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Sector – Update | Greater China

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China Property Management

Housing Provident Fund Reform Extends Withdrawals To Renovation And Property Fees; A Collection And Decoration Catalyst For Residential Managers

Highlights

- The State Council promulgated the amended HPF Regulations on 18 Aug 26, effective 20 Sep 26. Withdrawal purposes rise from six to nine, adding renovation of owner-occupied housing, property management fees and other housing consumption approved by the State Council.
- The property fee channel addresses collection: The Top 100 average collection rate fell from 94.2% in 2021 to 87.3% in 2025 while fee pricing was flat. The renovation channel addresses demand for decoration inside community VAS and COPH carries the largest exposure at 46.7% of community VAS.
- The 15th property management Five-Year Plan targets a full-lifecycle housing safety system. The HPF reform is the funding leg of this agenda: Extending withdrawals to renovation and property fees now covers the full “buy, rent, renovate and maintain” lifecycle, supporting property managers’ fee collection, decoration and rental businesses over the long term. Maintain UNDERWEIGHT on the property management sector, with CR Mixc as our top pick. We would re-rate the sector on stronger-than-expected take-up of the two new purposes.

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UNDERWEIGHT (Maintained)

Segmental Rating

Segment	Rating
China Property	UNDERWEIGHT (Maintained)
Property management	UNDERWEIGHT (Maintained)

Source: Bloomberg, UOB Kay Hian

Sector Picks

Company	Ticker	Rec	Share Price (HK$)	Target Price (HK$)
CR Mixc	1209 HK	BUY	41.20	55.00

Source: Bloomberg, UOB Kay Hian

Analysis

- **Adding renovation of own home and property fee in housing provident fund (HPF) withdrawals.** The State Council promulgated the amended Regulations on the Administration of Housing Provident Fund on 18 Aug 26, effective 20 Sep 26. Withdrawal purposes rise from six to nine, adding renovation of owner-occupied housing, payment of property management fees on owner-occupied housing, and other housing consumption approved by the State Council. Withdrawal applications no longer need the employer to verify the claim or issue a certificate.

HPF Withdrawals By Purpose (% OF TOTAL)

% of total	2021	2022	2023	2024	2025F	2026F	2027F	2028F
Home purchase / mortgage	75.4	71.6	66.4	64.8	62.6	59.3	55.8	52.9
Rental housing	6.2	7.1	7.6	9.8	12.6	15.8	17.7	19.9
Renovation of own home	0.0	0.0	0.0	0.0	0.0	0.4	2.2	3.1
Property fees	0.0	0.0	0.0	0.0	0.0	0.8	1.6	2.1
Other housing consumption	0.6	0.5	0.4	0.4	0.4	0.4	0.4	0.3
Housing consumption	82.2	79.2	74.5	75.2	75.8	76.8	77.9	78.7
Non-housing consumption	17.8	20.8	25.5	24.8	24.2	23.2	22.1	21.3
Total withdrawals (Rmb b)	2,032	2,136	2,656	2,765	2,891	3,086	3,312	3,529

Source: MOHURD, MOF, PBOC, UOB Kay Hian

Peer Comparison

Company	Ticker	Rec	Price 21 Aug 26 (HK$)	Target Price (HK$)	Upside To TP (%)	Last Year End	PE 2024 (x)	PE 2025F (x)	PE 2026F (x)	Yield 2025F (%)	ROE 2025F (%)	Market Cap. (HK$m)	Price/ NAV ps (x)
CR Mixc Lifestyle	1209 HK	BUY	41.20	55.00	33.5%	12/25	20.4	18.4	16.5	6.0	26.6%	94,221.6	5.0
China Overseas Property Holdings	2669 HK	BUY	3.62	4.20	16.0%	12/25	7.4	8.2	8.3	5.2	18.5%	11,707.3	1.5

