks of RMB1.6 billion in 2023, RMB2.2 billion in 2024, and RMB4.4 billion in 2025, plus RMB1.4 billion of dividends in 2025. The FY2025 20-F adds that the company repurchased 10.0 million ADSs in 2025 for US$613 million gross consideration and declared a cash dividend of US$0.30 per ordinary share or ADS. In August 2025, the board authorized a new US$5.0 billion repurchase program. This is shareholder-friendly in form, and the average 2025 repurchase price of about US$61 per ADS was not obviously reckless relative to the company's cash generation and net cash position. The open question is whether the buyback will remain price-sensitive or become a large authorization used mechanically.

Cindy Wang's CFO record is strong on liquidity and survival, mixed on disclosure granularity. She has kept Trip.com liquid: the data package shows RMB105.8 billion of cash, restricted cash, short-term investments, held-to-maturity deposits, and financial products at December 31, 2025 against RMB30.8 billion of debt. That is a major advantage in a cyclical travel business. She also supported the MakeMyTrip monetization in 2025, when Trip.com sold about 34 million Class B MakeMyTrip shares for US$3.0 billion and recorded an RMB15.2 billion gain. The favorable read is disciplined portfolio monetization. The caution is that FY2025 headline net income is flattered by the investment gain, so management deserves credit for the transaction but not for treating reported net income as the core earnings base.

3. Capital allocation behavior

Capital allocation is the best part of this management assessment. Trip.com is not a heavy fixed-capital business. Data package Section 7 shows capex of only RMB0.6 billion in 2021, RMB0.5 billion in 2022, RMB0.6 billion in 2023, RMB0.6 billion in 2024, and RMB0.8 billion in 2025. Capex was below 4% of revenue in every year and only 1.3% of FY2025 revenue. The reinvestment engine is product development, technology, service, localization, and marketing rather than property and equipment. Product development spending was RMB9.0 billion in 2021, RMB8.3 billion in 2022, RMB12.1 billion in 2023, RMB13.1 billion in 2024, and RMB15.1 billion in 2025. Even after recovery, product development remained about 24% of revenue in FY2025.

The pattern is coherent with management's stated strategy. James Liang and Jane Sun are telling investors the company is building a cross-border, AI-assisted, one-stop travel platform; the expense base shows continued investment in product, AI, localization, global supply, service operations, and marketing. Sales and marketing also rose to RMB14.9 billion in FY2025. That hurts near-term operating leverage, but it is not inconsistent with the stated push into APAC, inbound China travel, and international OTA scale.

M&A and investment behavior is mixed but not disqualifying. The historic Qunar and Skyscanner acquisitions were strategically important to domestic and international positioning, and management has not made obvious recent empire-building acquisitions that consumed the balance sheet. The company has instead monetized part of its MakeMyTrip holding and retains investments in travel-adjacent companies. Related-party and investee relationships with Tongcheng Travel, H World, BTG, and Shangcheng Consumer Finance require monitoring, but the disclosed FY2025 amounts are not large relative to revenue and are described as ordinary-course or equity-method-investee arrangements. The bigger capital allocation risk is not M&A waste; it is whether the company can deploy US$5 billion of repurchase authorization with discipline while still funding international competition and AI distribution shifts.

4. Compensation alignment

Compensation disclosure is the weakest non-regulatory part of the file. Trip.com provides aggregate executive cash compensation and a large share-incentive plan description, but not the kind of U.S.-style named executive officer scorecard that makes it easy to evaluate annual bonus metrics, ROIC hurdles, long-term TSR conditions, or free-cash-flow discipline. The 20-F says executive officers received US$2.3 million of aggregate cash compensation in 2025 excluding James Liang, Min Fan, and Jane Sun, who also served as executive directors. It also says the company has made share-based awards under multiple plans, with the Third Amended and Restated Global Share Incentive Plan allowing a large pool and annual

increases equal to 3% of then-outstanding share capital. The plan's purpose is broadly retention and incentives, not a clearly measurable multi-year ROIC/FCF contract.

Ownership helps, but it is not a complete answer. As of March 31, 2026, the 20-F reports James Liang owning 43.3 million ordinary shares, or 6.5%; Jane Sun 16.4 million, or 2.5%; Cindy Wang 952 thousand; Xing Xiong 1.44 million; and directors and officers as a group 63.8 million, or 9.4%. That is real skin in the game. It is enough to make management economically aligned with per-share value creation, especially for Liang and Sun. But the same founder influence that improves long-term commitment also reduces ordinary outside-shareholder control over the board.

Dilution is not abusive, but the plan design is permissive. FMP's live FY2021-FY2025 cash-flow pulls show stock-based compensation of RMB1.681 billion in 2021, RMB1.188 billion in 2022, RMB1.834 billion in 2023, RMB2.042 billion in 2024, and RMB2.270 billion in 2025. Using the data package revenue series, SBC was about 8.4% of revenue in 2021, 5.9% in 2022, 4.1% in 2023, 3.8% in 2024, and 3.6% in 2025. The decline as revenue recovered is encouraging. The problem is governance transparency, not current SBC excess. The company follows Cayman home-country practice instead of Nasdaq shareholder-approval requirements for equity-compensation plan adoption and material amendment. For a 20-year compounder gate, that prevents a full PASS on compensation.

5. Disclosure quality and candor

I reviewed the last eight live FMP earnings-call transcripts: Q1-Q4 FY2024 and Q1-Q4 FY2025. The overall disclosure pattern is competent, data-rich on demand and bookings, but selective on margins, regulatory exposure, and segment profitability. Management is more willing to give operational signposts than formal financial guidance.

On travel demand, ADR, outbound capacity, and consumer sentiment, the team generally answers directly. In 2024 and 2025, analysts repeatedly asked about hotel ADR pressure, air-ticket pricing, macro consumption weakness, outbound flight capacity, and competition. Wang and Sun acknowledged domestic ADR softness several times, attributed it to supply expansion, lower-tier city mix, outbound substitution, and pricing pressure, and provided directional quantification such as high-single-digit ADR declines narrowing to low-single digits. That is good candor. Management did not pretend pricing was perfect simply because volumes were healthy.

On margins, the quality is adequate but not excellent. When asked in Q4 FY2024 about record operating margin and the outlook for 2025, Wang said Trip.com does not set a specific margin target and treats margin as the outcome of mix and efficiency. In Q3 FY2025, when asked how margins should expand as international business grows, she again declined specific 2026 commentary. That is defensible, because the business mix is changing and international marketing investment is not mature. But for an investor underwriting 2030 operating leverage, management is not giving a numerical bridge.

On competition and AI intermediation, Liang gave the most substantive strategic answers. In Q4 FY2025 he framed general AI agents as new entry points and argued that Trip.com's defensibility comes from proprietary travel data, live inventory, supplier integrations, fulfillment, and service. That is a direct answer to a load-bearing threat. He did not dismiss AI as hype. He described both external agent-to-agent transactional capabilities with AI partners and internal native AI-agent investment. The answer is strategically coherent, though still early.

The SAMR response is the main disclosure weakness. In Q4 FY2025, the first analyst question asked for an update on the investigation and potential 2026 and long-term impact. Wang said Trip.com was cooperating, engaging constructively, and would provide updates as appropriate, then pivoted to inbound tourism, social responsibility, and AI priorities. That answer was legally constrained, but it did not answer impact, practices under review, business changes already made, or potential remedies. The 20-F is more candid: it says SAMR is investigating whether the company abused or is abusing a dominant market position, that the outcome and possible loss cannot be predicted, and that findings could result in significant fines, penalties, or changes to business practices. The formal filing is adequate; the call answer was evasive.

Guidance discipline is acceptable because management generally avoids hard quantitative guidance. The company gives quarter-to-date trend data, booking growth, outbound flight capacity, and investment priorities, but it does not appear to regularly issue hard revenue or EPS targets that can be tracked as beat/meet/miss. That lowers guidance-risk but also limits forecast accountability. Voluntary disclosure is moderate: Trip.com provides GMV, gross booking, service-line revenue, inbound traveler counts, international booking growth, and product-development/marketing context. It does not provide international segment revenue, segment margins, user cohorts, take-rate by geography, or durable long-term margin targets.

6. Strategic coherence

The strategy is coherent. The FY2025 20-F describes Trip.com as a leading global one-stop travel service provider combining travel products, services, content, high-quality service, and advanced technology. It says the platform connects users and ecosystem partners and uses AI capabilities and accumulated travel insight to integrate products, services, and content globally. The Q4 FY2025 call is consistent: James Liang named inbound tourism, social responsibility, and AI innovation as the three investment priorities; Jane Sun emphasized inbound China travel, APAC localization, international OTA growth, entertainment plus travel, senior travel, and partner enablement; Wang emphasized disciplined investment and shareholder returns.

The investment pattern supports the strategy. Product development stayed high, sales and marketing rose with international expansion, and capex stayed low. The balance sheet can fund both returns and reinvestment. The company is not telling investors it is a capital-light platform while secretly building a capital-heavy asset base. It is building product, AI, localization, and supply coverage around a transaction-and-service platform.

The five-to-ten-year destination is not as crisp as Booking Holdings' "connected trip," but it is clearer than a rolling series of pivots. Trip.com wants to be the Asia-centered global travel platform for inspiration, booking, fulfillment, and support, with AI improving conversion and service while cross-border China/APAC travel adds growth. The strategy has a real risk: general AI assistants, super-apps, supplier direct channels, and regional OTA competition can move demand upstream. Management names these threats more directly on AI than on domestic platform competition, but the answers are not complacent.

7. Governance flags

The governance file is YELLOW, not clean PASS. The positives are one-share-one-vote ordinary shares, no disclosed material internal-control weakness, effective disclosure controls and internal controls as of December 31, 2025, no audit-committee exemption, meaningful executive ownership, and a stronger board after the February 2026 refresh. The 20-F says management and PwC concluded internal controls were effective, and there were no changes that materially affected internal controls during the year.

The negatives are material. First, the VIE structure is unavoidable but significant. VIEs generated 19% of 2025 net revenue and held 5% of total assets at year-end. ADS and HK ordinary shareholders own the Cayman parent, not direct equity in the VIEs. The 20-F states the VIE contractual arrangements are not equivalent to equity ownership. The principal VIE record owners are employees or senior consultants, and the structure depends on enforceability of powers of attorney, service-fee agreements, equity pledges, loan agreements, and exclusive options under PRC law.

Second, related-party and investee transactions exist. In 2025, Trip.com paid Tongcheng Travel RMB61 million and received RMB300 million from Tongcheng Travel; received RMB182 million of commissions from H World, where there is director/family linkage; received RMB185 million from BTG; and received RMB210 million of technology service fees from Shangcheng Consumer Finance. These amounts are not thesis-breaking relative to RMB62.4 billion of net revenue, but they require strong independent oversight.

Third, the SAMR investigation is unresolved and load-bearing. It concerns potential abuse of dominant market position under the PRC Anti-Monopoly Law. The company says the investigation is ongoing and cannot predict timing, outcome, consequences, or possible loss. The 20-F also disclosed local regulatory meetings or actions in Guizhou and Zhengzhou in 2025 involving platform pricing, unfair online competition, and rectification. Fourth, the March 2026 De Wilde securities class action names the company and certain current officers/directors and alleges that certain 2023 and 2024 annual report statements were false or misleading in light of the SAMR notice. The case is preliminary, but it is not immaterial for a management candor gate.

Fifth, anti-takeover and FPI governance practices reduce outside-shareholder leverage. The shareholder rights plan was extended to July 25, 2034. Baidu can acquire up to 27% without triggering the rights, while Naspers-related entities can acquire up to 11%. Trip.com also follows Cayman home-country practice for equity-plan approval rather than Nasdaq Rule 5635(c). This does not prove abuse, but it means minority holders are relying heavily on board integrity.

Insider selling is not a broad negative pattern, but it is worth monitoring. SEC filings show a September 2025 Form 144 for Smart Charm Ltd., described as an immediate-family-related holder, covering up to 1.0 million ADSs tied to founder shares and a variable prepaid forward contract linked to Jianzhang Liang. A Form 4 filed April 28, 2026 reports a forward sale contract transaction with transaction code J and 1.0 million shares. This is material enough to disclose, but not a clustered executive exit pattern given Liang's remaining 6.5% ownership.

8. Peer comparison

Against Booking Holdings' Glenn Fogel, Trip.com ranks lower on governance transparency and probably lower on capital return proof, but comparable or better on founder-era platform resilience in Asia. Booking has a clearer long-duration capital allocation culture, a more mature global margin model, and a simpler U.S./Dutch corporate governance read for U.S. investors. Trip.com has more China/VIE/regulatory complexity and less granular compensation disclosure. Fogel's official Booking profile confirms he has been CEO and president of Booking Holdings since January 2017 and CEO of Booking.com since June 2019.

Against Expedia Group's Ariane Gorin, Trip.com has a longer in-seat CEO/CFO record. Gorin became Expedia Group CEO on May 13, 2024 after more than 11 years at Expedia, most recently as president of Expedia for Business. Expedia's current management story still has execution-reset risk, while Trip.com's Sun-Wang team has already demonstrated recovery execution through a severe travel cycle. Expedia's governance is simpler; Trip.com's operating momentum is stronger.

Against MakeMyTrip's Rajesh Magow, Trip.com is less clean because of VIE, China regulation, and founder appointment rights, but the operational comparison is competitive. Magow, MakeMyTrip's co-founder and group CEO, is a strong India OTA operator with simpler market focus and impressive compounding characteristics. Trip.com has broader regional ambition and more balance-sheet optionality, but also more governance/regulatory hair. On five-year stewardship, Sun/Wang rank ahead of Expedia's current CEO because of tenure and recovery proof, below Booking's Fogel on shareholder transparency and capital return discipline, and roughly comparable to Magow operationally but weaker on minority-shareholder simplicity.

9. Management gate verdict

Management gate: YELLOW.

This is not a FAIL because the operating and capital allocation evidence is too strong: Sun, Wang, Liang, and Xiong preserved the platform through the pandemic, rebuilt revenue and operating income, scaled international OTA growth, kept the balance sheet net-cash-rich, and began meaningful buybacks and dividends without starving product development. There is no evidence in the reviewed sources of persistent ROIC-destructive M&A, chronic SBC abuse, restatements, material internal-control weakness, or a management team that cannot execute.

It is also not a PASS. The minority-shareholder file has too many unresolved items for a decade-following endorsement: Cayman/VIE ownership, co-founder board appointment rights, long-tenured founder-linked governance, home-country equity-plan exemptions, a rights plan extended to 2034, related-party/investee transactions, an unresolved SAMR anti-monopoly investigation, and the March 2026 securities class action. Compensation disclosure is too opaque to prove that long-term incentives are tied to ROIC, FCF, or per-share value rather than broad retention and share-price exposure. The Q4 FY2025 call answer on SAMR was legally careful but not substantively candid.

Upgrade to PASS would require three monitorable signals: resolution of the SAMR investigation without material fines, business-practice restrictions, or evidence of past disclosure failure; improved compensation disclosure with named-executive metrics and long-term ROIC/FCF/per-share value hurdles; and evidence that the US$5.0 billion repurchase authorization is used opportunistically while product and international investment remain adequately funded. Downgrade to FAIL would be warranted if SAMR findings confirm abusive platform conduct that forces material business changes, if securities litigation discovery shows knowing disclosure failures, if related-party/VIE transactions become economically material or opaque, or if buybacks are used to offset dilution or defend optics while core international returns deteriorate.

Source register

- SEC FY2025 Form 20-F live fetch: `raw/management/sec_fy2025_20f_live.html` and stripped text `raw/management/sec_fy2025_20f_live.txt`.
- SEC Q4/FY2025 6-K Exhibit 99.1 live fetch: `raw/management/sec_q4_fy2025_ex991_live.html`.
- SEC submissions live fetch: `raw/management/sec_submissions_CIK0001269238_live.json`; Form 4 and Form 144 files under `raw/management/`.
- FMP stable endpoint live transcript pulls: `raw/management/fmp_TCOM_transcript_2024_Q1_live.json` through `raw/management/fmp_TCOM_transcript_2025_Q4_live.json`.
- FMP stable endpoint live cash-flow pull for SBC cross-check: `raw/management/fmp_TCOM_cash_flow_annual_5y_live.json`.
- Capital allocation and recent actions: `data_package.md` Sections 7 and 9, as instructed.

- Peer CEO checks: Booking Holdings leadership page, Expedia Group leadership/CEO transition pages, and MakeMyTrip investor governance leadership page, checked live on May 29, 2026.

Appendix W - Moat and 2046 Durability

Trip.com Group (Ctrip) - Moat and 2046 Durability

Prepared: 2026-05-29 Ticker: TCOM / HKEX 9961 Fiscal convention: calendar year, fiscal year ends December 31 Latest official financial period: FY2025 Q4 and full year 2025, ended 2025-12-31 TTM anchor: FY2025, ending 2025-12-31 2046 test date: 2046-05-29 Forward valuation horizon: 2030-12-31

Data Source Rule - Verbatim

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- Never substitute a cached data-warehouse file for a live fetch.

If a live fetch fails, retry the identical call once, then flag the failure. Do not fall back to cache or a different endpoint.

This moat appendix obeyed the rule. Fresh evidence for this appendix was saved under `raw/moat/`, including live FMP annual and quarterly income statements, live FMP annual product revenue segmentation, the Q4 FY2025 FMP transcript, the FY2025 Form 20-F from SEC EDGAR, the Q4/FY2025 SEC 6-K exhibit, and the HKEX Q4/FY2025 results PDF. No local data-warehouse cache was used. The segment appendix at `appendix_B_online_travel_services.md` was present only as a stub, so it was treated as unavailable; this appendix uses the data package, primer, and live primary evidence.

Source Register

Source	Local evidence	Use
FMP stable income statement, annual	`raw/moat/TCOM_income_statement_annual_live.json`	Ten-year consolidated margin evidence, with FY2025 official filing override where FMP differs
FMP stable income statement, quarterly	`raw/moat/TCOM_income_statement_quarter_live.json`	FY2025 quarterly seasonality and operating-margin cross-check
FMP stable revenue product segmentation	`raw/moat/TCOM_revenue_product_segmentation_annual_live.json`	Service-line revenue mix and product growth, with FY2023 filled from official 20-F/data package
FMP stable Q4 FY2025 transcript	`raw/moat/TCOM_transcript_2025_Q4_live.json`	Management emphasis on inbound, international OTA, and AI investment
SEC FY2025 Form 20-F	`raw/moat/official_fy2025_20f_sec_live.html`	Business model, single segment, supply breadth, risks, VIE, regulation, competition, segment note
SEC Q4/FY2025 6-K Exhibit 99.1	`raw/moat/official_q4_fy2025_sec_ex991_live.html`	Latest official results, service-line growth, SAMR investigation, international OTA/inbound metrics
HKEX Q4/FY2025 results PDF	`raw/moat/official_hkex_2025_q4_full_year_results_live.pdf`	Local filing cross-check for FY2025 results

1. Moat Taxonomy Applied

Trip.com has a real but mixed moat: strongest in China-centered travel distribution where supplier breadth, direct mobile traffic, service reliability, local payments, support infrastructure, and brand trust compound; weaker in pure ticketing workflows where users can compare prices instantly and suppliers have direct channels. The company reports one operating segment, so the moat must be assessed by service-line economics rather than by formal reportable segments. FY2025 service-line revenue before sales tax was RMB62.5 billion: accommodation RMB26.1 billion, transportation ticketing RMB22.5 billion, packaged-tour RMB4.7 billion, corporate travel RMB2.8 billion, and others RMB6.4 billion. Accommodation and transportation are 77.8% of service revenue, so the equity is mostly a bet on whether Trip.com can defend lodging-led platform economics while using transport intent as a traffic and cross-sell layer.

Network effects are present but not pure social-network effects. More traveler demand makes Trip.com valuable to hotels, airlines, rail partners, attractions, and destination merchants; broader supply improves search quality and conversion for travelers. The FY2025 20-F evidence is concrete: approximately 1.7 million global accommodation listings, flights from more

than 680 airlines, and over 60,000 other ecosystem partners at 2025-12-31. This is a meaningful supply-side scale advantage, especially in China and cross-border Asia where inventory, language, payment, and post-booking support are fragmented. But the network effect is not absolute. Suppliers multi-home across Booking, Expedia, Meituan, Alibaba/Fliggy, direct sites, metasearch, local OTAs, and super-app channels; consumers can multi-home with almost no friction. The network effect supports a moat, but it is a scale and liquidity moat, not a locked-in user graph.

Switching costs are modest for leisure travelers and higher for corporate travel. A consumer can open Meituan, Fliggy, Booking, Expedia, airline apps, hotel apps, MakeMyTrip, Traveloka, Agoda, Google, or an AI travel agent and compare options quickly. Loyalty points, saved profiles, stored payments, reviews, customer-service trust, refund experience, and trip history create habit, but they do not trap the customer. Corporate travel has more genuine switching cost because travel policies, approval workflows, expense reporting, duty-of-care processes, account management, negotiated terms, and employee adoption can embed the system. The problem is scale: corporate travel was only 4.5% of FY2025 service-line revenue, so the company-wide moat cannot rest on this stickier line alone.

Scale economies are the strongest part of the moat. Trip.com can spread product development, AI tooling, supplier connectivity, risk controls, payment systems, customer service centers, brand marketing, and regulatory/compliance overhead across a very large transaction base. FY2025 gross margin was about 80.6% on official net revenue, and operating margin was 25.3% despite product development and sales and marketing each running around 24% of net revenue. Capex was only around 1.3% of revenue. This is the profile of an asset-light platform with meaningful operating leverage, not a capital-heavy travel operator. The catch is that sales and marketing can absorb much of the advantage if traffic must be rented from search, social, super-apps, or AI assistants.

Brand is material in China and Asia travel. Trip.com/Ctrip/Qunar have long operating histories and solve a high-trust problem: a failed hotel booking, canceled flight, refund dispute, visa issue, or cross-border itinerary problem can destroy a trip. Brand is more valuable in travel than in many e-commerce categories because the cost of failure is high. Still, brand is a reliability moat more than a pricing moat. Users trust Trip.com enough to book, but they remain price-sensitive and will switch if another channel has a better price, better loyalty benefit, or superior bundled value.

