

OMSR/OSIE STRUCTURAL TRAJECTORY REPORT

China Evergrande Group (2016 → 2018 → 2019)

Prepared by MyOmni Institute

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Executive Overview

This report evaluates China Evergrande Group across three consecutive operational years (2016, 2018, 2019) using the OMSR/OSIE structural analysis framework.

OMSR/OSIE does not measure solvency, profitability, valuation, or shareholder outlook.

It measures structural economic behavior — whether a system increases or reduces economic burden as it scales.

Across all three examined years, Evergrande demonstrates:

- persistent structural leakage
- deteriorating resource conversion
- rising risk displacement
- increasing systemic fragility
- an accelerating collapse trajectory

The system was architecturally unstable as early as 2016, deteriorating further by 2018, and fully locked into a collapse path by 2019.

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1. Year-by-Year Composite Scores (Narrative Summary)

2016 recorded an ELI score of –87, a PEI score of –36, and a PLD score of –86, producing an overall OSIE composite score of –54.

This reflects a High-Risk Extractor profile.

2018 deteriorated to an ELI score of –90, a PEI score of –40, and a PLD score of –88, resulting in a composite score of –57.

This indicates a Severe Extractor profile.

2019 reached an ELI score of –92, a PEI score of –41, and a PLD score of –89, for a final composite score of –58.

This places Evergrande firmly in the category of Systemic Fragility Amplifier.

Across the entire period, leakage increased, efficiency worsened, and portfolio fragility deepened every year.

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2. Structural Analysis — 2016 Baseline Year

2.1 ELI (2016): –87 — Severe Leakage

Key indicators included:

- Land reserves reached 205 million sqm, exceeding infrastructure capacity.
- Pre-sale activity increased household financial exposure.
- Contracted GFA significantly exceeded completed GFA.
- Municipalities carried substantial upfront infrastructure burden.
- The model depended on perpetual expansion for solvency.

Verdict: A leakage-dominant architecture was already in place.

2.2 PEI (2016): –36 — Inefficient Extractor

Primary drivers:

- 44 million sqm were sold, but only ~23 million sqm completed — a widening delivery gap.
- Capital deployment emphasized acquisition and initiation rather than completion.
- No meaningful operational or technical innovation.

- High revenue contrasted sharply with low delivered output.

Verdict: Inefficiency embedded in the core model; delivery failures were predictable.

2.3 PLD (2016): –86 — High Leakage Exposure

Characteristics:

- Portfolio dominated by pre-sale real estate.
- Exposure spread across multiple provinces, producing correlated fragility.
- Municipal land-financing reliance was already structurally integrated.

Verdict: Portfolio unable to absorb cyclical stress.

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3. Structural Analysis — 2018 Escalation Phase

3.1 ELI (2018): –90 — Leakage Intensifies

Continuation and escalation of 2016 patterns:

- Further accumulation of land banks.
- Pre-sales expanded without proportional delivery.
- Municipal strain increased.
- Hidden liabilities grew substantially.

Verdict: Leakage accelerated; negative dynamics became self-reinforcing.

3.2 PEI (2018): –40 — Conversion Efficiency Deteriorates

Emerging signals:

- Backlog expanded rapidly.
- Asset productivity declined.
- Innovation profile remained zero.
- More capital was absorbed by interest and refinancing than by construction.

Verdict: Efficiency weakened significantly.

3.3 PLD (2018): -88 — Fragility Amplifies

Portfolio remained highly concentrated in:

- property development
- regionally correlated markets
- leverage-dependent financing channels

Verdict: Fragility increased across all structural vectors.

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4. Structural Analysis — 2019 Pre-Collapse State

4.1 ELI (2019): -92 — Severe Leakage

Structural pressure reached its peak:

- Infrastructure burden became unsustainable at scale.
- Undelivered units elevated household systemic risk.
- Municipalities absorbed increasing implicit liabilities.
- Total liabilities (including ecosystem exposure) exceeded RMB 1.8 trillion.

Verdict: Collapse trajectory fully set.

4.2 PEI (2019): -41 — Deep Structural Inefficiency

Key observations:

- Revenue reached RMB 477B, but delivered output remained flat.
- Productivity gap widened.
- Capital allocation grew more inefficient year over year.
- No modernization or efficiency improvements emerged.

Verdict: Structural inefficiency fully exposed.

4.3 PLD (2019): -89 — Maximum Portfolio Fragility

Core drivers:

- Extreme portfolio concentration persisted.
- Reliance on pre-sales and leverage intensified.
- National contagion exposure formed (~2% of China's GDP footprint).

Verdict: Portfolio reached maximum fragility.

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5. Multi-Year Interpretation — Structural Trajectory (2016 → 2019)

Evergrande moved through three phases:

- 2016: Structurally unstable
- 2018: Actively deteriorating
- 2019: Systemic collapse vector

All indicators deteriorated:

- ELI: -87 → -90 → -92
- PEI: -36 → -40 → -41
- PLD: -86 → -88 → -89
- Composite: -54 → -57 → -58

Evergrande did not record a single structurally stable year.

- By 2016, collapse was probable.
- By 2018, collapse was likely.
- By 2019, collapse was inevitable.

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6. Structural Conclusion

Under OMSR/OSIE criteria:

- Evergrande ranks in the bottom 1% globally for structural stability.

- The system operated as a persistent negative-sum architecture.
- Growth produced increasing burden, not capacity.
- Collapse was structurally embedded years before financial distress surfaced.

Evergrande represents one of the clearest modern examples of structural extraction.

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This report is an independent structural assessment prepared using the OMSR/OSIE framework. It reflects interpretation of publicly available operational, economic, and industry data at the time of publication.

This document does not constitute:

- investment advice
- legal guidance
- financial forecasting
- predictive certainty
- allegations of wrongdoing

All findings represent macro-structural analysis and do not evaluate solvency, creditworthiness, or market value.

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