Source: Bloomberg, UOB Kay Hian

- **Currently, rental is the fastest-growing component of housing consumption withdrawals.** National withdrawals rose from Rmb1.63t in 2019 to Rmb2.77t in 2024. Over the same period, the share of home purchase, construction and mortgage repayment fell from 74.9% to 64.8%, rental housing rose from 5.8% to 9.8%, and non-housing consumption, mainly retirement, rose from 18.3% to 24.8%. Rental housing withdrawals rose 33.9% yoy to Rmb272.1b in 2024, in contrast, home purchase and mortgage repayment grew just 1.7% yoy to Rmb1,792.8b.
- **The two new purposes should lift housing consumption's share of total withdrawals.** A wider usage scope should improve utilisation of that stock of funds and support housing consumption, lifting the share of housing consumption in total withdrawals. The share for housing consumption has declined in recent years, from a peak of 82.2% in 2021 to 75.2% in 2024. We expect it to gradually recover to 78.6% by 2028 as the two new purposes ramp up.
- **We forecast the two new purposes at Rmb183.8b by 2028, or 5.2% of national HPF withdrawals.** We model each new purpose from the number of contributors, a take-up rate and an average withdrawal. Based on our conservative assumptions on withdrawers, the two purposes together reach Rmb36.8b in 2026, Rmb125.5b in 2027 and Rmb183.8b in 2028, or 1.2%, 3.8% and 5.2% of national withdrawals. Home purchase and mortgage repayment falls to 52.9% of withdrawals by 2028, 22.0ppt below its 2019 share, while rental, renovation and property fees together reach 25.1%. The fund is shifting from financing mainly home purchases to covering the whole housing lifecycle.

A Forecast For The Two New Purposes For HPF Withdrawal

	2026F	2027F	2028F
Renovation: withdrawers as % of contributors [a1]	0.3%	2.0%	3.0%
Renovation: average withdrawal per withdrawer (Rmb)[b1]	20,000	20,000	20,000
HPF contributors (m people) [c]	180	182	185
Renovation: total withdraw (Rmbb) [a1*c*b1/1000]	10.8	72.9	110.7
Property fees: withdrawers as % of contributors [a2]	4.0%	8.0%	11.0%
Property fees: average withdrawal per withdrawer (Rmb) [b2]	3,600	3,600	3,600
HPF contributors (m people) [c]	180	182	185
Property fees: total withdraw (Rmbb) [a2*c*b2/1000]	25.9	52.5	73.1

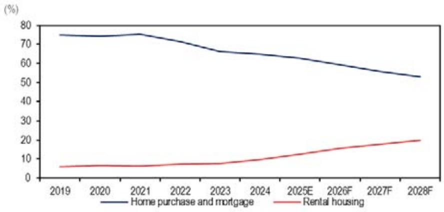
Source: UOB Kay Hian

a) **The property fee channel is a collection and cash flow catalyst, not a price catalyst.** At our assumed 2028 take-up, property fee withdrawals of Rmb73.1b would cover a full year of fees for about 20m households at Rmb3,600 each, roughly one year of fees on a 100 sqm unit at Rmb3.0/sqm per month. We believe withdrawing HPF to pay property fees will effectively ease collection pressure for property managers, where the Top 100 average collection rate has declined by 6.9ppt over the past five years, from 94.2% in 2021 to 87.3% in 2025. Funding the fee from a household's own provident fund account directly addresses the collection constraint.

b) **Receivables and operating cash flow are where the benefits should show.** Receivable pressure remained elevated in 1H26. COPH's trade and retention receivables rose 23.7% yoy to Rmb3,980m, with receivable days nine days longer at 82.5, while Onewo's net trade receivables rose 16.6% from end-25 to Rmb7,002m. The rise in the share of urban public space management projects, together with broader macroeconomic pressure, were the main reasons for the increase in account receivable (AR) days, in our view. We expect the HPF reform to ease collection pressure on residential property management fees and support an improvement in operating cash flow.