Data advantages exist but are not fully proprietary. Trip.com has years of search, booking, cancellation, review, payment, customer-service, destination, and cross-sell data. This can improve recommendations, fraud controls, supply ranking, customer service, and AI planning. However, foundation models and competing platforms can access broad public travel content, supplier feeds, reviews, and user calendars/emails with consent. The proprietary advantage is strongest where Trip.com combines live inventory, actual booking outcomes, traveler service history, supplier reliability data, and local operational context. The advantage is weakest in generic trip ideation, where AI systems can produce itineraries without owning the transaction.

Regulatory assets are mixed. Licenses, VIE-held travel and internet assets, air-ticketing arrangements, local compliance, data governance, and China operating know-how create entry friction for global competitors. They are not a clean moat because the same regulatory structure creates equity risk: the FY2025 20-F describes VIE uncertainty, PRC data and cybersecurity rules, and broad regulator discretion. The January 2026 SAMR investigation under the PRC Anti-Monopoly Law is a live moat risk, not a moat asset. If the regulator constrains merchant terms, traffic allocation, bundling, exclusivity, or pricing practices, the profit pool could shift toward suppliers and consumers.

IP and patents are not the moat. Trip.com has technology, mobile apps, AI features, and operational systems, but online travel software is not protected by hard IP in the way a drug, semiconductor process, or mission-critical industrial software standard might be. High-trust procurement is relevant mainly in corporate travel and cross-border/inbound service, where buyers care about reliability, duty of care, invoices, policy compliance, and support. That advantage is real but not large enough today to define the entire company.

2. Per-Service-Line Moat

Service line	FY2025 revenue	Share	Moat strength	Durability call
Accommodation reservation	RMB26.1B	41.8%	Strongest service-line moat	10-year credible, 20-year uncertain
Transportation ticketing	RMB22.5B	36.0%	Traffic and itinerary moat, weak pricing power	5-year credible, 20-year weak alone
Packaged-tour	RMB4.7B	7.5%	Service and bundle moat, cyclical	5-year moderate, 20-year dependent on platform

Service line	FY2025 revenue	Share	Moat strength	Durability call
Corporate travel	RMB2.8B	4.5%	Highest switching costs, small base	10-year credible, needs scale
International OTA / inbound China	Not separately reported	Embedded across lines	Emerging cross-border service moat	10-year promising, 20-year uncertain

Accommodation is the highest-quality profit pool because lodging is fragmented, cancellation and service terms vary, and hotels need distribution. A traveler values search breadth, trustworthy reviews, payments, refunds, service recovery, loyalty, and bundled itinerary support. A hotel values demand, conversion, merchandising, and access to outbound/inbound China traffic. This is where Trip.com's scale, brand, and supplier relationships most plausibly create durable economics. What would break it: suppliers shift more demand direct, Meituan/Alibaba subsidize local lodging, Booking/Expedia/Agoda win outbound share, or AI agents commoditize search and route users to the lowest commission channel. Earliest signal: accommodation revenue growth falls below travel demand growth while sales and marketing rises as a percentage of revenue.

Transportation ticketing is strategically important but less moated as a standalone business. Airlines and rail operators are concentrated relative to hotels, ticket prices are transparent, supplier-direct apps are strong, and take rates are typically lower. Trip.com still benefits because flight and train intent is an itinerary anchor: once a user books transport, Trip.com can cross-sell hotels, tours, insurance, car services, and customer support. The moat is therefore not ticketing pricing power; it is traffic ownership and trip continuity. What would break it: airline direct channels, metasearch, or AI assistants capture the first planning touch and reduce Trip.com to a thin fulfillment fee. Earliest signal: transport booking growth remains healthy but lodging attach and blended take-rate economics deteriorate.

Packaged tours have a service moat but not a dominant structural moat. The line benefits from complex trip planning, destination activities, offline support, and consumer trust, particularly for cross-border and family travel. But packaged tours are discretionary, seasonal, and exposed to local tour operators, social-commerce platforms, and destination-specific competitors. This line can make money when attached to a scaled platform; it is not independently defensible enough to carry a 2046 case.

Corporate travel has the clearest switching-cost mechanics: travel policies, approval rules, invoicing, reporting, account service, expense integration, and duty-of-care workflows. It is also a smaller line. At 4.5% of FY2025 service-line revenue, it improves blended durability but cannot rescue the company if the consumer OTA funnel is disintermediated. The upgrade path is clear: corporate travel must grow into a larger recurring workflow business with visible retention and margin evidence.

International OTA and inbound China are the most important emerging moat tests. The Q4/FY2025 release reported around 60% year-over-year growth in international OTA bookings and about 20 million inbound travelers served during 2025. This is not a separate reportable segment, but it matters because cross-border travel has more friction: language, payments, itinerary complexity, visa/document needs, service recovery, and local supplier coverage. If Trip.com becomes the preferred bridge for Asia cross-border travel, the moat deepens. If international growth is bought through marketing with weak repeat use, it is a growth project, not a moat.

The blended company moat is weaker than accommodation alone suggests. Accommodation has the best economics, but 36% of revenue is transportation ticketing, where pricing power is weak, and 7.5% is packaged tours, where cyclicality and service intensity are higher. The consolidated platform can still be attractive because transport drives traffic and packages/corporate/others increase wallet share, but investors should not underwrite the entire company at the same moat quality as lodging.

3. Margin Persistence Evidence

The margin evidence is supportive but not yet a clean 10-year proof because the last decade includes severe pandemic distortion and a post-pandemic travel recovery. FMP live annual income statements show operating margin of about -8.1% in 2016, 11.5% in 2017, 10.2% in 2018, 18.2% in 2019, -4.6% in 2020, -7.0% in 2021, 0.4% in 2022, 25.4% in 2023, 26.6% in 2024, and 25.3% in official FY2025 results. The pre-pandemic 2019 margin and the 2023-2025 margins show that the platform can earn high operating margins at scale. The pandemic years show that travel demand cyclicality can overwhelm the model.

The post-recovery evidence is strong: revenue grew from RMB44.5B in 2023 to RMB53.3B in 2024 and RMB62.4B in 2025, while operating margin held around the mid-20s. That means growth did not require a collapse in profitability. It also means Trip.com has some operating leverage despite very large product development and marketing investments. But three years is not the same as a full-cycle 10-year moat proof. The main open question is whether 2023-2025 margins reflect normalized

durable economics or a favorable recovery window after travel restrictions.

There is no disclosed service-line operating margin. That is important. Accommodation likely carries better economics than transportation ticketing, corporate travel may be stickier but lower take-rate, and others may include high-margin advertising or ancillary products. But without official service-line margin disclosure, any product margin claim is an estimate. The moat evidence must therefore rely on service-line revenue growth, consolidated margin persistence, gross margin, and observable reinvestment intensity.

FY2025 quarterly margins also warn against over-extrapolation. Q1 operating margin was 25.8%, Q2 was 27.6%, Q3 was 30.4%, and Q4 was 16.5% according to the data package and official releases. Q3 benefits from peak travel season; Q4 was lower due to seasonality and spending. A durable moat should be measured on full-year economics, not peak-season quarter annualization.

4. AI Disruption Stress Test

AI is both a product accelerator and a distribution threat. Management is investing in AI, and the FY2025 filings describe AI capabilities and travel insights as part of the platform. That is necessary, but it does not by itself prove a moat. The core question is whether Trip.com owns the workflow or merely occupies an interface that a foundation model can replace.

Accommodation search is partly a workflow and partly a marketplace. A foundation model can generate itineraries, compare neighborhoods, summarize reviews, suggest hotels, and personalize recommendations. That weakens generic search and planning. But the monetizable lodging moat lives in live availability, rates, cancellation rules, payment, loyalty, supplier service history, dispute resolution, and the ability to complete and support the booking. AI can disintermediate the browsing layer; it cannot easily replace the full marketplace and service operations unless it has transactional access and supplier relationships. The protected part is fulfillment trust, not itinerary prose.

Transportation ticketing is more exposed. Flight and rail search are highly structured, price-transparent, and API-friendly. An agentic assistant can search across suppliers, optimize route/time/price tradeoffs, and book directly through airline, rail, or aggregator APIs. Trip.com can defend this line by being a reliable fulfillment partner for agents or by owning user accounts and bundled itinerary management. But if AI assistants become the default planning layer, transportation is the first profit pool where Trip.com risks becoming back-end plumbing.

Packaged tours are mixed. AI can assemble custom itineraries and compare activities, reducing the value of generic package planning. But complex cross-border tours, families, older travelers, visa/document help, local guides, refunds, and service recovery still favor trusted operators and platforms. The most exposed part is standardized package discovery; the most protected part is high-touch fulfillment.

Corporate travel is the most protected against pure AI disintermediation because the buyer needs policy compliance, approvals, audit trails, invoicing, expense links, negotiated terms, traveler tracking, and duty-of-care. AI can improve the interface, but the system of record and enterprise workflow matter. This is a real moat vector, though still small in mix.

International OTA and inbound China could be protected if Trip.com becomes the transaction and service layer behind AI travel planning. Cross-border China travel has language, payment, regulatory, and support friction. AI can plan the trip, but someone still needs to guarantee inventory, handle cancellations, communicate with suppliers, settle payments, and support travelers on the ground. The AI risk is that the visible customer relationship migrates to Apple, Google, OpenAI, Alibaba, Tencent, Meituan, Booking, or Expedia while Trip.com supplies inventory at lower economics. The AI upside is that Trip.com's live inventory and service history make its own AI assistant more useful and improve conversion, attach, and service cost.

The most exposed segment is transportation ticketing because it is structured, transparent, and supplier-direct. The most protected is corporate travel because workflow and compliance create switching costs. The most economically important battleground is accommodation: if AI weakens Trip.com's direct traffic, the moat narrows materially; if AI improves conversion while Trip.com retains the account relationship, the moat can survive.

5. The 2046 Test

Today is 2026-05-29. The 2046 test date is 2046-05-29. A credible 2046 Trip.com still sells travel booking, itinerary management, cross-border service, corporate travel workflow, and supplier distribution. Its buyers are Asian leisure travelers, China outbound and inbound travelers, global travelers coming into or moving around Asia, corporations managing employee travel, hotels and destinations buying demand, and AI/commerce interfaces that need reliable travel fulfillment. Accommodation still exists and remains the profit anchor because lodging is fragmented and service-heavy. Transportation

ticketing still exists but is more commoditized and often bundled into broader itinerary management. Packaged tours have shifted toward dynamic bundles and in-destination experiences. Corporate travel is larger than today if Trip.com executes. International/inbound travel is a larger mix if Asia travel keeps compounding and Trip.com maintains local trust.

The base-case 2046 company has lower interface economics but similar or slightly lower operating margins than FY2025, perhaps low-to-mid-20s rather than structurally higher. The reason it still makes money is not that users cannot leave; they can. It makes money because suppliers still need demand and merchandising, travelers still need trusted fulfillment and service recovery, corporations still need workflow control, and cross-border travel still has local frictions that generic AI assistants cannot fully solve without a transaction and support partner. The moat that survives is a scaled travel fulfillment and trust platform with supplier breadth, service operations, data feedback, and China/Asia cross-border local depth.

That 2046 description is plausible but not certain enough for a PASS. The bear-case 2046 Trip.com is a large but lower-margin fulfillment network behind AI and super-app interfaces. Users ask general agents to plan and book; suppliers integrate directly with those agents; hotels and airlines give loyalty and direct-channel benefits; regulators prevent restrictive merchant terms; and Trip.com pays more to acquire traffic while earning lower take rates. In that world, Trip.com may still be profitable and important, but it is no longer a high-durability compounder. The probability of this bear case is not remote. AI agents, super-apps, supplier direct channels, and regulation all point at the same vulnerability: Trip.com does not own hard switching costs with consumers.

The 2046 test is therefore YELLOW. The business can be described with specificity 20 years forward, and the profit pool is real. But the bridge requires Trip.com to retain enough customer relationship and supplier economics through a major interface shift. That is an unresolved durability question, not a fatal flaw today.

6. Competitive Threat Inventory

Threat	Mechanism	Segment(s) affected	Earliest observable signal	Plausibility
AI search and agentic planning	General AI agents own trip discovery and route bookings to lowest-cost suppliers or preferred partners	Transportation, accommodation, packaged tours	Direct traffic weakens while paid marketing and partner distribution costs rise	High
Supplier direct channels	Hotels, airlines, and rail operators push loyalty benefits, member pricing, and direct app bookings	Accommodation, transportation	Revenue growth trails industry travel volumes and take rates compress	High
China local platform competition	Meituan, Alibaba/Fliggy, Tencent ecosystem traffic, Douyin/social commerce subsidize local travel demand	Accommodation, packaged tours, local activities	Promotions intensify and sales/marketing exceeds revenue growth for multiple years	High
Global and regional OTAs	Booking, Expedia, Agoda, MakeMyTrip, Traveloka compete for outbound/international travelers	International OTA, accommodation, transport	International bookings grow but margin contribution stays weak	Medium-high
PRC anti-monopoly and data regulation	SAMR or other regulators constrain merchant terms, algorithms, bundling, data use, or platform practices	All service lines	Consent order, fine, mandated practice changes, or lower merchant monetization	Medium-high
Travel cycle shock	Consumer income, geopolitics, pandemics, air capacity, visa rules, or corporate budgets reduce demand	All service lines	Bookings slow sharply and operating leverage reverses	Medium

7. Pricing Power Verification

Pricing power is the weakest part of the moat case. Trip.com has observable platform profitability, but not clean evidence of unilateral price increases. The company earns commissions, service fees, referral fees, advertising/ancillary revenue, and corporate travel fees. It does not disclose broad price increases, churn, take rates by service line, or customer retention cohorts that would prove pricing power. Accommodation commissions may be defended by supplier demand and conversion; corporate travel may support contract pricing; advertising and ancillary products can monetize intent. But consumers remain price-sensitive and suppliers actively push direct channels.

Gross margin stability is supportive. FY2025 cost of revenue was 19% of net revenue, and gross margin remained high despite service complexity. Consolidated operating margin held around 25%-27% in 2023-2025 on rising revenue. That

indicates Trip.com has not had to give away all scale benefits to users, suppliers, or competitors. Still, this is not the same as explicit pricing power. It may reflect recovery demand, mix, cost discipline, and operating leverage.

Corporate travel is the only line where contract structure could create more observable pricing power, but the company does not disclose multi-year escalators, minimum commitments, or retention metrics. For consumer OTA, the better phrase is "marketplace monetization power" rather than "pricing power." Trip.com can monetize demand because it aggregates traffic and solves service problems; it cannot simply raise prices without risking leakage to other channels.

8. Moat Verdict

Moat gate: YELLOW. Trip.com has a real scale, brand, supplier breadth, service trust, and data-feedback moat, strongest in accommodation and China/Asia cross-border travel, with corporate travel adding small but genuine switching costs. The evidence includes a large supplier network, high gross margin, low capex, and mid-20s operating margins in 2023-2025. The gate is not PASS because consumer switching costs are low, transportation ticketing has weak pricing power, service-line margins are undisclosed, and AI/super-app/supplier-direct distribution could compress the visible customer relationship.

2046 test: YELLOW. A specific 2046 Trip.com can still exist as a scaled Asia travel fulfillment, service, and corporate workflow platform. The surviving moat would be supplier breadth, local operating trust, service recovery, live transaction data, and cross-border China/Asia complexity. The reason this is YELLOW rather than PASS is that the next 20 years likely include an interface shift toward AI agents and super-apps; Trip.com must prove it remains the customer-facing platform or earns attractive economics as the fulfillment layer.

Upgrade signals: accommodation revenue grows at or above market while sales and marketing stays disciplined; international OTA/inbound bookings convert into repeat direct traffic and margin contribution; corporate travel becomes a larger recurring workflow business; SAMR resolution does not impair merchant economics. Downgrade signals: paid acquisition rises structurally, transport and lodging attach weaken, supplier-direct/member pricing takes share, AI assistants become the primary trip interface, or regulation forces lower take rates or platform-practice changes.

Appendix B1 - Online Travel Services / One Reportable Segment

Appendix B - Online Travel Services / One Reportable Segment

Prepared: 2026-05-29 Company: Trip.com Group Limited, also referred to as Ctrip Ticker: TCOM / HKEX 9961 Segment analyzed: Online Travel Services / One Reportable Segment Fiscal convention: calendar year, fiscal year ends December 31 TTM anchor: Q1 FY2025 + Q2 FY2025 + Q3 FY2025 + Q4 FY2025, ending 2025-12-31 Forward horizon: exactly five calendar years from the TTM anchor, ending 2030-12-31 Currency and units: RMB billions unless otherwise stated

Data Source Rule

The workspace may have a "Data Warehouse First" rule that says check a local `data warehouse/` cache before hitting FMP. For the ER2 skill this rule is suspended. Every subagent that needs historicals, segment data, or transcript quotes must fetch live from FMP or official sources in this run and never substitute cached warehouse data. For this segment appendix, do not re-fetch Trip.com historicals; consume the verified data package. If you need external competitor/industry context, fetch it live and cite it.

This appendix follows that rule. Trip.com historical revenue, service-line revenue, operating income, operating margin, quarterly trends, and management quotes are taken from the cleared `data_package.md`, which incorporates the quant foundation review; they are not re-fetched here. External context is used only for market structure, competitive dynamics, and comparable margin or growth markers. External sources consulted live include China government tourism statistics, Mordor Intelligence market structure data, Tongcheng Travel's FY2025 annual report, Booking Holdings' FY2025 earnings release, and Expedia Group's FY2025 earnings release.

0. Segment Boundary And Taxonomy Note

Trip.com Group reports one operating and reportable segment. The data package states that the FY2025 Form 20-F describes the company as managing its business as a "single segment" and that all required product information is in the consolidated statements. There was no reportable-segment realignment found in the last three fiscal years. Therefore, this appendix models one economic segment and treats Accommodation reservation, Transportation ticketing, Packaged-tour, Corporate travel, and Others as service lines inside the one segment. They are not official reportable segments, and no service-line operating income, assets, capex, or margins are separately disclosed.

1. What This Segment Actually Is

Trip.com's single reportable segment is an online and offline-enabled travel services marketplace. The customer set is broad: Chinese domestic leisure travelers, Chinese outbound travelers, inbound travelers visiting China, international users booking through the Trip.com brand, corporate travel managers, small business travelers, travel suppliers, advertisers, and ecosystem partners. The platform sells or facilitates lodging, air tickets, train tickets, bus tickets, ferries, car services, packaged tours, attraction tickets, local experiences, travel insurance, advertising, and corporate travel management.

The segment is economically a travel demand aggregator. It does not look like a hotel owner, airline, or traditional tour operator. Most revenue comes from matching travelers with third-party inventory and collecting commissions, service fees, advertising fees, or other take-rate-like revenue. Accommodation reservation is the highest quality large line because lodging commissions tend to carry more pricing and attach potential than air and rail ticketing. Transportation ticketing is lower take-rate but strategically critical because air and rail searches are high-frequency intent signals that let Trip.com cross-sell hotels, packages, car services, insurance, and destination activities. Packaged-tour revenue includes tour products, in-destination activity products, and referral fees. Corporate travel is managed travel for business clients and is more workflow-heavy: policy compliance, approvals, expense integration, rebooking, reporting, and negotiated supplier access matter more than consumer app merchandising. Others includes advertising, financial services, car services, visa services, and other travel-related services.

The go-to-market model is multi-brand and multi-channel. Ctrip and Qunar serve the China domestic market; Trip.com is the international-facing OTA brand; Skyscanner provides global metasearch reach; and corporate travel is sold through direct enterprise relationships and product integrations. On the supply side, Trip.com needs depth in hotel inventory, transport inventory, package suppliers, local activity suppliers, and support operations. On the demand side, the platform competes for traffic through mobile apps, search, metasearch, membership, customer service, destination content, AI planning, paid marketing, and brand trust.

The pricing model is not a single uniform subscription or license. It is a portfolio of transaction revenue and ancillary monetization. That matters for the model because growth can come from volume, mix, higher-value trips, cross-border recovery, better attach, supplier advertising, and conversion improvement. Margin can improve if fixed product, support, and technology investments scale over higher booking volumes. Margin can compress if customer acquisition costs rise, suppliers push direct channels, regulators constrain platform behavior, or AI investment raises infrastructure and product-development spend faster than monetization.

2. Current Economics

The current TTM base is FY2025 because the most recently reported official financial period is Q4 and full-year FY2025, ended 2025-12-31. The data package reports FY2025 net revenue of RMB62.409B, operating income of RMB15.773B, and operating margin of 25.3% for the single Trip.com Group segment. FY2025 service revenue before sales tax and surcharges was RMB62.510B. The difference is small but important: product/service lines add to RMB62.510B before RMB0.101B of sales tax and surcharges, while the segment's net revenue line is RMB62.409B.

The service-line mix is concentrated but not one-dimensional. Accommodation reservation was RMB26.100B in FY2025, or 41.8% of service revenue before tax. Transportation ticketing was RMB22.489B, or 36.0%. Packaged-tour was RMB4.688B, or 7.5%. Corporate travel was RMB2.829B, or 4.5%. Others was RMB6.404B, or 10.2%. Accommodation and transportation together were 77.8% of service revenue. This means that the five-year forecast will be driven mainly by lodging and transportation, while the optionality is in international OTA expansion, inbound China travel, packaged products, supplier advertising, car/visa/financial services, and AI-enabled attach.

Historical growth reflects recovery plus genuine platform expansion. The single segment's net revenue rose from RMB44.5B in FY2023 to RMB53.3B in FY2024 and RMB62.4B in FY2025. Operating income rose from RMB11.3B in FY2023 to RMB14.2B in FY2024 and RMB15.8B in FY2025. Operating margin moved from 25.4% to 26.6% to 25.3%. The FY2025 margin was therefore still strong, but it did not mechanically expand with revenue because Trip.com was investing in product development, sales and marketing, localization, AI, and international growth.

Quarterly seasonality is material. The data package reports Q3 FY2025 revenue of RMB18.338B and operating margin of 30.4%, while Q4 FY2025 revenue fell sequentially to RMB15.398B and operating margin fell to 16.5%. A model that annualizes Q3 would overstate normalized economics, while a model that annualizes Q4 would understate peak-season profitability. For this appendix, the full-year FY2025 TTM base is the right anchor.

Capital intensity is low in physical-capital terms. FY2025 capex was RMB0.797B, about 1.3% of net revenue. The real reinvestment line is operating expenditure, especially product development and sales and marketing. The data package reports FY2025 product development of RMB15.1B, or 24.2% of revenue, and sales and marketing of RMB14.9B in the Q4/FY2025 release. That is the central margin debate: not whether Trip.com needs heavy plant and equipment, but whether incremental AI, service operations, brand, loyalty, and international localization spend can scale below revenue growth.

3. Unit Economics

The unit economics begin with travel intent. A user searches for a hotel, flight, train ticket, package, activity, or business trip. Trip.com creates value by aggregating inventory, ranking options, localizing payments and service, reducing uncertainty, and managing post-booking problems. The transaction then monetizes through commission, service fee, advertising, merchant economics, or ancillary attach.

Accommodation has the best large-line economics. Hotels are fragmented relative to airlines and rail networks, especially outside top chains. Travelers compare location, price, room type, cancellation terms, review quality, breakfast, amenities, and local constraints such as whether a property can host foreign visitors. Platforms that have better review depth, supplier relationships, settlement systems, and service recovery can command supplier participation and traveler trust. This line also supports advertising, sponsored placements, membership conversion, and package attach. The main cost drivers are traffic acquisition, hotel onboarding and account management, customer service, payment infrastructure, refund handling, and product tooling.

Transportation ticketing is more strategic than its direct margin might imply. Air, rail, bus, ferry, and related reservations can generate high volume and recurring intent, but airline and rail suppliers often constrain take rates. Users may search flight or train first and choose hotels later. Transportation therefore supports the overall demand graph. It also feeds data that improves personalization: origin, destination, dates, party size, budget, and trip purpose. The line becomes more attractive when Trip.com can attach hotels, insurance, car services, visas, lounge access, or activities around the transport booking.

Packaged-tour economics are mixed. Packages can carry higher gross revenue per order and better bundling economics, but they also bring execution complexity. Inventory quality, supplier reliability, refunds, group tour satisfaction, destination disruptions, and service recovery can eat margin. The line is sensitive to consumer confidence, outbound air capacity, geopolitical issues, visa policy, and destination safety perception. It is also an area where content platforms such as Douyin and Xiaohongshu can influence discovery, which can raise acquisition costs.

Corporate travel economics are workflow economics. The value proposition is not just cheap tickets or hotels; it is compliance, reporting, rebooking, duty-of-care, payment, invoice, and expense integration. The segment can be sticky once embedded, but sales cycles and service requirements reduce scalability versus pure consumer OTA. Corporate travel can improve margins if Trip.com automates approvals and servicing, but it can also be pressured by large enterprise clients negotiating fees and service-level commitments.

Others is the broadest and least transparent line. Advertising should be high margin if Trip.com can monetize supplier demand for placement. Visa, car, insurance, financial services, and other add-ons can be attractive if attached to existing travel flow. But the line is not separately decomposed by management, so the model treats it as a higher-growth, higher-variance bucket rather than a clean advertising segment. This is a key data limitation: Others grew sharply in FY2025, but the data package says the company does not disclose how much came from advertising, financial services, car services, visa services, or other travel-related products.

At the segment level, FY2025 gross profit was RMB50.287B on RMB62.409B of net revenue, implying an 80.6% gross margin. Operating income was RMB15.773B, implying a 25.3% operating margin. The gap between gross and operating margin is the platform reinvestment layer: product, marketing, general and administrative, customer support, technology, and AI. The margin can move up if Trip.com scales international OTA volume through existing product and service infrastructure, improves direct traffic mix, automates service, and raises lodging and advertising mix. It can move down if competitive subsidies, paid marketing, AI compute, international customer support, or regulatory compliance absorb the gross profit pool.

4. Competitive Dynamics

Trip.com competes in a concentrated but restless China online travel market. Mordor Intelligence estimates the China online travel market at USD105.12B in 2025 and USD120.98B in 2026, with a projected 15.08% CAGR to 2031. It identifies high market concentration and lists Trip.com Group, Meituan-Dianping, Tongcheng-Elong, Qunar.com, and Fliggy as major players, with the top players collectively holding significant share in 2025 and 89% of revenue in its FAQ section. Mordor also frames accommodation booking as the largest service type at 42.14% of the market in 2025, with OTAs and travel agents holding 68.10% of bookings, domestic travel representing 80.05% of market size, and outbound travel projected to grow at 20.15% CAGR from 2026 to 2031. Source: [Mordor Intelligence China Online Travel Market](https://www.mordorintelligence.com/industry-reports/online-travel-market-in-china).

The domestic demand backdrop is supportive. China's State Council site reported that domestic trips by Chinese residents exceeded 6.5B in 2025, up more than 16% year over year, and domestic tourism expenditure reached RMB6.3T, up 9.5%. It also reported more than 150M inbound visits in 2025, up over 17%, with inbound traveler spending exceeding USD130B. Sources: [China domestic travel statistics](https://english.www.gov.cn/archive/statistics/202603/07/content_WS69abcce2c6d00ca5f9a09b37.html) and [China inbound travel statistics](https://english.www.gov.cn/english.www.gov.cn/news/202603/07/content_WS69aba1f9c6d00ca5f9a09b0f.html).

The main domestic competitors are not identical. Tongcheng Travel is particularly strong in mass-market and lower-tier city traffic, supported historically by Tencent ecosystem access. Its FY2025 annual report shows revenue of RMB19.396B, up 11.9%, average monthly paying users of 45.5M, annual paying users of 252.6M, and twelve-month accumulated travelers served of 2.034B. Its core OTA revenue rose 16.0%, with accommodation reservation revenue up 16.8% and transportation ticketing up 9.6%. Source: [Tongcheng Travel FY2025 annual report](https://cdn.financialreports.eu/financialreports/media/filings/49464/2026/RNS/49464_rns_2026-04-28_33d79fab-d49e-4281-9cbb-87f4f4caae7e.pdf). That is a direct warning for Trip.com: even if Trip.com remains the premium and comprehensive platform, Tongcheng can grow in mass-market accommodation and transport while being more tightly woven into everyday mobile behavior.

Meituan is a different threat. Its super-app starts from food delivery, dining, local services, coupons, and in-store consumption. The Meituan Index report, citing official disclosures, says Meituan's 2025 revenue was RMB364.9B and annual transacting users exceeded 800M. Source: [Meituan Index 2025 operating data report](https://index.meituan.com/reports/meituan-annual-report-2025/). Meituan's travel threat is not that it has a better long-haul travel product; it is that hotel demand can be triggered from dining, local entertainment, and short-distance trips. For

short-haul accommodation, local life, and impulse travel, Meituan can compete at the point of inspiration.

Fliggy brings Alibaba traffic, payments, merchant tools, live commerce, and Taobao/Tmall adjacency. Douyin and Xiaohongshu are substitution threats at the discovery layer. A traveler may now discover a hotel, attraction, or tour through short video or social content before searching an OTA. That does not eliminate Trip.com's booking value, but it can tax margins by forcing the platform to pay for content distribution, creator economics, or performance advertising to remain present upstream.

Globally, Booking Holdings and Expedia set the margin and growth reference points for scaled OTAs. Booking reported FY2025 room nights up 8%, gross bookings up 12%, revenue up 13%, and adjusted EBITDA margin of 36.9%. It also guided FY2026 constant-currency revenue growth in the high single digits and adjusted EBITDA growth faster than revenue. Source: [Booking Holdings Q4/FY2025 release](https://www.bookingholdings.com/wp-content/uploads/2026/02/Q4-25-BKNG-Earnings-Release.pdf). Expedia reported FY2025 gross bookings up 8%, revenue up 8%, operating income up 42%, adjusted EBITDA margin expansion, and FY2026 revenue growth guidance of 6% to 9%. Source: [Expedia Group Q4/FY2025 release](https://s202.q4cdn.com/757635260/files/doc_financials/2025/q4/Earnings-Release-Q4-2025_FINAL.pdf). These comparables suggest that mature, scaled OTAs can sustain high-single-digit to low-double-digit growth and significant margin when brand, direct traffic, and supply depth are strong. They also show that growth naturally decelerates as platforms scale.

Pricing power is therefore uneven. Trip.com likely has the most pricing power in complex cross-border travel, premium hotels, China inbound service, and bundled itineraries where service reliability matters. It has less pricing power in standardized air tickets, trains, and domestic hotel use cases where users can compare across Ctrip, Qunar, Tongcheng, Meituan, Fliggy, supplier apps, and social commerce entry points. Supplier power is also mixed: large hotel chains and airlines can push direct booking, but independent hotels and long-tail suppliers need demand aggregation.

5. Moat At The Segment Level

The segment moat is real but not invulnerable. The core advantages are inventory breadth, brand trust, service reliability, transaction history, supplier relationships, cross-sell data, and operational depth in China travel. Trip.com's multi-brand architecture gives it coverage across Ctrip, Qunar, Trip.com, and Skyscanner. This helps defend both domestic and international demand funnels. A traveler who needs a China train ticket, a hotel that accepts foreign guests, an outbound flight, visa support, and multilingual customer service is less likely to choose a narrow local app if the trip is complex.

The moat is strongest when complexity is high. Cross-border travel, inbound China, outbound China, premium lodging, irregular operations, refunds, itinerary changes, and multi-product bundles reward platforms with service infrastructure and supplier leverage. Management commentary in the data package repeatedly emphasizes inbound travel, international OTA bookings, AI, and service improvement. These are sensible moat extensions because they move Trip.com away from commodity ticketing and toward trust, personalization, and trip management.

The moat is weaker at the discovery layer and in low-complexity bookings. If a user wants a nearby hotel after dinner, Meituan can win through local-life context. If a user is inspired by a livestreamed destination, Douyin or Xiaohongshu can own the first click. If a frequent traveler is loyal to a hotel chain or airline, direct channels can reclaim share. If regulators restrict exclusivity, data use, or platform ranking, Trip.com's ability to monetize suppliers could narrow. The SAMR investigation disclosed after year-end is therefore strategically relevant even though it is not quantified in the historical financials.

Over five to ten years, the moat should endure if Trip.com keeps improving service quality, AI search, international localization, and supplier inventory. It will erode if the company relies only on legacy Ctrip brand power. The best version of the segment is a travel operating system with trusted support and high attach. The bear version is a high-traffic OTA squeezed between super-app discovery, supplier direct channels, and regulatory pressure.

6. Historical Growth Rates Reproduced From Data Package

The table below reproduces the historical revenue foundation from the data package. Trip.com has one official reportable segment; the product rows are service lines inside the segment, not official reportable segments. Product figures are service revenue before sales tax and surcharges. Segment total is net revenue after sales tax and surcharges. Because product-line dollar disclosure in the data package covers FY2023-FY2025, the CAGR column is the FY2023-FY2025 CAGR over two annual intervals. No service-line historical dollar figure is re-fetched or back-solved in this appendix.

Product / sub-segment	FY-3 rev	FY-2 rev	FY-1 rev	FY23-FY25 CAGR	Most recent YoY	Data package cite
Trip.com Group single segment	44.5 [data_package Â§3 row Segment revenue]	53.3 [data_package Â§3 row Segment revenue]	62.4 [data_package Â§3 row Segment revenue]	18.4%	17.1% [data_package Â§3 row YoY]	data_package Â§3 reportable segment table
Accommodation reservation service line	17.3 [data_package Â§4 row Accommodation reservation]	21.6 [data_package Â§4 row Accommodation reservation]	26.1 [data_package Â§4 row Accommodation reservation]	22.8%	21% [data_package Â§4 row Accommodation reservation]	data_package Â§4 product table row Accommodation reservation
Transportation ticketing service line	18.4 [data_package Â§4 row Transportation ticketing]	20.3 [data_package Â§4 row Transportation ticketing]	22.5 [data_package Â§4 row Transportation ticketing]	10.6%	11% [data_package Â§4 row Transportation ticketing]	data_package Â§4 product table row Transportation ticketing
Packaged-tour service line	3.1 [data_package Â§4 row Packaged-tour]	4.3 [data_package Â§4 row Packaged-tour]	4.7 [data_package Â§4 row Packaged-tour]	23.1%	8% [data_package Â§4 row Packaged-tour]	data_package Â§4 product table row Packaged-tour
Corporate travel service line	2.3 [data_package Â§4 row Corporate travel]	2.5 [data_package Â§4 row Corporate travel]	2.8 [data_package Â§4 row Corporate travel]	10.3%	13% [data_package Â§4 row Corporate travel]	data_package Â§4 product table row Corporate travel
Others service line	3.5 [data_package Â§4 row Others]	4.6 [data_package Â§4 row Others]	6.4 [data_package Â§4 row Others]	35.3%	38.4% [data_package Modeling Handoff Notes]	data_package Â§4 product table row Others

Arithmetic check: the data package itself ties FY2025 service revenue before taxes to RMB62.510B: Accommodation RMB26.100B + Transportation RMB22.489B + Packaged-tour RMB4.688B + Corporate travel RMB2.829B + Others RMB6.404B = RMB62.510B. Subtracting RMB0.101B of sales tax and surcharges ties to FY2025 net revenue of RMB62.409B. Rounded table values can create small visual differences, but the exact FY2025 service-line arithmetic is tied out in the data package.

YoY reasonableness check: FY2024 segment revenue of RMB53.3B multiplied by 1.171 approximately equals FY2025 segment revenue of RMB62.4B. Accommodation revenue of RMB21.6B multiplied by roughly 1.21 equals RMB26.1B. Transportation revenue of about RMB20.3B multiplied by roughly 1.11 equals RMB22.5B. Corporate travel revenue of about RMB2.5B multiplied by roughly 1.13 equals RMB2.8B. Packaged-tour and Others are more sensitive to the rounded numbers shown in the package; the data package gives exact FY2025 components and notes Others grew 38.4%. No row fails the dispatch's 2% arithmetic check when using the package's more precise annual components and disclosed growth descriptions.

7. Management Guidance Quoted From Data Package Section 6

The data package does not include a numeric FY2026 revenue or margin guide by service line. It does include management commentary from the last four FY2025 earnings calls. The relevant forward anchors are qualitative: inbound travel, international OTA bookings, outbound recovery, AI, and margin flexibility.

Data package row	Speaker	Verbatim quote	Topic	Modeling interpretation
data_package Â§6 row Q4 James Liang	James Liang	"investment priorities on three key areas"	Inbound, social responsibility, AI	Reinforces that growth investment continues, limiting near-term margin over-optimization.
data_package Â§6 row Q4 James Liang	James Liang	"structurally important growth driver"	Inbound travel	Supports above-GDP growth for accommodation, transportation attach, and Others through inbound services.
data_package Â§6 row Q4 Jane Sun	Jane Sun	"significant and sustainable growth cycle"	Inbound travel	Treats inbound as a multi-year driver, not a one-quarter comp.
data_package Â§6 row Q4 Xiaofan Wang	Xiaofan Wang	"around 60% year-over-year"	International OTA bookings	Supports elevated growth in cross-border and international mix, but not indefinitely at 60%.
data_package Â§6 row Q3 James Liang	James Liang	"AI is a central pillar"	AI and product strategy	Supports conversion, service automation, and personalization benefits, with investment needs.
data_package Â§6 row Q3 Xiaofan Wang	Xiaofan Wang	"any structural limitations to our profit margins"	Margins	Supports the idea that long-run margin can rise if mix and efficiency improve.

Data package row	Speaker	Verbatim quote	Topic	Modeling interpretation
data_package Â§6 row Q3 Jane Sun	Jane Sun	"close to 20% from last year"	Outbound hotel and air bookings	Supports continued outbound demand but below the exceptional inbound and international OTA growth markers.
data_package Â§6 row Q2 James Liang	James Liang	"over 100% year-over-year"	Inbound bookings	Confirms inbound was still in high-growth recovery mode in mid-2025.
data_package Â§6 row Q2 James Liang	James Liang	"surpassed 120% of 2019 volumes"	Outbound bookings	Shows outbound normalization is no longer merely recovery to 2019, supporting a normalized growth base.
data_package Â§6 row Q1 Jane Sun	Jane Sun	"over 60% year-over-year"	International OTA bookings	Confirms international OTA momentum existed early in FY2025.

[DATA GAP: The data package contains no numeric company guidance for FY2026 service-line revenue, no service-line operating margin guide, and no investor-day transcript with longer-term targets.]

8. Forward Growth Assumptions By Service Line

The forecast compounds from the TTM 2025 base to 2030-12-31 over exactly five years. To reconcile product-level service lines to segment net revenue, the model normalizes FY2025 service-line revenue before sales tax by the FY2025 net-revenue ratio of RMB62.409B / RMB62.510B. That produces a segment model base of RMB62.409B while preserving the service-line mix from the data package. The normalized model bases are RMB26.058B for Accommodation, RMB22.453B for Transportation, RMB4.680B for Packaged-tour, RMB2.824B for Corporate travel, and RMB6.394B for Others.

Base Case Growth

Product	FY23-FY25 historical CAGR	Latest YoY	Mgmt FY+1 guide	Base CAGR TTM to TTM+5y	Justification
Accommodation reservation	22.8%	21%	No numeric line guide	11.0%	Growth decelerates from recovery levels but stays above mature global OTA lodging growth because inbound, outbound, and higher-quality hotel mix remain supportive.
Transportation ticketing	10.6%	11%	No numeric line guide	7.0%	Air and rail ticketing are high-intent but lower take-rate categories, so growth follows travel volume and cross-border normalization with modest deceleration.
Packaged-tour	23.1%	8%	No numeric line guide	9.0%	The line benefits from outbound and experience demand but starts from a volatile post-recovery base and faces content-platform discovery pressure.
Corporate travel	10.3%	13%	No numeric line guide	9.0%	Corporate workflows, SME penetration, and resumed business travel support growth near historical levels, but enterprise bargaining limits acceleration.
Others	35.3%	38.4%	No numeric line guide	12.0%	Advertising and ancillary attach can outgrow core travel, but the lack of sub-line disclosure warrants a large deceleration from FY2025.

Bear Case Growth

Product	FY23-FY25 historical CAGR	Latest YoY	Mgmt FY+1 guide	Bear CAGR TTM to TTM+5y	Justification
Accommodation reservation	22.8%	21%	No numeric line guide	5.0%	Domestic travel slows, Meituan and Tongcheng pressure hotel commissions, and direct hotel channels take more incremental demand.
Transportation ticketing	10.6%	11%	No numeric line guide	4.0%	Ticketing becomes a traffic utility with constrained take rate, weaker outbound air pricing, and limited platform pricing power.
Packaged-tour	23.1%	8%	No numeric line guide	3.0%	Packages face price competition, destination safety concerns, and social-commerce substitution at the inspiration layer.
Corporate travel	10.3%	13%	No numeric line guide	5.0%	Business travel grows but procurement pressure and slower macro activity limit revenue per client.
Others	35.3%	38.4%	No numeric line guide	6.0%	Advertising and ancillary revenue slow sharply if regulatory scrutiny or lower traffic growth weakens monetization.

Bull Case Growth

Product	FY23-FY25 historical CAGR	Latest YoY	Mgmt FY+1 guide	Bull CAGR TTM to TTM+5y	Justification
Accommodation reservation	22.8%	21%	No numeric line guide	14.0%	Trip.com sustains premium hotel share, inbound China scales, and international OTA lodging grows faster than the domestic market.
Transportation ticketing	10.6%	11%	No numeric line guide	9.0%	Cross-border air capacity, outbound routes, and rail attach keep ticketing close to recent growth while supporting downstream conversion.
Packaged-tour	23.1%	8%	No numeric line guide	13.0%	Outbound leisure, curated tours, and AI itinerary tools revive packages while improving attach and supplier yield.
Corporate travel	10.3%	13%	No numeric line guide	12.0%	Trip.com wins SMEs and regional enterprises with automated policy, invoice, and rebooking workflows.
Others	35.3%	38.4%	No numeric line guide	17.0%	Supplier advertising, car, visa, insurance, and AI-assisted attach compound from a smaller base while travel intent data improves monetization.

The base case is deliberately below the 2023-2025 service-line CAGRs because those years still include recovery dynamics. The deceleration is not punitive: Booking's FY2026 constant-currency revenue guide is high single digits after FY2025 revenue growth of 13%, and Expedia's FY2026 revenue guide is 6% to 9% after FY2025 growth of 8%. Trip.com deserves a higher base growth rate than those mature Western comparables because China inbound and outbound are still normalizing and because international OTA bookings are growing much faster than group revenue, but not a permanent 20% plus large-line CAGR.

9. Forward Operating Margin Assumptions

Trip.com discloses operating income only for the single reportable segment, not by service line. The product-level margin rows below are model estimates used solely to build a revenue-weighted segment margin. They should not be read as disclosed service-line margins. The FY2025 segment operating margin is 25.3% from data_package Â§3. The forward margin cases are driven by mix, marketing intensity, AI/service automation, supplier advertising mix, and competitive pressure.

Product	FY2025 disclosed margin	Base TTM+5y margin	Bear TTM+5y margin	Bull TTM+5y margin	Mechanism
Accommodation reservation	Not separately disclosed	33.0%	27.0%	35.0%	Lodging mix, supplier ads, direct traffic, and service automation drive upside; hotel price competition drives downside.
Transportation ticketing	Not separately disclosed	23.5%	18.5%	25.0%	Ticketing remains lower take-rate but benefits from attach; supplier constraints and commodity pricing cap margins.
Packaged-tour	Not separately disclosed	16.0%	9.0%	20.0%	Packages carry execution risk, but AI planning and curated inventory can improve yield in the bull case.
Corporate travel	Not separately disclosed	25.0%	19.0%	28.0%	Workflow automation and SME mix help; enterprise service commitments and procurement pressure hurt.
Others	Not separately disclosed	30.0%	22.0%	34.0%	Advertising and ancillary attach are high-margin possibilities, offset by opacity and regulatory risk.
Segment weighted average	25.3% [data_package Â§3]	28.0%	21.9%	30.3%	Weighted by forecast service-line revenue and model margins.

The base case expands segment operating margin by roughly 270 bps from FY2025 to 28.0%. The mechanism is mix and scale, not a sudden cost cut. Accommodation grows faster than transportation, Others grows faster than the segment, and AI reduces service friction over time. The offset is continued spending on product development, international localization, marketing, and compliance. The margin does not approach Booking's adjusted EBITDA margin because Trip.com's operating income includes a heavy growth investment layer and because China competition is more super-app-driven.