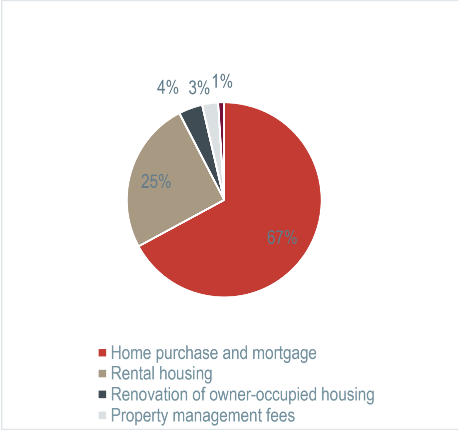
c) **Renovation is a demand catalyst for the decoration business inside community value added services (VAS).** At our assumed take-up, renovation withdrawals rise from Rmb10.8b in 2026 to Rmb110.7b in 2028, with 3.0% of contributors, or about 5.5m households, withdrawing

Trend Of Proportion Of Home Purchases And Rental Housing



Source: HPF report, UOB Kay Hian

Structure Of Housing Consumption In 2028F



Source: Bloomberg, UOB Kay Hian

Top 100 Fee Collection Rate

Year	Collection rate (%)	Fee price index
2021	94.2	1,074.7
2022	93.5	1,075.5
2023	92.7	1,075.7
2024	88.2	1,075.4
2025	87.3	1,073.2

Source: CREIC, UOB Kay Hian

an average Rmb20,000 each by 2028. Our Rmb20,000 average withdrawal is set well below the Rmb250,000 cap Beijing published on 7 August, which permits one renovation withdrawal per housing unit every 10 years. The renovation channel should lift demand for the decoration business inside community VAS.

d) **Renovation exposure varies sharply across the major property management companies.** Renovation-related services made up 3.80% of COPH's 2025 total revenue and 46.7% of its community VAS, the highest of listed major names, versus 1.49% and 29.1% at Onewo, 1.57% and 11.5% at Poly, and 0.60% and 9.7% at CR Mixc. On this basis, COPH is the largest potential beneficiary of the renovation channel.

Renovation And Decoration Revenue As A Share Of Total Revenue At Major Property Management Companies, 2025

Rmb m (2025)	Onewo Inc.	China Overseas	Poly	CR Mixc
Ticker	2602 HK	2669 HK	6049 HK	1209 HK
Revenue-Renovation-related services	556	569	269	108
Total revenue	37,272	14,960	17,126	18,022
Revenue-community VAS	2,400	1,219	2,340	1,117
% of total revenue	1.49%	3.80%	1.57%	0.60%
% of community VAS	23.2%	46.7%	11.5%	9.7%

Source: Annual report, UOB Kay Hian

- **The reform matters more for the sector's long-term growth than for its near-term cash flow.** While the property management 14th Five-Year Plan focused on basic community services, the 15th Five-Year Plan targets a full-lifecycle housing safety system and a housing pension scheme. The HPF reform is the funding leg of this agenda: Extending withdrawals to renovation and property fees now covers the full 'buy, rent, renovate and maintain' lifecycle, supporting property managers' fee collection, decoration and rental businesses over the long term. Together with a Housing Maintenance Fund (HMF), the reform should remain a potential growth driver for the sector, as greater HMF use and more active secondary home transactions spur upgrading demand and boost VAS.

Valuation/Recommendation

- **Maintain UNDERWEIGHT on the property management sector.** The reform is a genuine catalyst, but it does not change fee pricing, third-party competition or the pace of newly signed contract GFA growth, and 2027 is the first full year of impact. We maintain UNDERWEIGHT and would re-rate the sector if there are signs of stronger-than-expected participation in the new schemes. Our top pick remains CR Mixc for its strong shopping mall expansion growth and steady double-digit annual profit growth expected through the 15th Five-Year Plan.

Sector Catalyst/Risk

- **Catalysts**: City implementing rules for the amended Regulations.
- **Risks**: Implementing rules that cap the property fee withdrawal or restrict it to one property; slow build-out of direct payment channels to property managers; and weak community VAS demand outweighing the renovation channel.