The bear case compresses margin to 21.9%. This assumes paid marketing and subsidies rise, the SAMR investigation or broader platform regulation constrains monetization, and service-line mix shifts toward lower-margin ticketing or price-sensitive lodging. The bull case reaches 30.3%, still below Booking's FY2025 adjusted EBITDA margin but above Trip.com's FY2025 operating margin. It requires direct traffic improvement, successful AI service automation, stronger advertising attach, and continued lodging mix improvement.

10. Segment Rollup Built Bottoms Up

The rollup below compounds each normalized FY2025 service-line base for exactly five years and applies the case margin to each line. Segment revenue is the sum of service-line model revenue. Segment operating income is the sum of service-line model operating income. Segment margin is operating income divided by revenue. Totals reconcile to the product-level assumptions within rounding.

Case	Product	FY2025 model base	CAGR to 2030	TTM+5y revenue	TTM+5y margin	TTM+5y operating income
Bear	Accommodation reservation	26.1	5.0%	33.3	27.0%	9.0
Bear	Transportation ticketing	22.5	4.0%	27.3	18.5%	5.1
Bear	Packaged-tour	4.7	3.0%	5.4	9.0%	0.5
Bear	Corporate travel	2.8	5.0%	3.6	19.0%	0.7
Bear	Others	6.4	6.0%	8.6	22.0%	1.9
Bear	Segment total	62.4	4.6%	78.2	21.9%	17.1
Base	Accommodation reservation	26.1	11.0%	43.9	33.0%	14.5
Base	Transportation ticketing	22.5	7.0%	31.5	23.5%	7.4
Base	Packaged-tour	4.7	9.0%	7.2	16.0%	1.2
Base	Corporate travel	2.8	9.0%	4.3	25.0%	1.1
Base	Others	6.4	12.0%	11.3	30.0%	3.4
Base	Segment total	62.4	9.5%	98.2	28.0%	27.5
Bull	Accommodation reservation	26.1	14.0%	50.2	35.0%	17.6

Case	Product	FY2025 model base	CAGR to 2030	TTM+5y revenue	TTM+5y margin	TTM+5y operating income
Bull	Transportation ticketing	22.5	9.0%	34.5	25.0%	8.6
Bull	Packaged-tour	4.7	13.0%	8.6	20.0%	1.7
Bull	Corporate travel	2.8	12.0%	5.0	28.0%	1.4
Bull	Others	6.4	17.0%	14.0	34.0%	4.8
Bull	Segment total	62.4	12.5%	112.3	30.3%	34.1

The base case produces RMB98.2B of 2030 revenue and RMB27.5B of operating income, implying a five-year revenue CAGR of 9.5% from the FY2025 TTM base. This is a reasonable midpoint between mature global OTA growth and Trip.com's still-elevated international and inbound runway. The bear case still grows revenue to RMB78.2B because the underlying travel market is not assumed to collapse, but margin compression limits operating income to RMB17.1B. The bull case reaches RMB112.3B of revenue and RMB34.1B of operating income, requiring sustained international execution and successful AI-enabled operating leverage.

11. Key Risks And Wildcards

The first risk is regulatory. The data package flags a SAMR investigation disclosed after year-end and a putative securities class action filed in March 2026. Neither item is quantified. In the bear case, regulatory remedies could restrict supplier terms, ranking practices, data usage, or exclusivity-like commercial behavior. That would directly pressure accommodation and Others margins.

The second risk is discovery disintermediation. Douyin, Xiaohongshu, Meituan, Fliggy, hotel chains, airlines, and destination apps all want to own more of the customer journey. Trip.com can still close the booking if reliability matters, but losing the inspiration layer raises acquisition costs. This mainly affects bear and base margin assumptions.

The third risk is macro and travel affordability. Domestic travel spending grew in 2025, but discretionary travel is sensitive to employment, household wealth, property sentiment, and consumer confidence. A softer macro environment would pressure packages, premium hotels, and outbound trips more than basic transport.

The fourth risk is outbound and inbound friction. Visa policy, air capacity, geopolitical tensions, destination safety, payments, and foreign visitor service quality can all change the cross-border growth path. This is also a wildcard: further visa facilitation and airlift expansion could pull the bull case closer.

The fifth risk is service quality and refund liability. Travel platforms earn trust in disruptions. If Trip.com underinvests in customer service or AI tools fail in complex itineraries, brand equity weakens. If it overinvests in manual service, margin expansion stalls.

The sixth risk is opacity in Others. Others is growing quickly and could include attractive advertising and ancillary revenue, but the lack of disclosure makes durability hard to underwrite. The bull case assumes high-quality monetization; the bear case assumes much of the FY2025 growth was cyclical, low-margin, or regulatory-sensitive.

The seventh wildcard is AI. Management calls AI central to strategy. If AI materially improves search, itinerary planning, conversion, supplier ranking, refund automation, and customer support, Trip.com can grow faster while expanding margin. If AI becomes a new traffic gateway controlled by third-party agents, the OTA interface could be partially commoditized.

Summary Table

Case	Segment TTM+5y Revenue	Segment TTM+5y Op Margin	Segment TTM+5y Op Income	Probability
Bear	RMB78.2B	21.9%	RMB17.1B	25%
Base	RMB98.2B	28.0%	RMB27.5B	50%
Bull	RMB112.3B	30.3%	RMB34.1B	25%

Bottom line: Trip.com's single reportable segment is a strong, cash-generative travel platform with low physical capital intensity and meaningful growth runway in inbound, outbound, international OTA, lodging, and ancillary services. The model's center of gravity is not a heroic continuation of 2023-2025 recovery growth; it is a controlled deceleration to high-single-digit or low-double-digit revenue growth with moderate margin expansion from mix, scale, and AI. The core underwriting question is whether Trip.com can keep control of high-intent travel demand while super-apps, social platforms, suppliers, and regulators

pressure the economics of travel intermediation.

Appendix S - Synthesis (Combined Earnings Model)

Trip.com Group (Ctrip) - Synthesis / Combined Earnings Model

This synthesis combines the cleared quant foundation, data package, segment appendix, management appendix, and moat appendix for Trip.com Group. The output is the combined TTM+5y earnings model, not a final ER2 verdict. The valuation math can clear its own P/E 15 gate, but management is YELLOW and moat is YELLOW, including a YELLOW 2046 test, so the language below does not imply that a final BUY or WATCH can clear on valuation alone.

Data Source Rule

The workspace may have a "Data Warehouse First" rule that says check a local `data warehouse/` cache before hitting FMP. For the ER2 skill this rule is suspended. Every subagent that needs historicals, segment data, or transcript quotes must use verified ER2 files or live FMP/official sources from this run and never substitute cached warehouse data. For synthesis, consume the verified ER2 files; do not re-fetch Trip.com historicals.

I obeyed this rule. The synthesis uses `data_package.md`, `appendix_B_online_travel_services.md`, `appendix_management.md`, `appendix_moat.md`, `quant_foundation.md`, and `quant_foundation_review.md` inside the Trip.com ER2 workdir. I did not re-fetch Trip.com historicals, price, share count, currency, segment data, or transcripts. The current ADR price of USD47.08 and market capitalization of USD30.284B are the orchestrator anchors. The reporting currency is RMB, so the earnings build is in RMB until the explicit ADR valuation bridge.

1. Anchors

- Today: 2026-05-29.
- FY end: December 31.
- TTM anchor end date: 2025-12-31.
- TTM quarters: Q1 FY2025 plus Q2 FY2025 plus Q3 FY2025 plus Q4 FY2025.
- Latest completed FY label: FY2025.
- Horizon date: 2030-12-31.
- Compounding span: exactly 5.0 calendar years from TTM end, not six fiscal years.
- Current price: USD47.08 per NASDAQ ADR, from orchestrator quote pulled 2026-05-29.
- Market capitalization: USD30.284B, from the same orchestrator quote.
- Reporting currency: RMB.
- FX bridge used for model-to-ADR valuation: USD1 = RMB6.9931, from `quant_foundation.md` P4, which cites the HKEX Q4/FY2025 note.
- ADS ratio: 1 ADS = 1 ordinary share, from `quant_foundation.md` P4.
- TTM diluted share count: 698.379M, from `quant_foundation.md` and the data package FY2025 diluted weighted-average share count.

Trip.com reports one operating and reportable segment. The product lines are service lines inside that single segment: accommodation reservation, transportation ticketing, packaged-tour, corporate travel, and others. The data package states FY2025 net revenue of RMB62.409B, operating income of RMB15.773B, and diluted EPS of RMB47.67, but FY2025 reported net income includes a large MakeMyTrip investment gain. The synthesis therefore anchors forward earnings on operating income, recurring net financial income, normalized tax, and a modeled share count path. The MakeMyTrip gain is not used as a recurring operating or below-the-line earnings base.

The market capitalization anchor is included for completeness, but it does not override the official diluted share count used for EPS. Market-cap-derived share counts can differ from weighted-average diluted shares because quote vendors may use basic shares, float adjustments, different ADS data feeds, or stale share fields. The ER2 dispatch asks for a share count path, not a market-cap back-solve. This model therefore uses the source-file FY2025 diluted weighted-average shares as the

starting point, then explicitly models buybacks and SBC through 2030. Current price is used only in the P/E 15 test.

2. Segment-Level Forward Assumptions

The segment appendix peer reviewer verified the segment rollup unchanged: bear RMB78.2B revenue, 21.9% operating margin, and RMB17.1B operating income; base RMB98.2B, 28.0%, and RMB27.5B; bull RMB112.3B, 30.3%, and RMB34.1B. The table below reproduces that single reportable segment assumption rather than creating artificial reportable segments.

Segment	TTM revenue (RMBB)	Bear TTM+5y rev (RMBB)	Base TTM+5y rev (RMBB)	Bull TTM+5y rev (RMBB)	Bear OI margin	Base OI margin	Bull OI margin	Source
Trip.com Group single reportable segment	62.4	78.2	98.2	112.3	21.9%	28.0%	30.3%	Segment appendix sections 8, 9, and 10

The product-level assumptions behind the segment row are disclosed in the segment appendix. The FY2025 normalized model bases are RMB26.058B for accommodation, RMB22.453B for transportation, RMB4.680B for packaged-tour, RMB2.824B for corporate travel, and RMB6.394B for others. Those service-line bases sum to the FY2025 net revenue base of RMB62.409B after normalizing product revenue before sales tax to consolidated net revenue. Base CAGRs are 11.0% for accommodation, 7.0% for transportation, 9.0% for packaged-tour, 9.0% for corporate travel, and 12.0% for others. The base case is intentionally below the FY2023-FY2025 recovery-era service-line CAGRs because the period still includes reopening effects.

The operating margin assumptions are model estimates at the service-line level because Trip.com does not disclose service-line OI. The disclosed FY2025 segment operating margin was 25.3%. The base case expands the segment margin to 28.0%, a roughly 270 bp improvement, from mix, scale, AI-assisted service automation, lodging mix, and ancillary monetization. The bear case compresses to 21.9% under competitive, regulatory, and acquisition-cost pressure. The bull case reaches 30.3%, still below Booking's FY2025 adjusted EBITDA margin marker cited in the segment appendix, because Trip.com continues to carry product development, localization, service, and China platform competition costs.

3. Combined Revenue Build

Because Trip.com has one reportable segment and no disclosed corporate revenue residual, the combined revenue build is the segment rollup. There is no separate corporate elimination beyond the FY2025 product-to-net-revenue normalization already performed in the segment appendix.

Line	Bear	Base	Bull
Sum of segment TTM+5y revenue (RMBB)	78.2	98.2	112.3
Corporate eliminations or residual revenue (RMBB)	0.0	0.0	0.0
Combined TTM+5y revenue (RMBB)	78.2	98.2	112.3
Combined TTM+5y revenue at 6.9931 FX (USDB)	11.18	14.04	16.06
Implied TTM to TTM+5y CAGR over 5.0 years	4.6%	9.5%	12.5%

The base case reaches RMB98.2B of revenue in 2030, or about USD14.04B at the source-file FX rate. That is not a heroic continuation of 2023-FY2025 growth. The five-year base CAGR of 9.5% sits below the largest product-line historical CAGRs, below the recent 17.1% consolidated FY2025 growth rate, and above mature Western OTA guidance markers because Trip.com still has growth vectors in inbound China, outbound China, international OTA, lodging mix, and ancillary monetization.

The bear case still grows revenue to RMB78.2B because the model does not assume travel demand collapses. It assumes slower domestic growth, weaker supplier economics, higher competition from Meituan, Tongcheng, Fliggy, Douyin, Xiaohongshu, supplier direct channels, and regulatory limits on platform practices. The bull case requires sustained cross-border travel growth, international OTA execution, lodging share gains, and successful AI-supported conversion and service automation.

One subtle but important point is that the revenue model is not trying to forecast gross bookings. Trip.com may grow bookings, room nights, air tickets, or users at rates different from net revenue because take rates, supplier advertising,

package attach, and ancillary monetization can move independently. The segment appendix models net revenue, which is what flows to operating income. That is why the synthesis does not add a separate gross-bookings bridge or take-rate table. Doing so would create false precision because the verified ER2 files do not provide enough official disclosure by geography, service line, or gross-booking category to support it.

4. Combined Operating Income Build

The segment appendix already incorporates product development, sales and marketing, service, G&A, technology, AI, and other operating costs into segment OI. The data package states there is no corporate residual and no second reportable segment. Therefore unallocated corporate expense is zero in this synthesis rather than being subtracted again. Double-counting a corporate layer would understate the cleared segment model.

Line	Bear	Base	Bull
Sum of segment TTM+5y OI (RMBB)	17.1	27.5	34.1
Unallocated corporate expense (RMBB)	0.0	0.0	0.0
Combined TTM+5y OI (RMBB)	17.1	27.5	34.1
Combined TTM+5y OI at 6.9931 FX (USDB)	2.45	3.93	4.88
Implied OI margin	21.9%	28.0%	30.3%

The corporate-expense assumption is explicit: zero incremental unallocated corporate expense because Trip.com's one reportable segment is already consolidated. This does not mean corporate overhead is absent. It means the overhead is inside consolidated operating income. The base-case OI margin improvement from 25.3% to 28.0% is material but plausible if accommodation and others mix improve and AI/service tooling scales. It is not enough by itself to turn the management or moat gates to PASS. Management remains YELLOW because of governance transparency, SAMR/litigation overhang, and repurchase-discipline proof. Moat remains YELLOW because consumer switching costs, transport ticketing commoditization, AI-interface risk, and super-app distribution remain unresolved.

5. Net Income and EPS Build

The net income bridge starts with combined operating income. Net financial income is modeled separately from the MakeMyTrip gain. FY2025 included a RMB15.2B gain from selling MakeMyTrip shares, which is explicitly non-operating and not recurring in normalized earnings. The model uses a recurring net interest and investment income assumption tied to Trip.com's net financial asset position. The data package shows cash, cash equivalents, restricted cash, short-term investments, held-to-maturity deposits, and financial products of RMB105.760B at 2025-12-31, against debt of RMB30.765B. That is a large net financial asset base, but forward buybacks and dividends will consume some cash, and investment yields should not be capitalized as a permanent high-return engine.

The below-the-line assumptions are therefore conservative: RMB1.0B net financial income in bear, RMB1.3B in base, and RMB1.5B in bull. Other income is zero in all cases. The tax rate is 25.0%, matching the normalized statutory rate used in the data package ROIC calculation. No recurring MakeMyTrip monetization, equity-method windfall, or one-time investment gain is included.

The net financial income assumption also keeps the model from over-crediting the balance sheet. Trip.com has enough liquidity to support investment and repurchases, but not all cash is necessarily freely distributable to ADR holders at all times. The moat and management appendices both flag China/VIE/regulatory complexity. The model therefore does not apply a high yield to the entire cash plus investments balance, nor does it assume that excess cash can be liquidated without tax, regulatory, timing, or reinvestment friction. A higher recurring yield would raise EPS, but it would not improve the operating moat evidence. A lower recurring yield would reduce base EPS only modestly because the operating income build is the dominant driver.

Line	Bear	Base	Bull
Combined TTM+5y OI (RMBB)	17.1	27.5	34.1
Net interest and recurring investment income (RMBB)	1.0	1.3	1.5
Other income including MakeMyTrip-style gains (RMBB)	0.0	0.0	0.0

Line	Bear	Base	Bull
Pre-tax income (RMBB)	18.1	28.8	35.6
Tax rate assumed	25.0%	25.0%	25.0%
Net income (RMBB)	13.6	21.6	26.7
Diluted share count at TTM+5y (M)	663.8	663.8	663.8
EPS at TTM+5y (RMB/ADS)	20.45	32.54	40.22
EPS at TTM+5y (USD/ADS)	2.92	4.65	5.75

The base case is the key valuation case. Base net income is RMB21.6B, about USD3.09B at the source-file FX rate. Dividing by 663.8M diluted ADS-equivalent shares gives RMB32.54, or USD4.65 per ADS. That is the number tested against the USD47.08 current ADR price. The reported FY2025 diluted EPS of RMB47.67 is not the forward base because it includes the investment-gain year. If the MakeMyTrip gain were mistakenly capitalized, Trip.com would look much cheaper than the normalized operating build justifies. The synthesis does not make that error.

6. Share Count Path

The share count path starts with the FY2025 diluted weighted-average share count of 698.379M. The source files confirm 1 ADS equals 1 ordinary share, so no ADR multiplier is needed. The model assumes annual repurchases of RMB5.0B from 2026 through 2030. This is above the 2023-2025 simple average buyback of roughly RMB2.7B, but it is close to the FY2025 RMB4.396B run-rate and is supported by the August 2025 US$5.0B authorization described in the management appendix. The assumption is not that the authorization is mechanically exhausted. It is a steady repurchase program consistent with recent free cash flow deployment and a net-cash balance sheet.

For SBC issuance, the management appendix gives FY2025 stock-based compensation of RMB2.270B. Following the dispatch instruction, annual SBC issuance is estimated as TTM SBC divided by current average ADR price converted to RMB. USD47.08 multiplied by RMB6.9931 per USD equals RMB329.24 per ADS. RMB2.270B divided by RMB329.24 equals 6.9M shares per year. Repurchase average prices are assumed to rise 5% per year from the current RMB329 per ADS starting point, so the same RMB5.0B retires fewer shares over time.

Year	Starting share count (M)	Buyback (RMBB)	Avg price assumed	Shares retired (M)	SBC issuance (M)	Ending share count (M)
2026	698.4	5.0	RMB329 / USD47.08	15.2	6.9	690.1
2027	690.1	5.0	RMB346 / USD49.43	14.5	6.9	682.5
2028	682.5	5.0	RMB363 / USD51.90	13.8	6.9	675.6
2029	675.6	5.0	RMB381 / USD54.50	13.1	6.9	669.4
2030	669.4	5.0	RMB400 / USD57.22	12.5	6.9	663.8

The ending diluted share count is therefore 663.8M. The path retires 69.0M shares gross and issues 34.5M SBC-equivalent shares, for a net reduction of 34.6M shares over exactly five years. This is a real source of EPS growth, but it is not the core thesis. If buybacks merely offset SBC, base EPS would be lower. If management uses the repurchase authorization aggressively at poor prices, per-share value creation would be weaker. That concern is one reason the management gate remains YELLOW.

The share path should be read as a capital-allocation assumption, not a promise. Management has authorization capacity and a recent record of repurchases, but the future pace depends on cash generation, regulatory comfort, acquisition opportunities, dividend policy, stock price, and cross-border capital considerations. The model uses the same share count for bear, base, and bull to isolate operating differences. A more punitive bear case could slow buybacks or raise the average repurchase price, which would further reduce bear EPS. Conversely, a more aggressive bull case could retire more shares, but that would make the bull case partly dependent on financial engineering rather than business quality. Holding the share path constant makes the operating case comparison cleaner.

7. P/E 15 Test

The P/E 15 test must use USD EPS because the current ADR price is in USD. The model converts RMB EPS to USD using the source-file FX bridge of USD1 = RMB6.9931 and the source-file 1:1 ADS ratio. Required USD EPS for a P/E of 15 at USD47.08 is USD3.14. In RMB terms, that is RMB21.95 per ADS at the same FX rate.

Case	EPS at TTM+5y (USD/ADS)	EPS x 15	Current price	Cushion %	Pass?
Bear	2.92	43.86	47.08	-6.8%	Fail
Base	4.65	69.80	47.08	48.2%	Pass
Bull	5.75	86.28	47.08	83.3%	Pass

The confident case that matters is the base case, not the bull case. Base EPS times 15 is USD69.80, which is 48.2% above the current USD47.08 ADR price. The P/E 15 valuation gate therefore passes on the synthesis model. That pass is not the same as a final BUY/WATCH verdict. ER2 still has management YELLOW and moat YELLOW. The stock can pass a valuation math test while the final framework still refuses to clear a positive verdict until the qualitative gates improve or the final report deliberately assigns a penalty for those gates.

The bear case fails the P/E 15 test by 6.8%. That matters. It means the stock is not priced so cheaply that even a regulatory/competitive downside case clears the framework. The base case has a cushion, but the downside is not trivial. A clean final BUY would require the qualitative evidence to support confidence that the base case is genuinely durable, not merely arithmetically attractive.

This is also where the YELLOW gates bite. If management and moat were both PASS, a 48.2% base cushion would be a strong quantitative result. With both gates YELLOW, the same cushion is better read as a valuation offset against unresolved risk. The SAMR investigation, litigation overhang, permissive compensation disclosure, low consumer switching costs, transportation ticketing exposure, and AI-interface uncertainty all reduce confidence that the base case deserves full credit. The synthesis therefore says "P/E gate passes," not "the stock passes ER2."

8. Reflexivity Check

The combined build is bottoms-up from the segment appendix, but it must tie back to the consolidated financials because Trip.com has one reportable segment. The data package states FY2025 consolidated net revenue of RMB62.409B and operating income of RMB15.773B. It also states the single reportable segment has revenue of RMB62.4B and operating income of RMB15.8B, with no corporate residual and no second reportable segment.

Check	Consolidated TTM	Segment TTM	Difference	Result
Revenue (RMBB)	62.409	62.409	0.0%	Pass
Operating income (RMBB)	15.773	15.773	0.0%	Pass
FY2025 reported revenue tie	62.409	62.409	0.0%	Pass
FY2025 reported OI tie	15.773	15.773	0.0%	Pass

The TTM reconstruction ties within the required 2% tolerance. The latest completed FY is the same as TTM for this run because Trip.com is a calendar-year issuer and QF/QFR confirmed that the latest official financial release available in the run was Q4/FY2025. The May 27, 2026 filing was an AGM notice, not a Q1 2026 financial release. The forward build therefore does not inherit an anchor error from mixing a partial 2026 period into the model.

9. In-Progress FY Reconciliation

Stage 0 did not use an in-progress FY treatment. The TTM anchor is FY2025, consisting of Q1 FY2025, Q2 FY2025, Q3 FY2025, and Q4 FY2025. No Q1 FY2026 financial release was verified in this run. Therefore there is no YTD 2026 run-rate reconciliation to perform. The relevant recency check is instead whether the model starts from the most recent four quarters and compounds for exactly five years. It does: FY2025 revenue was RMB62.409B, the base five-year CAGR is 9.5%, and the implied first-forward-year revenue is approximately RMB68.3B. That is 9.5% above the FY2025 TTM base and within 10% of the latest four-quarter annualized run-rate. The model does not start with a discontinuous jump above recent trend.

10. Sensitivity

The sensitivity table holds all other base-case variables constant and varies one driver at a time. Because Trip.com has one reportable segment, the revenue sensitivity uses accommodation, the largest and highest-quality service line, and the margin sensitivity uses transportation, the second-largest service line and the most structurally exposed to commoditization. The base reference is revenue of RMB98.2B, OI of RMB27.5B, net income of RMB21.6B, diluted shares of 663.8M, and EPS of USD4.65.

Variable changed	Downside EPS (USD)	Base EPS (USD)	Upside EPS (USD)	Downside impact	Upside impact
Accommodation CAGR plus or minus 200 bps	4.45	4.65	4.87	-0.20	0.22
Transportation OI margin plus or minus 200 bps	4.55	4.65	4.76	-0.10	0.10
Share count plus or minus 5%	4.43	4.65	4.90	-0.22	0.25
Tax rate plus or minus 300 bps	4.47	4.65	4.84	-0.18	0.19

The largest levers are accommodation growth and share count, followed by the tax rate. Transportation margin matters, but a 200 bp move in that line changes base EPS by about USD0.10 because the overall segment mix and other service lines absorb part of the shock. This tells the final ER2 work where to focus kill and trigger criteria. The model does not break mainly because of a one-point operating margin debate. It breaks if lodging growth decelerates more sharply than expected, if regulatory or AI-driven distribution shifts force higher acquisition costs across the platform, or if buybacks fail to offset SBC and create per-share value.

The sensitivity also helps separate evidence from preference. A bullish investor may want to give Trip.com more credit for international OTA growth, inbound China travel, AI automation, and supplier advertising. The table shows that those views need to appear mainly as accommodation and others revenue growth, not as vague multiple expansion. A skeptical investor may worry about Meituan, Tongcheng, Fliggy, supplier direct channels, and social discovery. Those concerns should show up as lower accommodation growth, lower others monetization, or higher marketing intensity. The final ER2 report should avoid an unanchored narrative fight and instead ask which observable indicators would move these few variables.

11. Combined Earnings Summary

The probability weights are 30% bear, 50% base, and 20% bull. They are not uniform because the recent operating trend supports a solid base case, but management and moat are both YELLOW, the SAMR investigation is unresolved, consumer switching costs are low, and AI/super-app distribution risk prevents giving the bull case equal weight with bear.

Case	Revenue (RMBB)	OI (RMBB)	OI margin	NI (RMBB)	EPS (USD/ADS)	Probability	EPS x 15	vs. USD47.08
Bear	78.2	17.1	21.9%	13.6	2.92	30%	43.86	-6.8%
Base	98.2	27.5	28.0%	21.6	4.65	50%	69.80	48.2%
Bull	112.3	34.1	30.3%	26.7	5.75	20%	86.28	83.3%
Probability-weighted EPS	n.m.	n.m.	n.m.	n.m.	4.35	100%	65.18	38.4%

The synthesis headline is straightforward: the base case earns enough normalized 2030 EPS to clear the P/E 15 bar at today's price. Base revenue is RMB98.2B, base operating income is RMB27.5B, base normalized net income is RMB21.6B, and base EPS is USD4.65 per ADR. Required EPS for a P/E of 15 at the current USD47.08 price is USD3.14. The base cushion is 48.2%.

The better question is not whether the spreadsheet can clear. It can. The better question is whether the YELLOW management and moat evidence allows the base case to be underwritten with enough confidence. The answer from this appendix alone is no. The synthesis should feed the final verdict as a valuation PASS with qualitative gating unresolved. Final verdict language should preserve that distinction.

Tie-Out Checks

- Reported-financial tie-out: PASS. TTM and FY2025 are the same anchor in this run. Consolidated FY2025 net revenue of RMB62.409B and operating income of RMB15.773B tie to the single reportable segment within 0.0%, inside the 2% tolerance.

- NI divided by shares equals EPS: PASS. Bear RMB13.575B divided by 663.8M equals RMB20.45 and USD2.92; base RMB21.600B divided by 663.8M equals RMB32.54 and USD4.65; bull RMB26.700B divided by 663.8M equals RMB40.22 and USD5.75.

- Segment sum tie-out at horizon: PASS. Trip.com has one reportable segment. Combined revenue equals sum of segment revenue in all cases: RMB78.2B, RMB98.2B, and RMB112.3B. Corporate eliminations are zero because the segment appendix already normalized product revenue to consolidated net revenue.

- Product-to-segment rollup: PASS. The segment appendix section 10 rollup sums product TTM+5y revenues to the segment totals. Bear service-line rows sum to RMB78.2B, base to RMB98.2B, and bull to RMB112.3B within rounding.

- Weighted margin check: PASS. The segment appendix applies product margin assumptions to product revenue and sums to segment OI. Bear RMB17.1B divided by RMB78.2B equals 21.9%; base RMB27.5B divided by RMB98.2B equals 28.0%; bull RMB34.1B divided by RMB112.3B equals 30.3%, within rounding.

- Share count path: PASS. Starting shares of 698.4M plus five years of 6.9M SBC issuance less 69.0M repurchased shares equals 663.8M ending diluted shares. The path is explicit and covers exactly five years.

- Growth plausibility: PASS. The single segment base CAGR is 9.5%, below 1.2 times the FY2023-FY2025 disclosed historical segment CAGR of 18.4%. Product CAGRs also decelerate materially from recovery-era levels except where justified by smaller-line mix and international/inbound growth.

- Historical arithmetic: PASS. Segment appendix section 10 uses the normalized FY2025 bases and compounds for exactly five years. Recalculation gives base revenue of approximately RMB98.215B and OI of approximately RMB27.509B before rounding, matching the published RMB98.2B and RMB27.5B.

- Recency anchor: PASS. The base first-forward-year revenue implied by 9.5% CAGR is approximately RMB68.3B, 9.5% above the FY2025 TTM base of RMB62.409B. That is within the 10% recency threshold and does not create a first-year step-change unsupported by recent quarters.

- Currency and ADR bridge: PASS. Earnings are modeled in RMB, converted to USD at USD1 = RMB6.9931 from `quant_foundation.md`, and applied to a 1 ADS = 1 ordinary share ratio. The model does not compare RMB EPS directly with the USD ADR price.

- Non-recurring gain and valuation arithmetic: PASS. The FY2025 MakeMyTrip gain is excluded from normalized forward earnings. Required EPS for a P/E of 15 at USD47.08 is USD3.14; base EPS is USD4.65; base EPS times 15 is USD69.80; cushion is 48.2%.

All 11 tie-out checks passed. Markdown tables in sections 2, 3, 4, 5, 6, 7, 10, and 11 use pipe-table headers, delimiter rows, consistent cell counts, and blank lines before and after tables.

Appendix CS - Compounder Score

Trip.com Group (Ctrip) - Diagnostic Compounder Score

Prepared: 2026-05-29 Ticker: TCOM / HKEX 9961 Reporting currency: RMB Current price: USD47.08 per ADR Market capitalization: USD30.284B TTM anchor: FY2025, ended 2025-12-31 Forward horizon: 2030-12-31

1. Executive Verdict

The workspace may have a "Data Warehouse First" rule that says check a local `data warehouse/` cache before hitting FMP. For ER2 this rule is suspended. Use verified ER2 files or live primary/FMP sources from this run; never substitute cached warehouse data. Do not reveal API keys.

I obeyed that rule. This appendix uses the verified ER2 source chain in the Trip.com Group workdir: `quant_foundation.md`, `data_package.md`, `appendix_B_online_travel_services.md`, `appendix_management.md`, `appendix_moat.md`, and `appendix_synthesis.md`. I did not substitute warehouse-cache data. I did not re-fetch or reveal any API keys. The current price, market cap, FX bridge, reporting currency, ADS ratio, and horizon are the orchestrator and synthesis anchors.

Diagnostic score: 64 / 100. Business Quality score: 58 / 80. Valuation / 20% Return Underwriting score: 6 / 20. Score-implied classification: Reject under the strict 20% compounder-score rubric.

That classification is diagnostic only. It does not mechanically override the ER2 gates or the final BUY / WATCH / PASS decision. It says something narrower: at USD47.08, Trip.com does not clear the dream-compounder score because the base-case 20% annualized return case does not work without either much faster NOPAT compounding than the verified base case or a substantially higher terminal multiple than the conservative exit framework allows. The synthesis P/E 15 gate passes because base 2030 EPS of USD4.65 times 15 equals USD69.80, a 48.2% cushion to the current price. That is a valuable result. It is not the same as a 20% annualized shareholder-return result.

The quality score gives Trip.com real credit. The business is asset-light, cash-generative, large-scale, and operating through a favorable travel-recovery and Asia cross-border runway. FY2025 revenue was RMB62.409B, operating income was RMB15.773B, and free cash flow was RMB13.582B. Cash plus short-term investments plus held-to-maturity deposits and financial products totaled RMB105.760B against debt of RMB30.765B. The platform has supplier breadth, a strong China and Asia travel brand, high gross margin, low physical capex, and a coherent international / inbound / AI strategy.

The score is capped because the evidence is not a clean Gideon compounder proof. The data package's base ROIC was only 8.2% in FY2025 when using operating-income NOPAT divided by average invested capital that includes goodwill and intangible-heavy platform capital. ROIIC is better if product development is treated as growth reinvestment, but the pandemic trough and reopening rebound make the measured incremental-return series less clean than it looks. Management is YELLOW, not PASS, because of Cayman / VIE complexity, co-founder board appointment influence, permissive equity-plan governance, unresolved SAMR investigation, securities litigation, and incomplete compensation metric disclosure. Moat is YELLOW and the 2046 test is YELLOW because consumer switching costs are low, transportation ticketing is structurally lower-pricing-power, service-line margins are not disclosed, and AI / super-app / supplier-direct channels can pressure the visible customer relationship.

The MakeMyTrip gain is treated as non-recurring. FY2025 reported net income attributable was RMB33.294B and diluted EPS was RMB47.67, but the data package and synthesis identify a RMB15.2B MakeMyTrip investment gain. The compounder score therefore anchors on operating income, normalized NOPAT, FCF, and the synthesis's normalized 2030 EPS build rather than capitalizing a one-time gain as recurring earnings power.

2. Data Source Map

Evidence area	Source used	Period / value	Scoring use
Price and market cap	Orchestrator quote in dispatch and synthesis anchors	USD47.08, USD30.284B	Valuation base
Reporting currency and FX	`quant_foundation.md` P3 and synthesis	RMB, USD1 = RMB6.9931	RMB to ADR bridge
ADS ratio	`quant_foundation.md` P3 and synthesis	1 ADS = 1 ordinary share	EPS and share path

Evidence area	Source used	Period / value	Scoring use
Income statement	`quant_foundation.md` P3-P4 and `data_package.md`	FY2025 revenue RMB62.409B, OI RMB15.773B	NOPAT and margin base
Cash flow	`quant_foundation.md` P6 and `data_package.md`	FY2025 CFO RMB14.379B, capex RMB0.797B, FCF RMB13.582B	Cash conversion and FCF yield
Balance sheet	`quant_foundation.md` P6 and `data_package.md`	Cash / investments RMB105.760B, debt RMB30.765B	Net cash and EV
Share count	`quant_foundation.md` P4 and synthesis	FY2025 diluted shares 698.379M, 2030 modeled shares 663.8M	Per-share value creation
Segment and service lines	`data_package.md` and segment appendix	One reportable segment; accommodation 41.8%, transportation 36.0% of service revenue	Runway and moat mix
SBC	`appendix_management.md`	FY2025 SBC RMB2.270B; 3.6% of revenue	Dilution and governance
Buybacks / dividends	`data_package.md`, management appendix, synthesis	FY2025 buybacks RMB4.396B; dividends RMB1.423B; modeled RMB5B annual buyback	Capital return score
Management	`appendix_management.md`	Management gate YELLOW	Governance and allocation cap
Moat	`appendix_moat.md`	Moat gate YELLOW; 2046 test YELLOW	Durability cap
Valuation model	`appendix_synthesis.md`	Base 2030 EPS USD4.65; P/E 15 cushion 48.2%	P/E 15 and 20% return tests

The source chain is internally consistent. QF/QFR confirmed official-source overrides for FY2025 where FMP differed, including net revenue, operating income, net income, EPS, cash, debt, and share count. The synthesis explicitly uses FY2025 as the TTM anchor because the May 27, 2026 filing was an AGM notice rather than Q1 2026 financials. The scorer therefore does not roll the model into 2026.

3. Key Financial and Quality Metrics

Metric	Value	Source / formula	Scoring implication
FY2025 net revenue	RMB62.409B	QF P4 official FY2025	Scale platform
FY2025 operating income	RMB15.773B	QF P4 official FY2025	Normalized earnings base
FY2025 operating margin	25.3%	Data package	Strong post-recovery margin
FY2025 NOPAT	RMB11.830B	RMB15.773B OI x 75%	ROIC and EV/NOPAT base
FY2025 reported net income attributable	RMB33.294B	QF P4	Not clean due MakeMyTrip gain
FY2025 FCF	RMB13.582B	CFO less capex	Strong cash conversion
FY2025 FCF / NOPAT	115%	13.582 / 11.830	Positive financial-quality evidence
FY2025 ROIC	8.2%	Data package method	Below elite compounder threshold
Cash plus investments	RMB105.760B	QF P6	Large financial asset base
Total debt	RMB30.765B	QF P6	Net cash balance sheet
Net debt / EBITDA	-2.8x	Data package	Balance sheet risk low
FY2025 SBC / revenue	3.6%	Management appendix	Not abusive, still real cost
FY2025 SBC / FCF	16.7%	2.270 / 13.582	Material dilution cost
Conservative EV / NOPAT	13.9x	Market cap less cash/ST net cash, divided by FY2025 NOPAT	Not expensive on EV/NOPAT
FCF yield on market cap	6.4%	FY2025 FCF / market cap	Helpful but not 20% hurdle

Enterprise value is estimated conservatively as market capitalization less net cash using cash plus short-term investments only. Market cap is USD30.284B. Cash plus short-term investments less debt was RMB47.693B, or about USD6.82B at 6.9931 RMB/USD, so EV is about USD23.46B. Including held-to-maturity deposits and financial products would lower EV further, but I do not give full valuation credit for all financial assets because the synthesis and management appendix both flag PRC / VIE / transfer and regulatory complexity. Using conservative net cash, FY2025 NOPAT of RMB11.830B equals about USD1.69B, implying EV / NOPAT of about 13.9x.

The asset-light nature is genuine but not enough to call ROIC elite. Physical capex is tiny: FY2025 capex was RMB0.797B, only 1.3% of revenue. The real reinvestment is product development, technology, AI, service, localization, and marketing. Product development was RMB15.1B in FY2025, or 24.2% of revenue. Sales and marketing was RMB14.9B. For a platform compounder, ignoring those growth opex lines would overstate incremental returns. Treating them as reinvestment gives Trip.com a respectable but not slam-dunk ROIIC profile.

4. Rubric Scorecard

Category	Score	Max	Rationale
Incremental returns on capital	17	25	Cash conversion is strong and low capex supports high incremental economics, but reported ROIC including goodwill / intangibles and excess capital is only 8.2%.
Reinvestment runway	16	20	China travel, inbound, outbound, international OTA, lodging mix, corporate workflow, and ancillary monetization support a real runway.
Durability of moat	10	15	Scale, brand, supplier breadth, service trust, and data help, but pricing power and switching costs are not hard enough for a full PASS.
Accounting and financial quality	8	10	Official-source tie-outs, FCF, and net cash are strong; SBC and the non-recurring MakeMyTrip gain must be treated conservatively.
Capital allocation discipline	7	10	Product reinvestment, MakeMyTrip monetization, and capital returns are sensible; buyback discipline and compensation metrics remain unproven.
Price and 20% return underwriting	6	20	P/E 15 gate passes, but the base 20% annualized return case does not clear without a much higher EPS path or terminal multiple.
Total	64	100	Strong watchable platform, not a current 20% compounder-score buy.

Scorecard notes for Stage 7:

Compounder Score note: 64/100; score-implied Reject under the strict 20% compounder rubric because quality is real but management/moat YELLOW and the 20% return case fails at USD47.08.

Business Quality Score note: 58/80; asset-light, cash-generative, net-cash platform with meaningful runway, capped by sub-elite adjusted ROIC, low switching costs, weak ticketing pricing power, and unresolved governance/regulatory issues.

20% Return UW Score note: 6/20; base 2030 EPS clears a 15x P/E test but produces only a high-single-digit to low-double-digit annualized return, not 20%, unless growth or exit multiple assumptions become materially more aggressive.

5. ROIIC and Reinvestment Analysis

Reported ROIC is not the whole story, but it is an important brake on the score. The data package calculates FY2025 ROIC at 8.2% using NOPAT equal to operating income after a 25% normalized tax rate and average invested capital equal to debt plus shareholders' equity less cash and equivalents. This method includes goodwill, intangibles, and a large equity base built through prior acquisitions and retained financial assets. It penalizes Trip.com for historic platform capital and balance-sheet conservatism, but that penalty is legitimate for a shareholder-return framework. A dream compounder should not need aggressive capital definitions to show high returns.

ROIC excluding goodwill and some excess financial assets would look materially better. Trip.com has RMB75.320B of goodwill plus intangibles, and the balance sheet carries a large net financial asset position. The moat appendix also shows a business with 80.6% gross margin, mid-20s operating margin, and low physical capex. That combination suggests that the live operating marketplace earns much better economics than the accounting ROIC headline. The score therefore does not assign a zero to returns. It assigns partial credit and then caps the category because the clean, audited, all-in ROIC number is below the >20%-30% elite threshold.

ROIIC is respectable if product development is treated as reinvestment. From FY2022 to FY2025, NOPAT moved from roughly RMB0.1B to RMB11.8B as the platform recovered and scaled. Product development plus physical capex over FY2023-FY2025 totaled roughly RMB42B. A rough three-year ROIIC using NOPAT delta divided by product development plus capex is in the high-20s. Over the FY2021-FY2025 recovery span, cumulative product development plus capex from FY2022-FY2025 was about RMB51B, and the NOPAT change from the pandemic trough to FY2025 was about RMB12.9B, implying a mid-20s ROIIC. Those figures are good, but they are not clean enough for maximum credit because the base year is pandemic-distorted and because the rebound includes reopening demand rather than pure internally generated incremental demand.

Acquisition-inclusive ROIIC is not a major recent negative. The data package shows no large recent M&A cash outflow: M&A net cash outflow was zero in 2021-2023, negative RMB1.2B in 2024, and RMB0.8B in 2025. The historic Qunar and Skyscanner acquisitions matter strategically, but they are not recent cash drains in the measurement window. The MakeMyTrip sale is positive capital recycling, but the RMB15.2B gain is non-recurring and is excluded from normalized earnings. The evidence supports a good operator, not an unquestioned serial high-ROIIC acquirer.

6. Runway Analysis

Trip.com's runway is the strongest part of the score after balance-sheet quality. The segment appendix identifies one reportable segment with five service-line engines: accommodation reservation, transportation ticketing, packaged-tour, corporate travel, and others. FY2025 service revenue before sales tax was RMB62.510B. Accommodation was RMB26.100B, or 41.8%. Transportation was RMB22.489B, or 36.0%. Packaged tours were 7.5%, corporate travel 4.5%, and others 10.2%. This mix gives the company both a large core and several smaller optionality lines.

The base case is not heroic. The verified segment rollup grows revenue from RMB62.4B to RMB98.2B over exactly five years, a 9.5% CAGR. Accommodation compounds at 11.0%, transportation at 7.0%, packaged tours at 9.0%, corporate travel at 9.0%, and others at 12.0%. Those assumptions are below 2023-2025 recovery CAGRs, especially for accommodation and others, and they are framed against mature OTA comparables. The score gives credit because the base case does not require every line to keep compounding at reopening-era rates.

The runway is still not riskless. The moat appendix shows that the most profitable growth likely needs lodging, cross-border service, international OTA, supplier advertising, and ancillary attach to outgrow low-take-rate ticketing. If growth skews toward transportation or subsidized local travel, operating leverage weakens. If international OTA growth is bought through paid marketing without repeat direct traffic, revenue can grow without much incremental value creation. If regulators or suppliers constrain merchant terms, others and accommodation economics could disappoint.

The evidence does not support awarding high score from management TAM claims alone. Management commentary on inbound, outbound, international OTA, and AI is directionally useful, but the score rests on observed service-line revenue, official filings, segment-model assumptions, and margin history. No undisclosed TAM number is treated as proof. The runway score is high because Trip.com has already reached scale and still has credible travel-demand vectors, not because management says the opportunity is large.

7. Moat Analysis

The moat score is 10 / 15, matching the YELLOW moat gate. The business has a real moat, but it is not a hard 20-year lock. Trip.com has supplier breadth, brand trust, service reliability, customer support infrastructure, local China / Asia travel knowledge, payment and fulfillment capability, and large volumes of search, booking, cancellation, review, and service data. The FY2025 20-F evidence cited by the moat appendix includes about 1.7 million global accommodation listings, flights from more than 680 airlines, and over 60,000 ecosystem partners at year-end.

The moat is strongest in complex travel. Cross-border China travel, inbound China travel, outbound itineraries, premium lodging, refunds, irregular operations, visa or payment friction, and bundled trips reward service depth. A traveler with a complex itinerary values live inventory, accurate rules, service recovery, multilingual support, and supplier reliability. A hotel or destination supplier values demand, conversion, merchandising, and access to China / Asia travel flows. These are real sources of advantage.

The moat is weakest in low-complexity discovery and ticketing. Consumers can compare flights, trains, hotels, and packages across Ctrip, Qunar, Meituan, Tongcheng, Fliggy, Booking, Expedia, Agoda, supplier apps, Douyin, Xiaohongshu, Google, and AI travel agents. Transportation ticketing is 36.0% of service revenue and has structurally weaker pricing power because airline and rail prices are transparent and suppliers often have direct channels. Consumer switching costs are modest.

Loyalty, stored payments, trip history, and service trust create habit, not lock-in. Corporate travel has better switching costs, but it is only 4.5% of FY2025 service revenue.

AI is the unresolved durability issue. The moat appendix is balanced: AI can improve Trip.com's search, conversion, itinerary planning, customer service, supplier ranking, and support economics. It can also move the customer interface to a general agent controlled by another platform. If Trip.com remains the transaction and fulfillment layer with strong direct user relationships, AI can deepen the moat. If AI agents, super-apps, or suppliers own the customer and use Trip.com only as back-end plumbing, take rates and paid distribution costs can deteriorate. That is why the 2046 test is YELLOW, not PASS.

8. Accounting and Capital Allocation Analysis

Financial quality is good, with two explicit adjustments. First, the FY2025 MakeMyTrip gain is non-recurring. The data package states that Trip.com sold roughly 34 million MakeMyTrip Class B shares for total consideration of US$3.0B and recorded an RMB15.2B gain. The synthesis sets other income including MakeMyTrip-style gains to zero in all forward cases. This scorer follows that treatment. Reported FY2025 EPS of RMB47.67 is not the recurring base.

Second, SBC is a real economic cost. The management appendix shows SBC of RMB1.681B in 2021, RMB1.188B in 2022, RMB1.834B in 2023, RMB2.042B in 2024, and RMB2.270B in 2025. As a percentage of revenue, SBC declined from 8.4% in 2021 to 3.6% in 2025. That is encouraging, and it prevents an SBC hard veto. Still, FY2025 SBC was 16.7% of FCF and 15.8% of CFO. The synthesis converts FY2025 SBC into estimated annual issuance of 6.9M shares at the current ADR price converted to RMB. Buybacks must first offset this issuance before they create per-share value.

Buybacks and dividends are handled explicitly. Trip.com repurchased RMB1.6B in 2023, RMB2.2B in 2024, and RMB4.4B in 2025. FY2025 dividends were RMB1.4B. The 20-F disclosed 10.0M ADSs repurchased in 2025 for US$613M and a US$0.30 per ADS cash dividend. The synthesis models RMB5.0B of annual repurchases from 2026 through 2030, gross retirement of 69.0M shares, SBC issuance of 34.5M shares, and a net diluted share-count reduction from 698.4M to 663.8M. This is a meaningful contributor to EPS, but not a free lunch. If repurchases occur at poor prices or merely offset dilution, per-share value creation falls.

Management earns credit for liquidity, resilience, product reinvestment, and the MakeMyTrip monetization. It does not earn a PASS because the governance file is not clean enough. The management appendix flags Cayman / VIE ownership, co-founder board appointment rights, a rights plan extended to 2034, related-party / investee transactions, unresolved SAMR investigation, securities litigation, home-country equity-plan governance, and incomplete named-executive compensation metrics. These are not automatic disqualifiers, but they cap capital allocation and accounting-trust scoring for a long-duration compounder.

9. 20% Return Underwriting

The 20% underwriting score is low because the required shareholder return is much tougher than the ER2 P/E 15 gate. The synthesis base case reaches 2030 revenue of RMB98.2B, operating income of RMB27.5B, normalized net income of RMB21.6B, and EPS of USD4.65 per ADR. At 15x EPS, the ending price is USD69.80. From USD47.08, that is a price CAGR of about 8.2% before dividends. Adding modest dividends moves the base case into roughly high-single-digit, perhaps around 9%, annualized total return territory. That is economically acceptable for some investors, but it is not the 20% Gideon-style compounder hurdle.

Case	2030 EPS	Exit multiple	Ending value	Approx total-return IRR	Scorer call
Bear	USD2.92	15x	USD43.86	Around flat to slightly negative after dividends	Fails
Base	USD4.65	15x	USD69.80	About 9% with modest dividends	Fails 20% hurdle
Bull	USD5.75	15x	USD86.28	Low-to-mid teens with dividends	Still below 20%

The max buy price for a 20% base-case IRR is roughly USD29 per ADR using the base 15x 2030 EPS value plus modest cumulative dividends. This is a rough diagnostic number, not an ER2 trigger price. It simply illustrates the gap between "passes a 15x FY+5 P/E test" and "underwrites 20% annualized return." At today's price, the base case has a good P/E 15 cushion but not enough compounding velocity.

The reverse DCF says the same thing. Using conservative EV of about USD23.46B, current NOPAT of about USD1.69B, a five-year 20% target, and a 15x exit EV / NOPAT multiple, required exit NOPAT is roughly USD3.9B. That implies an

approximately 18% NOPAT CAGR from FY2025. The synthesis base case operating NOPAT CAGR is closer to low double digits. To clear the 20% hurdle, Trip.com would need a combination of faster-than-base revenue growth, stronger margin expansion, more net share reduction, higher cash distribution, or a higher terminal multiple. With management and moat both YELLOW, the scorer does not award credit for that more aggressive bridge.

10. Hard Veto Checklist

Veto	Status	Evidence
ROIIC below cost of capital with no path	Watch	ROIIC appears above cost of capital when product development is treated as reinvestment, but reported ROIC is only 8.2%.
Reported ROIC is accounting artifact	Watch	Low capex and high gross margin are real; excess cash, goodwill, and intangibles make capital definitions sensitive.
Growth requires external financing	Pass	Net cash balance sheet and FCF support growth and returns.
Share count rises without value creation	Watch	Share count rose from FY2021 to FY2025; forward model requires buybacks to more than offset SBC.
Large acquisitions without returns	Pass	No recent large M&A cash drain; MakeMyTrip monetization was positive but non-recurring.
FCF structurally lags earnings	Pass	FY2025 FCF / NOPAT was about 115%; reported net income is distorted by MakeMyTrip gain.
Structural impairment risk	Watch	SAMR, VIE, AI, super-apps, supplier-direct, and travel-cycle risk are real.
20% case requires terminal multiple expansion	Fail	Base 15x exit produces about 9% total-return IRR, not 20%.
Needs flawless execution to justify today's price	Fail for 20% rubric	P/E 15 gate passes, but 20% underwriting needs execution above the verified base case.
Cannot explain moat in one paragraph	Pass	Moat is scale, supplier breadth, brand trust, service reliability, data, and China / Asia cross-border fulfillment.
Accounting / governance impair trust	Watch	No restatement or control failure, but governance, compensation disclosure, SAMR, and litigation cap confidence.
Balance sheet can wipe out equity	Pass	Net cash position; net debt / EBITDA is negative.

Because hard vetoes 8 and 9 fail under the 20%-return rubric, the score-implied classification cannot be "Investable now" or "Buy only at lower price at today's price." The business can remain a serious watchlist candidate, and the ER2 final verdict may weigh the P/E 15 gate differently, but the diagnostic 20% scorer rejects the current price.

11. Final Decision

Final diagnostic decision: Reject under the strict 20% compounder-score rubric at USD47.08.

This is not a statement that Trip.com is a bad business. The evidence supports a strong Asia travel platform with meaningful scale, favorable cross-border growth vectors, high gross margin, low physical capex, net cash, and resumed shareholder returns. The evidence also supports a base 2030 normalized EPS estimate that clears the ER2 P/E 15 gate by 48.2%. Those are attractive features.

The evidence does not support calling Trip.com an investable-now 20% compounder. The all-in ROIC evidence is below elite levels, ROIIC is recovery-distorted, management and moat are both YELLOW, and the base return bridge is far short of 20% annualized. The 20% case would need either materially stronger revenue / margin / share-count outcomes than the verified base case or a materially higher exit multiple. Given unresolved SAMR, securities litigation, VIE, compensation-disclosure, AI-interface, low switching-cost, and super-app/supplier-direct risks, the scorer will not award that optionality upfront.

Classification details:

Threshold	Result	Comment
Total score >= 80	Fail	64 / 100
Business Quality >= 65 / 80	Fail	58 / 80

Threshold	Result	Comment
Valuation score >= 15 / 20	Fail	6 / 20
ROIIC plus runway >= 35 / 45	Fail	33 / 45
Base-case IRR >= 20%	Fail	Approx 9% with modest dividends
Bear-case IRR >= 8%-10%	Fail	Bear 15x value is below current price
No hard vetoes	Fail	20% case and execution-dependence vetoes fail
No terminal multiple expansion needed	Fail for 20%	Conservative 15x exit does not clear 20%

Compounder Score note: 64/100; score-implied Reject under the strict 20% compounder rubric because quality is real but management/moat YELLOW and the 20% return case fails at USD47.08.

Business Quality Score note: 58/80; asset-light, cash-generative, net-cash platform with meaningful runway, capped by sub-elite adjusted ROIC, low switching costs, weak ticketing pricing power, and unresolved governance/regulatory issues.

20% Return UW Score note: 6/20; base 2030 EPS clears a 15x P/E test but produces only a high-single-digit to low-double-digit annualized return, not 20%, unless growth or exit multiple assumptions become materially more aggressive.

12. Machine-Readable JSON

The authoritative machine-readable output is also written to `compounder_score.json`. Summary:

Field	Value
Company	Trip.com Group (Ctrip)
Ticker	TCOM
Total score	64 / 100
Business quality score	58 / 80
Valuation underwriting score	6 / 20
Classification	Reject
Clears 20% hurdle	false
Source confidence	Medium

Appendix CSA - Scoring Audit

Trip.com Group (Ctrip) - Scoring Audit

Prepared: 2026-05-29 Ticker: TCOM / HKEX 9961 Company: Trip.com Group (Ctrip) Current price: USD47.08 per ADR Reporting currency: RMB Currency bridge: USD1 = RMB6.9931; 1 ADS = 1 ordinary share TTM end: 2025-12-31 Horizon date: 2030-12-31

Data Source Rule

The workspace may have a "Data Warehouse First" rule that says check a local `data warehouse/` cache before hitting FMP. For ER2 this rule is suspended. Use verified ER2 files or live primary/FMP sources from this run; never substitute cached warehouse data. Do not reveal API keys.

This scoring audit used the verified ER2 files in `C:\Users\Admin\OneDrive\GPT\ER 2.0\Trip.com Group`: `appendix_compounder_score.md`, `compounder_score.json`, `quant_foundation.md`, `data_package.md`, `appendix_B_online_travel_services.md`, `appendix_management.md`, `appendix_moat.md`, and `appendix_synthesis.md`. I did not substitute cached warehouse data and did not re-fetch or reveal any API key. The audit is diagnostic only and does not override ER2 gates.

1. Original vs Audited Scores

The original CompounderScorer output is internally consistent across the markdown and JSON. Both show a 64 / 100 total score, made of 58 / 80 Business Quality and 6 / 20 Valuation / 20% Return Underwriting, with a score-implied Reject. The source files support that cautious result. I do not reduce the headline score because the original scorer already capped quality for management and moat YELLOW, excluded the non-recurring MakeMyTrip gain, treated SBC as real cost, included a share-count path, and refused to call the stock a 20% compounder at USD47.08.

The audit preserves the score, but the preservation is not a rubber stamp. It is preserved because the original number is already below the investable threshold and because the main negative math is clear: the base case reaches USD4.65 of 2030 EPS, a 15x value of USD69.80, and only about a 9% annualized total return with modest dividends from USD47.08. That passes the ER2 P/E 15 math test but fails the stricter compounder-score return hurdle.

Item	Original	Audited	Notes
Business Quality Score / 80	58	58	Supported but capped by sub-elite all-in ROIC, recovery-distorted ROIIC, management YELLOW, moat YELLOW, and data gaps.
Valuation / 20% Return UW Score / 20	6	6	Supported because the stock is not optically expensive, but the base case is below 10% to roughly 9% annualized and fails the 20% hurdle.
Total Score / 100	64	64	Below 70 and below every investable-now threshold.
Classification	Reject	Reject	Correct under the score rubric because total score, business quality, valuation score, base IRR, bear IRR, and hard-veto tests fail.

Original reconstructed underwriting metrics: bear IRR about -1% after modest dividends, base IRR about 9%, bull IRR about 14%, and maximum buy price for a 20% base-case IRR about USD29 per ADR. The USD29 number is directionally sound: USD69.80 of base 2030 terminal value plus small cumulative dividends discounted at 20% for five years lands around the high-20s per ADR.

2. Score Reductions and Reasons

The original score reductions from a theoretical dream-compounder score are justified. Incremental returns on capital were scored 17 / 25. The evidence supports giving credit for low capex, strong gross margin, positive FCF conversion, and a product-development reinvestment model. It does not support elite points because the official data package calculates FY2025 ROIC at only 8.2% using operating-income NOPAT and average invested capital. That is positive but below the

scorer's elite thresholds. The scorer's ROIIC estimate of high-20s is calculated, not merely asserted, but it rests on a pandemic trough and reopening recovery. That supports partial credit, not a full compounder score.

Reinvestment runway at 16 / 20 is supportable. The segment and synthesis files show a base case of RMB98.2B 2030 revenue from RMB62.409B in FY2025, a 9.5% CAGR. Product-line growth assumptions are intentionally below recovery-era growth and are backed by China travel, inbound, outbound, international OTA, accommodation mix, corporate travel, and ancillary monetization. The cap remains necessary because service-line operating margins are not disclosed and because the "Others" line is not decomposed enough to prove high-quality repeatable economics.

Moat durability at 10 / 15 is also supportable. The moat appendix gives concrete positive evidence: about 1.7 million accommodation listings, more than 680 airlines, over 60,000 ecosystem partners, high gross margin, low capex, mid-20s operating margin, and meaningful China / Asia travel brand trust. The score is capped because consumer switching costs are low, transportation ticketing is 36.0% of service revenue and structurally lower-pricing-power, service-line margins are undisclosed, and AI agents, super-apps, supplier-direct channels, and SAMR remedies could compress economics.

Accounting and financial quality at 8 / 10 is fair. Official-source tie-outs are strong; QF shows 8 / 8 reconciliation checks passed. FY2025 operating cash flow of RMB14.379B, capex of RMB0.797B, and FCF of RMB13.582B support cash quality. The deductions are necessary because FY2025 reported net income includes the RMB15.2B MakeMyTrip gain and because SBC of RMB2.270B is 16.7% of FCF. Capital allocation at 7 / 10 is fair because the company has net cash, resumed buybacks and dividends, and monetized MakeMyTrip, but compensation disclosure, price-sensitive buyback proof, governance complexity, and SAMR/litigation risks prevent a higher score.

3. Unsupported Claims

I did not find a material unsupported claim that inflated the headline score. The original scorer repeatedly distinguishes proved numbers from model assumptions. The base 2030 EPS of USD4.65 comes from the synthesis model, not reported FY2025 EPS. The scorer explicitly excludes the MakeMyTrip gain. The share-count path uses FY2025 diluted weighted-average shares of 698.379M, five years of RMB5.0B buybacks, estimated SBC issuance, and an ending 663.8M shares. The moat discussion is grounded in the management and moat appendices rather than broad TAM claims alone.

The important unsupported or partly supported areas are data gaps rather than score inflation. First, no service-line operating income, assets, margins, or capex are disclosed. The segment-level margin assumptions are model estimates, so they cannot carry more than medium confidence. Second, Trip.com does not disclose named-executive compensation metrics with explicit ROIC, FCF, or per-share value hurdles. Third, the SAMR investigation and March 2026 securities class action are unresolved and unquantified. Fourth, "Others" revenue grew quickly but is not decomposed into advertising, financial services, car services, visa, or other products. These gaps justify the existing caps.

4. Calculation Errors

No material arithmetic error was found in the score-driving calculations. FY2025 NOPAT is correctly reconstructed as RMB15.773B operating income times a 25% normalized tax rate, or about RMB11.830B. FY2025 FCF / NOPAT of about 115% is consistent with RMB13.582B FCF divided by RMB11.830B NOPAT. Conservative EV / NOPAT of about 13.9x is directionally correct using USD30.284B market cap, net cash based on cash plus short-term investments less debt, USD1 = RMB6.9931, and USD1.69B of NOPAT.

The 20% math also checks. The base case USD4.65 2030 EPS times 15 equals USD69.75 to USD69.80 depending on rounding. From USD47.08, that is about an 8.2% price CAGR before dividends and roughly 9% total-return territory with modest dividends. The bear case USD2.92 times 15 equals USD43.80 to USD43.86, below the current price. The bull case USD5.75 times 15 equals about USD86.25 to USD86.28, a low-to-mid-teens return with dividends. The reverse DCF check is also coherent: USD23.46B of EV compounded at 20% for five years and divided by a 15x exit multiple requires roughly USD3.9B of exit NOPAT, or about an 18% CAGR from USD1.69B of FY2025 NOPAT. That is well above the synthesis base operating NOPAT growth path.

The main calculation caveat is methodological, not arithmetic. ROIIC uses product development plus capex as reinvestment and starts near pandemic trough years. That is a reasonable diagnostic approach for an asset-light travel platform, but it is not clean enough to call Trip.com an elite incremental-return machine. The original score already reflects this by assigning partial credit rather than maximum credit.

5. Missing Data

The most important missing evidence is service-line profitability. Trip.com reports one operating segment, while the equity thesis depends heavily on differences among accommodation, transportation ticketing, corporate travel, packaged tours, and others. Accommodation likely has stronger economics than transportation ticketing, and corporate travel likely has higher switching costs, but the company does not disclose enough to prove product-level ROIC or margin durability.

The second important gap is acquisition-inclusive and goodwill-sensitive return history. The scorer considers acquisition-inclusive ROIIC and notes no large recent M&A cash drain, which is sufficient for avoiding a hard veto. Still, goodwill plus intangibles of RMB75.320B means historic acquisitions matter to all-in shareholder returns. ROIC excluding goodwill would look better, but the audit should not award full credit to a capital-light narrative while ignoring the capital that was used to assemble the platform.

The third gap is management incentive disclosure. SBC is quantified and not abusive as a percent of revenue, but there is no clean named-executive scorecard tying awards to ROIC, FCF, or per-share value. The fourth gap is regulatory outcome. SAMR, local regulatory actions, VIE enforceability, and securities litigation remain unpriced in the model. These do not force a lower score than 64, but they explain why confidence remains Medium.

6. Hard-Veto and Threshold Test Audit

The hard-veto audit supports Reject under the diagnostic rubric. The 20% case fails without stronger-than-base growth or a materially different valuation framework. The company does not need external financing, and the balance sheet cannot plausibly wipe out equity given the net cash position, but two veto-style items remain active: the 20% return case does not work at USD47.08 using a conservative 15x exit, and today's price requires confidence in a base case that management and moat evidence do not yet support at PASS level.

Threshold	Original Result	Audited Result	Comment
Total score >= 80	Fail	Fail	64 / 100 is far below the investable-now threshold.
Business Quality >= 65 / 80	Fail	Fail	58 / 80 is good but not dream-business quality.
Valuation score >= 15 / 20	Fail	Fail	6 / 20 reflects failed 20% underwriting.
ROIIC plus runway >= 35 / 45	Fail	Fail	33 / 45 misses the line and ROIIC is recovery-distorted.
Base-case IRR >= 20%	Fail	Fail	About 9% with modest dividends.
Bear-case IRR >= 8%-10%	Fail	Fail	Bear 15x value is below current price.
No hard vetoes	Fail	Fail	20% case and execution-dependence vetoes fail.
No terminal multiple expansion needed	Fail	Fail	15x exit does not produce 20%; higher multiple or higher EPS would be needed.

7. Final 20% Hurdle Pass/Fail

Final 20% hurdle result: Fail. The stock can clear a P/E 15 valuation test and still fail a 20% annualized return test. At USD47.08, the base case needs either materially faster NOPAT growth than the verified synthesis model, a much larger net share reduction, higher cash distributions, or a more generous terminal multiple. With management and moat both YELLOW, awarding credit for that upside would be premature.

8. Dream Business / Dream Investment Classification

Dream business / dream investment classification: neither, under the strict compounder-score framework. Trip.com is a strong and watchable platform, but not a dream business because all-in ROIC is only 8.2%, ROIIC is distorted by pandemic recovery, and moat durability is YELLOW. It is not a dream investment because the base 20% return case fails at the current price. The single biggest reason it does not qualify is simple: normalized base-case EPS growth plus a 15x exit multiple does not compound fast enough from USD47.08.

9. Stage 7 Scorecard Notes

Compounder Score note: 64/100; score-implied Reject under the strict 20% compounder rubric because quality is real but management/moat YELLOW and the 20% return case fails at USD47.08.

Business Quality Score note: 58/80; asset-light, cash-generative, net-cash travel platform with credible runway, capped by sub-elite all-in ROIC, recovery-distorted ROIIC, low consumer switching costs, weak ticketing pricing power, and unresolved governance/regulatory issues.

20% Return UW Score note: 6/20; base 2030 EPS clears a 15x P/E test but produces only about a high-single-digit annualized return with modest dividends, not 20%, unless EPS growth, cash return, or terminal multiple assumptions become materially more aggressive.

10. Auditor JSON

The authoritative machine-readable audit is written to `compounder_score_audit.json`. Summary: original total score 64 / 100, audited total score 64 / 100, audited classification Reject, final 20% hurdle pass false, confidence Medium.

Appendix RT - Red Team

Trip.com Group (Ctrip) - Red Team Appendix

Prepared: 2026-05-29 Ticker: TCOM / HKEX 9961 Company: Trip.com Group (Ctrip) Role: Sub-Agent RT, Red Team Current price anchor: USD47.08 per ADR TTM anchor: FY2025, ending 2025-12-31 Forward horizon: 2030-12-31 Currency bridge: USD1 = RMB6.9931; 1 ADS = 1 ordinary share

Data Source Rule

The workspace may have a "Data Warehouse First" rule that says check a local `data warehouse/` cache before hitting FMP. For ER2 this rule is suspended. Use verified ER2 files or live primary/FMP sources from this run; never substitute cached warehouse data.

I obeyed this rule. This red team uses the verified ER2 files in `C:\Users\Admin\OneDrive\GPT\ER 2.0\Trip.com Group`: `appendix_synthesis.md`, `appendix_B_online_travel_services.md`, `appendix_management.md`, `appendix_moat.md`, `data_package.md`, `appendix_scoring_audit.md`, and `compounder_score_audit.json`. I did not use cached warehouse data, did not substitute stale data, and did not re-fetch data outside the verified ER2 run.

1. The Most Fragile Assumption

The most fragile assumption is the base-case accommodation reservation line: RMB26.1B of normalized FY2025 revenue compounding at 11.0% for five years to RMB43.9B by 2030, with an implied modeled service-line operating margin of 33.0%. This is the load-bearing line in the P/E 15 pass. Accommodation is 41.8% of FY2025 service revenue, has the strongest large-line economics, and contributes RMB14.5B of modeled 2030 operating income in the base case. If that line is wrong, the consolidated EPS pass does not disappear immediately, but the confidence behind the 48.2% cushion falls fast.

The line is fragile for a specific reason: it asks the largest, most important profit pool to keep compounding at a premium to mature global OTA growth while the exact channels that create travel discovery are becoming less favorable to the OTA. The segment appendix itself names Meituan, Tongcheng, Fliggy, Douyin, Xiaohongshu, supplier direct channels, AI agents, and social discovery as threats. The moat appendix is even sharper: consumer switching costs are low, AI search and agentic planning are a high-plausibility threat, supplier direct channels are high-plausibility, and accommodation is the economically important battleground. This is not a vague competitive risk. It is a risk to the specific mechanism that lets accommodation grow faster than transportation while also supporting a higher margin.

The base accommodation CAGR of 11.0% looks conservative versus FY2023-FY2025 accommodation CAGR of 22.8% and FY2025 growth of 21%, but that comparison is recovery-tainted. The data package shows 2023-2025 was still a reopening and cross-border normalization period. It also shows quarterly accommodation growth of 23%, 21%, 18%, and 21% in FY2025. Those are strong numbers, but they are not proof that 2027-2030 can hold a double-digit net revenue CAGR once the inbound and outbound recovery tailwinds mature. The segment appendix cites Booking's FY2026 constant-currency revenue guidance in the high single digits and Expedia's FY2026 revenue guide of 6% to 9%. Trip.com deserves some premium because China/APAC and inbound have more runway, but the red-team question is whether that premium should be embedded in the highest-margin line while management and moat are both only YELLOW.

The sensitivity table says accommodation CAGR plus or minus 200 bps moves base EPS by about USD0.20 to USD0.22. That understates the practical break risk because a real accommodation disappointment would probably not arrive alone. If accommodation CAGR is not 11.0% but 7.0%, its 2030 revenue is roughly RMB36.6B instead of RMB43.9B. At the base 33.0% modeled service-line margin, that removes about RMB2.4B of operating income, about RMB1.8B of after-tax net income, and roughly USD0.39 of EPS after the FX and 663.8M share-count bridge. Base EPS would move from USD4.65 to about USD4.26 before any knock-on effect from lower supplier advertising, weaker cross-sell, or higher paid marketing. If the lower growth is caused by distribution pressure, the service-line margin would also be lower; then the break becomes larger than the one-variable sensitivity.

The thesis therefore does not mainly break because transportation ticketing margin is 200 bps too high. Transportation matters, but the synthesis already treats it as lower quality. The thesis breaks if the high-quality lodging line begins behaving like a competitive traffic-rental business rather than a scaled marketplace with durable direct demand.

2. The Most-Likely-To-Be-Optimistic Stage 5 Number

The Stage 5 number most likely to prove optimistic is the 2030 base operating income of RMB27.5B, equal to a 28.0% operating margin on RMB98.2B of revenue. The red-team issue is not arithmetic. The synthesis tie-outs passed. The issue is evidence quality: the margin bridge depends on product-level margin estimates that Trip.com does not disclose, a favorable mix shift toward accommodation and others, and AI/service automation benefits that have not yet been separated from the continuing need to spend heavily on product development, localization, service, and sales and marketing.

The FY2025 consolidated operating margin was 25.3%. Stage 5 asks that to expand by roughly 270 bps by 2030. That is plausible, but it is not proved. The data package shows product development was RMB15.1B, or 24.2% of revenue, and sales and marketing was RMB14.9B in FY2025. The management appendix says the strategy requires ongoing spending in AI, international localization, global supply, APAC expansion, mobile traffic, and service operations. Those are not one-time launch costs. They are the cost of competing for travel demand in a world where the first click can move to Meituan, Douyin, Xiaohongshu, Fliggy, Booking, supplier apps, or AI agents.

This is the cleanest place to attack the base-case EPS. If the 2030 revenue number of RMB98.2B is right but the margin stays near FY2025's 25.3% rather than reaching 28.0%, operating income is roughly RMB24.8B rather than RMB27.5B. After a 25% tax rate, that is about RMB2.0B less net income, or approximately USD0.43 per ADS. Base EPS would fall from USD4.65 to roughly USD4.22. That still clears the required USD3.14 for P/E 15, but the cushion shrinks materially and the qualitative gates remain unresolved. If lower margin is paired with accommodation deceleration, base EPS moves toward the low USD4s or high USD3s. At that point, the valuation pass becomes a thinner underwriting claim rather than a robust bargain.

The most-likely optimistic number is not the explicit recurring net financial income assumption of RMB1.3B. Stage 5 already avoids capitalizing the RMB15.2B MakeMyTrip gain and uses a modest recurring income assumption. The red-team concern is instead that FY2025 reported net income may still create psychological anchoring for readers. Reported diluted EPS of RMB47.67 is much higher than normalized 2030 base EPS of RMB32.54 because of the MakeMyTrip gain. The synthesis handles the accounting correctly, but any investor looking quickly at headline EPS may overestimate current earning power. The appendix should keep reminding the reader that the real 2030 valuation case is operating-income led, not reported-FY2025-EPS led.

3. The Strongest Bear Case

The strongest bear case is that Trip.com is a very good travel platform whose economics are being underwritten as if the visible OTA interface remains durable, when the next five years may move the profit pool upstream to discovery platforms and downstream to suppliers. Accommodation and others still grow, but Trip.com pays more to capture demand, gives more economics to hotels and distribution partners, and loses incremental supplier advertising power under AI, super-app, and regulatory pressure. Revenue can still compound mid-single digits to high-single digits, but operating margin fails to expand and may compress toward the low 20s. Within two to three reporting years, this shows up as accommodation revenue growth decelerating below the model, sales and marketing plus product development staying stubbornly high as a percent of revenue, and the SAMR/litigation overhang turning from a footnote into either restrictions on merchant practices or lower platform monetization.

In that bear case, the market will not care that the original base spreadsheet cleared P/E 15. The bear case already fails the P/E 15 gate by 6.8% at USD2.92 of 2030 EPS. The red-team version of the bear case is not a recessionary collapse; it is a structural squeeze. The company remains relevant, liquid, and profitable, but not a 20% compounder and not a clean PASS through the management/moat gates.

4. Cross-Examination Of Management Commentary

Management's forward commentary is directionally credible, but a red team should not treat it as a margin guarantee. The data package quotes James Liang on inbound as a "structurally important growth driver." That may be true, yet inbound growth can be structurally important and still not protect platform economics. If inbound travelers discover China through content platforms, hotel direct campaigns, airline partnerships, or general AI assistants, Trip.com may support fulfillment but lose the highest-value customer relationship. The first sign this is wrong would be international/inbound booking growth remaining high while consolidated operating margin does not expand and sales/marketing intensity remains elevated.

Jane Sun described inbound travel as a "significant and sustainable growth cycle." The skeptical reading is that "sustainable" may describe volume, not take rate or margin. China inbound visits and spending can grow while platforms compete away economics to win traffic. The data package does not provide a service-line or geography margin table, and the scoring audit flags the absence of service-line profitability as the most important missing evidence. If the commentary is too optimistic, the

first evidence will be accommodation growth lagging inbound travel indicators or Greater China/other-country mix improving without consolidated margin leverage.

Xiaofan Wang cited international OTA bookings growing "around 60% year-over-year." That is impressive, but it is a bookings metric, not a net revenue margin bridge. Rapid international OTA growth can be bought through marketing, subsidies, partner incentives, local service teams, and payment/localization costs. The management appendix says international growth is observable, but it also says margin commentary lacks a numeric bridge. If management's implied margin confidence is wrong, the first tell will be international growth accompanied by product development and sales/marketing spending that scales with or above revenue rather than below it.

Finally, management's AI framing deserves pressure. Liang and the company describe AI as central to strategy. That can support conversion and service automation, but it can also make generic travel planning less proprietary. If AI becomes an entry point controlled by Apple, Google, OpenAI, Alibaba, Tencent, Meituan, Booking, or Expedia, Trip.com may become a transaction and support partner with lower visible economics. The moat appendix rightly says the protected part is fulfillment trust, not itinerary prose. The base case gives credit for AI-supported operating leverage; the red team asks whether AI more likely taxes the interface first.

5. Stage 5 Tie-Out Reverification And Fragility

The recency anchor appears correct. The synthesis uses FY2025 as TTM, consisting of Q1 through Q4 FY2025, because no verified Q1 FY2026 financial release was available in the run. It does not annualize peak Q3. That is good. The problem is not a stale arithmetic base; it is that FY2025 itself may be a favorable point in the cycle. Consolidated FY2025 revenue grew 17.1%, accommodation grew 21%, transportation grew 11%, corporate travel grew 13%, and others grew 38.4%. The base model decelerates these rates, but it still assumes that the largest and best line holds 11.0% growth and that margin expands.

The share count path is a second fragility. Stage 5 assumes annual repurchases of RMB5.0B from 2026 through 2030, above the 2023-2025 simple average of roughly RMB2.7B and modestly above FY2025's RMB4.396B. It also assumes annual SBC-equivalent issuance of 6.9M shares and an ending diluted share count of 663.8M. This is not reckless because the balance sheet is strong and a US$5.0B authorization exists, but it is still a capital-allocation assumption, not an operating moat fact. If buybacks only offset SBC, the share count would remain near 698.4M rather than falling to 663.8M. Holding net income constant, base EPS would be about USD4.42 instead of USD4.65, a USD0.23 hit. The synthesis sensitivity table gives a similar result: a 5% higher share count lowers EPS by USD0.22.

That matters because buybacks are least valuable if the stock price rises before intrinsic per-share value has been created or if management buys mechanically to use the authorization. The management appendix leaves the gate YELLOW partly because repurchase discipline is unproved and compensation disclosure is opaque. A model that gives per-share credit for net buybacks while keeping management at YELLOW is acceptable as a base case, but it should not be used to upgrade conviction. The more conservative per-share lens is: Trip.com has authorization capacity, but the default evidence only proves it can offset dilution and return some cash, not that it can reliably compound per-share value through buybacks.

The product CAGR checks are also vulnerable. Others grows from RMB6.4B to RMB11.3B at a 12.0% base CAGR and a 30.0% modeled margin. That could be right if the line is supplier advertising and high-margin ancillary attach. It could be wrong if the FY2025 38.4% growth contains cyclical, lower-margin, or regulatory-sensitive revenue. The data package explicitly says Others is not decomposed into advertising, financial services, car services, visa services, and other products. That is not a small footnote. Others contributes RMB3.4B of base 2030 operating income in the segment rollup. If the line is lower quality than modeled, the margin bridge is weaker.

6. Score-Derived 20% Return Claim Most Likely To Be Wrong

There is no positive score-derived 20% return claim to attack because the audited scoring file already rejects it. The red team agrees. The audited score is 64/100, with Business Quality 58/80, Valuation / 20% Return Underwriting 6/20, score-implied classification Reject, final 20% hurdle pass false, base-case IRR about 9%, bear-case IRR about -1%, bull-case IRR about 14%, and a max buy price for a 20% base-case IRR around USD29 per ADR.

The most likely wrong claim would be any attempt by a later synthesis or main narrative to soften that rejection because the P/E 15 gate passes. That would be a category error. Passing P/E 15 at USD4.65 of 2030 EPS and a 15x multiple produces a USD69.80 value, which is attractive relative to USD47.08 but not remotely a 20% annualized return over five years. To make the 20% case work, one of four things has to change materially: normalized 2030 EPS must be far above USD4.65, the terminal multiple must exceed the strict 15x underwriting frame, net share reduction/cash distributions must be far larger than

modeled, or the entry price must fall toward the audited USD29 max buy price. With management and moat both YELLOW, the red team would not underwrite the first three changes without new evidence.

The score-derived claim most likely to be abused is therefore not the published audit; it is the phrase "valuation PASS." In ER2 language, valuation PASS means the base case clears P/E 15. It does not mean Trip.com is cheap enough to overcome unresolved durability, regulatory, and capital-allocation risk. The main narrative should preserve that distinction.

7. The Signal That Forces An Exit

Exit signal: over the next two reported financial quarters after FY2025, if accommodation reservation revenue growth is below 12% year over year in both quarters and consolidated operating margin is below 24% in either quarter, exit or downgrade the thesis to a hard PASS unless management provides quantified evidence that the miss is temporary and not distribution-driven.

This is intentionally specific. Accommodation below 12% for two consecutive quarters would indicate that the base 11.0% five-year CAGR is no longer comfortably conservative; it would imply the largest and highest-quality line is already approaching the base CAGR before the model even gets to 2027-2030. A sub-24% operating margin would indicate that the promised mix, AI, and scale benefits are being offset by marketing, product development, service, compliance, or competitive subsidies. The combination breaks the two things the base case needs most: lodging-led revenue quality and margin expansion from 25.3% toward 28.0%. One bad quarter can be seasonality. Two weak accommodation quarters plus a low-margin quarter is an evidence pattern.

Secondary monitoring signals should be treated as triggers for deeper review: SAMR resolution that imposes material business-practice restrictions, a securities-litigation development showing disclosure failures around the SAMR notice, sales and marketing plus product development rising above 50% of revenue for a full year without acceleration in accommodation and international net revenue, or diluted share count staying above 690M at year-end 2027 despite continued SBC.

8. Red-Team Conclusion

The thesis survives as a valuation-watch case, not as a BUY and not as a 20% compounder. The synthesis math is internally consistent and the business is real: net cash, strong brand, high gross margin, broad supply, recovery execution, and credible international/inbound runway. But the base-case P/E 15 pass is more fragile than the 48.2% cushion suggests because the cushion rests on three assumptions that can fail together: accommodation sustains premium growth, mix/AI scale operating margin to 28.0%, and buybacks create net per-share shrink rather than merely offsetting SBC.

The red team would rewrite the final narrative around conditional durability. Trip.com is probably too good to dismiss as a simple cyclical OTA and not obviously expensive on normalized base-case 2030 EPS. But it is not yet a Gideon compounder. The YELLOW management and moat gates are not ornamental. SAMR/litigation risk, low consumer switching costs, AI and super-app distribution risk, undisclosed service-line margins, Others opacity, and unproved buyback discipline are exactly the issues that can turn the base case into the bear case without any headline demand collapse.

The cleanest conclusion is Reject / watchlist. What would need to change for a stronger verdict is observable, not philosophical: accommodation must keep growing at or above the low-teens while marketing and product-development intensity declines, international/inbound growth must convert into margin contribution rather than rented traffic, SAMR must resolve without material practice restrictions, management must improve incentive and compensation disclosure, and repurchases must reduce diluted share count at sensible prices. Without those changes, the 20% return case fails and the P/E 15 pass is a spreadsheet pass, not an ownership mandate.

Appendix D - Data Package (Raw Historicals)

Trip.com Group (Ctrip) - Data Package

Prepared: 2026-05-29 Ticker: TCOM / HKEX 9961 Currency and units: RMB billions unless explicitly noted. Fiscal year ends December 31. Controlling quantitative source: quant_foundation.md and quant_foundation_review.md, with official SEC/HKEX override for FY2025 where FMP differs.

Data Source Rule - verbatim

The workspace may have a "Data Warehouse First" rule that says check a local `data warehouse/` cache before hitting FMP. For the ER2 skill this rule is suspended. Every subagent that needs historicals, segment data, or transcript quotes must:

- Fetch live from FMP's `/stable/` endpoints. In Codex, use `C:\Users\Admin\.codex\skills\fmp-financial-data\scripts\fmp_request.py`, which loads the key from `FMP_API_KEY` or its local `.secret.env`.
- Fetch live from the company's IR website, SEC EDGAR, and HKEX/local filings as needed.
- Never substitute a cached data-warehouse file for a live fetch.

If a live fetch fails, retry the identical call once, then flag the failure. Do not fall back to cache or a different endpoint.

Source Register

This run did not read the local data warehouse cache. Newly pulled FMP datasets were copied to `C:\Users\Admin\OneDrive\Cowork\Investing\data warehouse\fmp\TCOM\2026-05-29_data_package\` without overwriting existing files. The company IR news page timed out through PowerShell but was verified through Codex web open; SEC, HKEX, and FMP sources were sufficient as controlling evidence.

Source	Local evidence	URL or endpoint	Status
FMP annual income statement	raw/data_package/TCOM_income_statement_annual_live.json	/stable/income-statement?symbol=TCOM&period=annual&limit=6	pulled live 2026-05-29
FMP quarterly income statement	raw/data_package/TCOM_income_statement_quarter_live.json	/stable/income-statement?symbol=TCOM&period=quarter&limit=8	pulled live 2026-05-29
FMP annual balance sheet	raw/data_package/TCOM_balance_sheet_annual_live.json	/stable/balance-sheet-statement?symbol=TCOM&period=annual&limit=6	pulled live 2026-05-29
FMP annual cash flow	raw/data_package/TCOM_cash_flow_annual_live.json	/stable/cash-flow-statement?symbol=TCOM&period=annual&limit=6	pulled live 2026-05-29
FMP annual product revenue	raw/data_package/TCOM_revenue_product_segmentation_annual_live.json	/stable/revenue-product-segmentation?symbol=TCOM&period=annual	pulled live; 2023 absent from endpoint
FMP quarterly product revenue	raw/data_package/TCOM_revenue_product_segmentation_quarter_live.json	/stable/revenue-product-segmentation?symbol=TCOM&period=quarter	pulled live; empty array
FMP Q1 2025 transcript	raw/data_package/TCOM_transcript_2025_Q1_live.json	/stable/earning-call-transcript?symbol=TCOM&year=2025&quarter=1	date 2025-05-19
FMP Q2 2025 transcript	raw/data_package/TCOM_transcript_2025_Q2_live.json	/stable/earning-call-transcript?symbol=TCOM&year=2025&quarter=2	date 2025-08-28
FMP Q3 2025 transcript	raw/data_package/TCOM_transcript_2025_Q3_live.json	/stable/earning-call-transcript?symbol=TCOM&year=2025&quarter=3	date 2025-11-17
FMP Q4 2025 transcript	raw/data_package/TCOM_transcript_2025_Q4_live.json	/stable/earning-call-transcript?symbol=TCOM&year=2025&quarter=4	date 2026-02-25
SEC Q1 2025 6-K Exhibit 99.1	raw/data_package/official_sec_q1_2025_ex991_live.html	https://www.sec.gov/Archives/edgar/data/1269238/000119312525122799/d830203dex991.htm	fetched live 2026-05-29
SEC Q2 2025 6-K Exhibit 99.1	raw/data_package/official_sec_q2_2025_ex991_live.html	https://www.sec.gov/Archives/edgar/data/1269238/000119312525190294/d908311dex991.htm	fetched live 2026-05-29
SEC Q3 2025 6-K Exhibit 99.1	raw/data_package/official_sec_q3_2025_ex991_live.html	https://www.sec.gov/Archives/edgar/data/1269238/000119312525285260/d17038dex991.htm	fetched live 2026-05-29

Source	Local evidence	URL or endpoint	Status
SEC Q4 and FY2025 6-K Exhibit 99.1	raw/data_package/official_sec_q4_fy2025_ex991_live.html	https://www.sec.gov/Archives/edgar/data/1269238/000119312526073204/d54719dex991.htm	fetched live 2026-05-29
Trip.com FY2025 Form 20-F	raw/data_package/official_fy2025_20f_sec_live.html	https://www.sec.gov/Archives/edgar/data/1269238/000119312526183379/d27369d20f.htm	fetched live 2026-05-29
HKEX Q4 and FY2025 results announcement	raw/data_package/official_hkex_2025_q4_full_year_results_live.pdf	https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0226/2026022600001.pdf	fetched live 2026-05-29
Trip.com IR news releases page	raw/data_package/official_tripcom_ir_news_releases_live.html.fetch_error.txt	https://investors.trip.com/news-events/news-releases/	PowerShell fetch timed out; verified through Codex web open 2026-05-29

1. Reporting Structure & Taxonomy

Trip.com reports one operating and reportable segment. The FY2025 Form 20-F states that the company manages the business as a "single segment" and that all required product information is in the consolidated statements. Downstream segment work should therefore model one economic segment, while treating accommodation reservation, transportation ticketing, packaged-tour, corporate travel, and others as disclosed service lines inside that segment. Taxonomy investigation: the 2025 20-F segment footnote was checked for segment realignment language, the 2026 SEC filing trail was checked for intervening filings, and the 2026-05-27 6-K was confirmed to be an AGM notice rather than Q1 2026 financials. No reportable segment change was found in the last three fiscal years. Product-line disclosures are stable for 2023-2025 in the 20-F; FMP annual product segmentation has 2025, 2024, 2022, 2021, 2020, 2019, and 2018, but omits 2023, so the official 20-F controls product dollars for the three-year product table.

Reportable segment	Description	FY2025 revenue	% of FY2025 net revenue	Source
Trip.com Group single segment	One-stop travel platform spanning lodging, transport, tours, corporate travel, and other travel services	62.409	100.0%	FY2025 20-F, Q4/FY2025 SEC 6-K, QF official override

Geography	FY2023	FY2024	FY2025	FY2025 % of service revenue	Source
Greater China	38.668	45.656	51.700	82.7%	FY2025 20-F Note 20
Other countries	5.894	7.721	10.810	17.3%	FY2025 20-F Note 20
Total service revenue before sales tax	44.562	53.377	62.510	100.0%	FY2025 20-F Note 20

Geographic revenue is based on the location of online channels, not necessarily traveler residence or destination. No country outside Greater China exceeded 10% of revenue in 2023-2025. The key taxonomy flag is that FY2025 net revenue of RMB62.409B is after sales tax and surcharges, while product/service revenue totals RMB62.510B before RMB0.101B of sales tax and surcharges.

2. Consolidated Historicals - Five Fiscal Years

Metric	FY-5 2021	FY-4 2022	FY-3 2023	FY-2 2024	FY-1 2025	Source
Revenue (RMBB)	20.0	20.0	44.5	53.3	62.4	FMP live FY2021-FY2024; FY2025 official override
Operating income (RMBB)	-1.4	0.1	11.3	14.2	15.8	FMP live FY2021-FY2024; FY2025 official override
Operating margin (%)	-7.0%	0.4%	25.4%	26.6%	25.3%	calculated
Net income attributable (RMBB)	-0.6	1.4	9.9	17.1	33.3	FMP live FY2021-FY2024; FY2025 official override
EPS diluted (RMB)	-0.87	2.14	14.78	24.78	47.67	FMP live FY2021-FY2024; FY2025 official override
Diluted share count (M)	634.1	634.1	671.1	688.7	698.4	FMP income statement

Metric	FY-5 2021	FY-4 2022	FY-3 2023	FY-2 2024	FY-1 2025	Source
Capex (RMBB)	0.6	0.5	0.6	0.6	0.8	FMP cash-flow statement; FY2025 ties 20-F
FCF (RMBB)	1.9	2.1	21.4	19.0	13.6	FMP cash-flow statement; FY2025 ties 20-F
ROIC (%)	-0.8%	0.0%	6.3%	8.2%	8.2%	NOPAT / avg invested capital

ROIC calculation: NOPAT equals operating income after a 25% normalized statutory tax rate. Invested capital equals total debt plus total stockholders equity less cash and cash equivalents. Average invested capital uses the average of current and prior year-end invested capital. FY2025 NOPAT is RMB15.773B times 75%, or RMB11.830B; average invested capital is RMB144.783B; ROIC is 8.2%. The ROIC series uses official FY2025 debt, cash, and equity overrides from QF/QFR and live FMP for FY2020-FY2024 balance-sheet values. The headline historical pattern is a pandemic trough in 2021-2022, followed by a sharp 2023 recovery and continued revenue compounding through FY2025. FY2025 net income is not a clean operating earnings base because it includes a large investment gain; operating income and adjusted operating metrics are better anchors for forward modeling.

3. Segment Historicals - Reportable Segment

Trip.com Group single segment	FY-5 2021	FY-4 2022	FY-3 2023	FY-2 2024	FY-1 2025	Source
Revenue (RMBB)	20.0	20.0	44.5	53.3	62.4	FMP live with FY2025 official override
YoY %	n.m.	0.1%	122.1%	19.7%	17.1%	FMP live with FY2025 official override
Operating income (RMBB)	-1.4	0.1	11.3	14.2	15.8	FMP live with FY2025 official override
Operating margin (%)	-7.0%	0.4%	25.4%	26.6%	25.3%	FMP live with FY2025 official override

There is no corporate residual and no second reportable segment. Product/service lines are not reportable segments; they are revenue categories inside the one segment. The company does not disclose operating income by service line, so no product-level margin table should be built downstream unless it is clearly labeled as a model estimate.

4. Product / Sub-Segment Historicals

Segment	Product	What it is	Dollar disclosure?	Last 3 years revenue + source
Trip.com Group single segment	Accommodation reservation	Hotel and other lodging reservation commissions and related services.	Yes, revenue category disclosed in RMB	FY2023 17.3; FY2024 21.6; FY2025 26.1. Source: FY2025 20-F and Q4/FY2025 release; FY2025 exact per QF.
Trip.com Group single segment	Transportation ticketing	Air, train, bus, ferry, car, and related reservation services.	Yes, revenue category disclosed in RMB	FY2023 18.4; FY2024 20.3; FY2025 22.5. Source: FY2025 20-F and Q4/FY2025 release; FY2025 exact per QF.
Trip.com Group single segment	Packaged-tour	Packaged tours, in-destination activity products, and referral fees.	Yes, revenue category disclosed in RMB	FY2023 3.1; FY2024 4.3; FY2025 4.7. Source: FY2025 20-F and Q4/FY2025 release; FY2025 exact per QF.
Trip.com Group single segment	Corporate travel	Managed business-travel services for corporate clients.	Yes, revenue category disclosed in RMB	FY2023 2.3; FY2024 2.5; FY2025 2.8. Source: FY2025 20-F and Q4/FY2025 release; FY2025 exact per QF.
Trip.com Group single segment	Others	Advertising, financial services, car services, visa, and other travel-related services.	Yes, revenue category disclosed in RMB	FY2023 3.5; FY2024 4.6; FY2025 6.4. Source: FY2025 20-F and Q4/FY2025 release; FY2025 exact per QF.

All five service lines have dollar-disclosed annual revenue for FY2023-FY2025 in official filings. No back-solved annual product revenue is used in this data package. FMP annual product segmentation matched FY2025 and FY2024, but omitted

FY2023; the FY2025 20-F supplies FY2023 product dollars and controls the table above.

Segment	Product	Disclosure method	Last 4 quarters YoY growth	Source
Trip.com Group	Accommodation reservation	Quarterly dollars and YoY disclosed	Q1 23%; Q2 21%; Q3 18%; Q4 21%	2025 SEC 6-K releases
Trip.com Group	Transportation ticketing	Quarterly dollars and YoY disclosed	Q1 8%; Q2 11%; Q3 12%; Q4 12%	2025 SEC 6-K releases
Trip.com Group	Packaged-tour	Quarterly dollars and YoY disclosed	Q1 7%; Q2 5%; Q3 3%; Q4 21%	2025 SEC 6-K releases
Trip.com Group	Corporate travel	Quarterly dollars and YoY disclosed	Q1 12%; Q2 9%; Q3 15%; Q4 15%	2025 SEC 6-K releases
Trip.com Group	Others	Quarterly dollars disclosed in financial tables; narrative YoY not separately stated	YoY not narratively disclosed in 2025 releases	QF official quarterly table and SEC 6-K financial tables

Internal arithmetic check: FY2025 product revenue before taxes totals RMB62.510B. Accommodation RMB26.100B plus transportation RMB22.489B plus packaged-tour RMB4.688B plus corporate travel RMB2.829B plus others RMB6.404B equals RMB62.510B. Subtracting RMB0.101B of sales tax and surcharges ties to FY2025 net revenue of RMB62.409B.

5. Most Recent Quarterly Trend

Company FY ends December 31. Most recently completed fiscal quarter at time of writing: FY2025 Q4, covering October-December 2025, reported on 2026-02-25 via https://www.sec.gov/Archives/edgar/data/1269238/000119312526073204/d54719dex991.htm. QF and QFR confirmed the 2026-05-27 filing was AGM-related, not Q1 2026 financial results.

Quarter	Revenue (RMBB)	YoY %	Operating margin (%)	Source press release date
Q1 2025	13.830	16%	25.8%	2025-05-19
Q2 2025	14.843	16%	27.6%	2025-08-28
Q3 2025	18.338	16%	30.4%	2025-11-17
Q4 2025	15.398	21%	16.5%	2026-02-25

Quarter	Accommodation reservation revenue (RMBB)	YoY %	Operating margin (%)	Source press release date
Q1 2025	5.541	23%	not disclosed by service line	2025-05-19
Q2 2025	6.225	21%	not disclosed by service line	2025-08-28
Q3 2025	8.047	18%	not disclosed by service line	2025-11-17
Q4 2025	6.287	21%	not disclosed by service line	2026-02-25

Quarter	Transportation ticketing revenue (RMBB)	YoY %	Operating margin (%)	Source press release date
Q1 2025	5.418	8%	not disclosed by service line	2025-05-19
Q2 2025	5.397	11%	not disclosed by service line	2025-08-28
Q3 2025	6.306	12%	not disclosed by service line	2025-11-17
Q4 2025	5.368	12%	not disclosed by service line	2026-02-25

Quarter	Packaged-tour revenue (RMBB)	YoY %	Operating margin (%)	Source press release date
Q1 2025	0.947	7%	not disclosed by service line	2025-05-19
Q2 2025	1.079	5%	not disclosed by service line	2025-08-28
Q3 2025	1.606	3%	not disclosed by service line	2025-11-17
Q4 2025	1.056	21%	not disclosed by service line	2026-02-25

Quarter	Corporate travel revenue (RMBB)	YoY %	Operating margin (%)	Source press release date
Q1 2025	0.573	12%	not disclosed by service line	2025-05-19
Q2 2025	0.692	9%	not disclosed by service line	2025-08-28

Quarter	Corporate travel revenue (RMBB)	YoY %	Operating margin (%)	Source press release date
Q3 2025	0.756	15%	not disclosed by service line	2025-11-17
Q4 2025	0.808	15%	not disclosed by service line	2026-02-25

Quarter	Others revenue (RMBB)	YoY %	Operating margin (%)	Source press release date
Q1 2025	1.371	not narratively disclosed	not disclosed by service line	2025-05-19
Q2 2025	1.471	not narratively disclosed	not disclosed by service line	2025-08-28
Q3 2025	1.652	not narratively disclosed	not disclosed by service line	2025-11-17
Q4 2025	1.910	not narratively disclosed	not disclosed by service line	2026-02-25

Quarterly product dollars are controlled to the official SEC/HKEX tables summarized in QF. FMP quarterly product segmentation was fetched live and returned an empty array, so it cannot be used for quarterly product granularity. Section 5 therefore relies on official quarterly releases for service-line revenue and disclosed YoY growth.

6. Management Commentary on Forward Growth

Trip.com has one reportable segment, so management commentary is grouped under that segment and tagged to service-line themes. FMP transcript date checks: Q1 FY2025 transcript date 2025-05-19; Q2 FY2025 date 2025-08-28; Q3 FY2025 date 2025-11-17; Q4 FY2025 date 2026-02-25. The quotes below are intentionally short verbatim fragments, with adjacent management remarks paraphrased to preserve quote discipline while retaining source verifiability.

Segment	Source	Speaker	Verbatim quote	Topic	Interpretation
Trip.com Group	Q4 FY2025 call, 2026-02-25	James Liang, Executive Chairman	"investment priorities on three key areas"	Inbound, social responsibility, AI	Management is explicitly allocating incremental investment around inbound tourism and AI rather than treating these as side initiatives.
Trip.com Group	Q4 FY2025 call, 2026-02-25	James Liang	"structurally important growth driver"	Inbound travel	Inbound China travel is a core forward-growth vector tied to platform demand and destination economies.
Trip.com Group	Q4 FY2025 call, 2026-02-25	Jane Sun, CEO	"significant and sustainable growth cycle"	Inbound travel	CEO framed inbound travel as early-cycle, not merely a one-quarter rebound.
Trip.com Group	Q4 FY2025 call, 2026-02-25	Xiaofan Wang, CFO	"around 60% year-over-year"	International OTA bookings	International OTA platform growth remains the fastest disclosed platform-level growth marker.
Trip.com Group	Q3 FY2025 call, 2025-11-17	James Liang	"AI is a central pillar"	AI and product strategy	AI is part of the operating model for search, recommendations, service, and conversion.
Trip.com Group	Q3 FY2025 call, 2025-11-17	Xiaofan Wang	"any structural limitations to our profit margins"	Margins	CFO argues mix and efficiency, not structural caps, should drive long-run margin evolution.
Trip.com Group	Q3 FY2025 call, 2025-11-17	Jane Sun	"close to 20% from last year"	Outbound hotel and air bookings	Outbound demand remained positive even as cross-border supply normalization affected prices.
Trip.com Group	Q2 FY2025 call, 2025-08-28	James Liang	"AI remains central to our business strategy"	AI	Management sees OTA data and live inventory as advantages in travel-specific AI.
Trip.com Group	Q2 FY2025 call, 2025-08-28	James Liang	"over 100% year-over-year"	Inbound bookings	Inbound China travel growth was again triple-digit in Q2.
Trip.com Group	Q2 FY2025 call, 2025-08-28	James Liang	"surpassed 120% of 2019 volumes"	Outbound bookings	Outbound hotel and air bookings had recovered beyond pre-pandemic levels.
Trip.com Group	Q1 FY2025 call, 2025-05-19	James Liang	"fastest-growing segment"	Inbound travel	Management described inbound as the fastest-growing travel area at the beginning of 2025.

Segment	Source	Speaker	Verbatim quote	Topic	Interpretation
Trip.com Group	Q1 FY2025 call, 2025-05-19	James Liang	"AI plays a crucial role"	AI road map	AI tools such as TripGenie and Trip.Best support planning, attach, and service use cases.
Trip.com Group	Q1 FY2025 call, 2025-05-19	Jane Sun	"over 60% year-over-year"	International OTA bookings	International OTA growth was already strong in Q1 before later 2025 expansion.

Management commentary implications: first, the growth algorithm is shifting from domestic recovery toward international OTA scale, inbound China travel, outbound travel, and AI-assisted conversion/service. Second, the service-line data support this: FY2025 accommodation grew 21%, transportation grew 11%, corporate travel grew 13%, and others grew 38% on the official annual product split. Third, margin guidance is qualitative rather than numeric; CFO did not provide a 2026 margin target, so downstream models should not hard-code a management-guided margin expansion rate. Fourth, the company continues to invest in brand, localization, APAC expansion, mobile traffic, and AI infrastructure; these should be treated as reinvestment needs against near-term margin upside. Quote gaps: no separate investor-day or capital-markets-day transcript was found in this run. Section 6 therefore uses the last four earnings calls, the Q4/FY2025 release, and FY2025 20-F strategy language. The company does not provide service-line forward revenue guidance in RMB by product.

7. Capital Allocation History

Year	Capex (RMBB)	Capex / revenue (%)	R&D/Product development (RMBB)	R&D / revenue (%)	Buybacks (RMBB)	Dividends (RMBB)	M&A net cash outflow (RMBB)	Source
2021	0.6	2.9%	9.0	44.9%	0.0	0.0	0.0	FMP cash flow; FY2025 20-F/QF for product development and capital return
2022	0.5	2.5%	8.3	41.6%	0.0	0.0	0.0	FMP cash flow; FY2025 20-F/QF for product development and capital return
2023	0.6	1.4%	12.1	27.2%	1.6	0.0	0.0	FMP cash flow; FY2025 20-F/QF for product development and capital return
2024	0.6	1.1%	13.1	24.7%	2.2	0.0	-1.2	FMP cash flow; FY2025 20-F/QF for product development and capital return
2025	0.8	1.3%	15.1	24.2%	4.4	1.4	0.8	FMP cash flow; FY2025 20-F/QF for product development and capital return

Capital allocation notes: Trip.com is not capital intensive; capex stayed around RMB0.5B-RMB0.8B annually, less than 4% of revenue in each of the last five years and only 1.3% of FY2025 revenue. The main reinvestment line is product development, which was RMB15.1B in FY2025, or 24.2% of net revenue. The company adopted a regular capital return policy in November 2023. FY2025 cash-flow data show RMB4.396B of share repurchases and RMB1.423B of dividends paid. The 20-F also discloses 10.0 million ADSs repurchased in 2025 for gross consideration of US$613M and a declared cash dividend of US$0.30 per ordinary share or ADS.

8. Balance Sheet Snapshot - FY2025

Item	RMBB	Source
Cash, cash equivalents and restricted cash	46.451	FY2025 20-F and Q4/FY2025 release
Short-term investments	32.007	FY2025 20-F and Q4/FY2025 release
Held-to-maturity deposits and financial products	27.302	FY2025 20-F investment footnote
Total debt current plus long-term	30.765	FY2025 20-F official override
Net debt (cash), cash plus short-term investments only	(47.693)	calculated as debt less cash and short-term investments

Item	RMBB	Source
Net debt / EBITDA	(2.8x)	calculated using FY2025 EBITDA estimate of RMB16.868B
Goodwill plus intangibles	75.320	FY2025 20-F and FMP balance sheet cross-check
Tangible book value	95.498	Trip.com equity 170.818 less goodwill plus intangibles 75.320
Total assets	267.387	FY2025 20-F official override
Trip.com shareholders equity	170.818	FY2025 20-F official override

Liquidity is very strong. Cash plus short-term investments plus held-to-maturity deposits and financial products totaled RMB105.760B at 2025-12-31, against total debt of RMB30.765B. Using only cash and short-term investments, Trip.com had RMB47.693B of net cash; including held-to-maturity products, net cash was RMB74.995B. The balance sheet therefore leaves room for continued AI/product investment, APAC expansion, buybacks, and dividends, though PRC/VIE cash-transfer restrictions and regulatory scrutiny remain relevant risk flags.

9. Recent Corporate Actions - Last 12 Months

- 2026-05-27: SEC 6-K announced the annual general meeting for 2026; QF/QFR confirmed it was not a Q1 2026 financial release.
- 2026-04-28: Trip.com filed its FY2025 Form 20-F with SEC; the filing confirmed one reportable segment and FY2025 official statements.
- 2026-02-25: Q4/FY2025 results announced; FY2025 net revenue RMB62.409B, product/service revenue before tax RMB62.510B, and FY2025 net income attributable RMB33.294B.
- 2026-02-25: Board composition changed. Min Fan resigned as director and president, Qi Ji resigned as director, and May Yihong Wu plus Iris Yang Xiao were appointed independent directors.
- 2026-01: Company disclosed receipt of an investigation notice from SAMR under the PRC Anti-monopoly Law; the company said operations remained normal and it was cooperating.
- 2026-03: FY2025 20-F subsequent-events note disclosed a putative securities class action in the Eastern District of New York naming the company and certain officers/directors.
- 2025: Company sold approximately 34 million Class B shares of MakeMyTrip for total consideration of US$3.0B and recorded an RMB15.2B gain.
- 2025: Company completed additional shareholder returns, including US$613M gross ADS repurchases and a US$0.30 per share/ADS cash dividend declared in March 2025.

Modeling Handoff Notes

The controlling TTM period is FY2025 because Trip.com is a calendar-year issuer and the latest official financial release available in this run was Q4/FY2025. Do not roll the TTM period into 2026 unless a later official Q1 2026 release is fetched and verified. The 2026-05-27 release on the Trip.com IR page and SEC filing trail is an annual-general-meeting notice. Treating it as a financial release would break the QF/QFR anchor and would pull the model into an unsupported period.

Service-line mix matters for forward work even though official segment count is one. Accommodation reservation was 41.8% of FY2025 service revenue before sales tax, transportation ticketing was 36.0%, packaged-tour was 7.5%, corporate travel was 4.5%, and others was 10.2%. The largest two lines therefore represented 77.8% of service revenue. Accommodation had the strongest large-line FY2025 growth at 21% year over year, while transportation grew 11%. Packaged-tour grew 8%, corporate travel grew 13%, and others grew from RMB4.626B to RMB6.404B, or 38.4%, but the company does not give enough narrative granularity to determine how much of others growth came from advertising, financial services, car services, visa services, or other travel-related products.

Quarterly seasonality is material. Q3 was the largest FY2025 revenue quarter at RMB18.338B and had the highest quarterly operating margin at 30.4%, while Q4 revenue declined sequentially to RMB15.398B and operating margin fell to 16.5%. Management attributed Q4 sequential declines across major travel lines primarily to seasonality. Any run-rate model that annualizes Q3 margins will overstate normalized profitability. Any model that annualizes Q4 margins will likely understate

peak-season economics. For forward assumptions, use a full-year margin bridge unless explicitly modeling quarterly seasonality.

Capital allocation should be interpreted through net cash and reinvestment intensity. FY2025 capex was only RMB0.797B, but product development was RMB15.1B and sales and marketing was RMB14.9B according to the Q4/FY2025 release. That means the key investment debate is not physical capital intensity; it is how much product development, AI tooling, service operations, localization, and brand spending are required to sustain international and inbound growth. Shareholder returns resumed through a regular capital return policy, but management commentary still points to growth investment in APAC, inbound travel, and AI.

Risk flags for downstream subagents: the SAMR investigation was disclosed after year-end and remains unresolved in the sources fetched here; the company also disclosed a putative securities class action filed in March 2026. Neither item is quantified in the financial statements. The VIE structure remains important for legal and cash-movement risk because Trip.com is a Cayman holding company with PRC operating entities and VIEs. These items do not change the historical revenue tables, but they should appear in qualitative risk and multiple/discount-rate work.

10. Open Data Gaps

- FMP annual income-statement FY2025 differs from official SEC/HKEX values by up to RMB1.700B on net revenue. This package follows QF/QFR and uses official FY2025 values as controlling numbers.
- FMP quarterly product segmentation returned an empty array. Quarterly product dollars and YoY growth are therefore sourced from official 2025 SEC 6-K/HKEX releases.
- FMP annual product segmentation omitted FY2023. The FY2025 20-F provides official FY2023 product/service revenue and controls the three-year service-line table.
- Trip.com discloses one reportable segment only. No service-line operating income, margin, assets, or capex are separately disclosed. Any downstream product margin must be a model estimate.
- Others revenue is dollar-disclosed in official financial tables, but recent quarterly narrative releases do not provide a separate YoY growth sentence for Others. This package does not back-solve Others YoY.
- No recent investor-day or capital-markets-day transcript was found in this run. Section 6 uses last four earnings calls, the Q4/FY2025 release, and FY2025 20-F language.
- The Trip.com IR news releases page timed out via PowerShell but opened through Codex web. SEC and HKEX primary sources were fetched directly and used as controlling evidence.
- FY2025 net income includes a large MakeMyTrip-related investment gain. Forward earnings work should anchor on operating income, adjusted net income, or normalized net income rather than reported FY2025 GAAP net income alone.

Self-Verification Checks

Check	Live source used in this run	Result
Largest service-line recent growth	Q4/FY2025 SEC 6-K Exhibit 99.1 and Trip.com IR web open	Accommodation reservation Q4 FY2025 revenue RMB6.3B and YoY 21% found.
Management quote date check	FMP earning-call-transcript endpoint for FY2025 Q4	Transcript date 2026-02-25, matching Q4/FY2025 call window.
Most recent full-year revenue	FMP stable income-statement annual plus official SEC/HKEX override	PASS with official override: FMP showed RMB60.709B vs official RMB62.409B, a 2.7% gap; official override disclosed per QF/QFR.