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Issuer: Livingstone Health Holdings Limited

Stock code: PRH

Meeting details:

Date: 27 July 2023

Time: 10.00 a.m.

Venue: 1 Robinson Road, #21-00 AIA Tower, Singapore 048542

Q1. The group achieved its second consecutive profitable year under Livingstone Health Holdings Limited, despite a decline in revenue to \$32.9 million in FY2023. The revenue growth in the Internal Medicine, Anaesthesiology & Pain Management, and Orthopaedic Surgery segments was partially offset by a decrease in revenue from the Aesthetics & Wellness and Family Medicine segments. It should be noted that the Family Medicine segment had witnessed higher sales in the previous year due to vaccine-related sales.

- (i) Has the group realised any synergies from cross-selling its medical services as the network expands? How does management incentivise or encourage referrals to clinics within the group?**
- (ii) Can the board elaborate further on the group's growth plans? Specifically, how does the group attract doctors and/or medical groups to join Livingstone when there is significant competition from other healthcare groups seeking expansion opportunities?**
- (iii) What is the target patient group for the Aesthetics & Wellness segment (Cove Aesthetic Clinic)? Does the segment serve foreign patients who travel to Singapore for aesthetics services? If so, how is the group capitalising on the return of tourists to Singapore?**
- (iv) What is the impact, or the potential impact, from the Healthier SG initiative for the Family medicine segment (Phoenix)?**

Q2. Despite revenue decreasing from \$34.1 million to \$32.9 million, trade receivables increased from \$5.9 million to \$6.9 million as at 31 March 2023.

12. Trade receivables

	Group		Company	
	2023	2022	2023	2022
	S\$	S\$	S\$	S\$
Third parties	6,080,822	5,964,051	–	–
Related party	838,140	–	–	–
Unbilled receivables	77,420	–	–	–
Less: Loss allowance (Note 32)	(138,693)	(58,711)	–	–
	6,857,689	5,905,340	–	–

(Source: company annual report; emphasis added)

- (i) **Given that the group is principally in the business of operating medical clinics, can management provide further details regarding the nature of the trade receivables, which amount to a significant \$6.1 million as at 31 March 2023?**
- (ii) **In addition, can management shed light on the reasons behind the outstanding trade receivables with the related party?**

In addition, there has been a significant increase in the amount of gross trade receivables that have been past due for more than 180 days over the past two years. By referring to the aging schedules compiled from previous annual reports, it appears that an amount exceeding \$1 million may have remained past due for over two years.

The loss allowance for trade receivables are determined as follows:

	Current	Past due more than 1 to 30 days	Past due more than 31 to 60 days	Past due more than 61 to 90 days	Past due more than 91 to 180 days	Past due more than 180 days	Total
Group							
31 March 2023							
Expected credit loss rates	0%	0%	0%	0%	0%	10.0%	
Trade receivables (gross) (S\$)	2,079,452	1,308,294	800,706	393,380	1,021,090	1,393,460	6,996,382
Loss allowance (S\$)	–	–	–	–	–	(138,693)	(138,693)
31 March 2022							
Expected credit loss rates	0%	0%	0%	0%	0%	4.8%	
Trade receivables (gross) (S\$)	532,146	1,741,962	1,105,574	598,522	767,266	1,218,581	5,964,051
Loss allowance (S\$)	–	–	–	–	–	(58,711)	(58,711)
31 March 2021							
Expected credit loss rates	0%	0%	0%	0%	0%	5.8%	0.3%
Trade receivables (gross) (S\$)	2,136,124	875,998	382,298	245,688	524,882	264,124	4,429,114
Loss allowance (S\$)	–	–	–	–	–	(15,246)	(15,246)

(Compiled from company annual reports)

- (iii) Can the company provide an upper limit and use appropriate bands to illustrate the aging of the trade receivables? Please also provide a breakdown of the \$1.4 million amount that is past due as at 31 March 2023 (or 30 June 2023).
- (iv) What are the underlying reasons for the outstanding trade receivables? What are the profiles of customers with long outstanding debt?
- (v) What is the AC's view on the use of 10% as the expected credit loss rate given the circumstances?

Q3. The board comprises one executive director, one non-independent non-executive chairman and three independent directors. The biographies of the directors can be found on pages 4 and 5 of the annual report.

With the exception of Dr Wilson Tay, who serves as both an executive director and the chief executive officer of the company, there are no other directors on the board who possess a medical background.

- (i) **Considering that none of the board members, apart from Dr. Wilson Tay, have experience managing or working in a medical facility or in any medical capacity, how effective is the board in providing guidance on operational and medical-related matters?**
- (ii) **Would the board be re-evaluating the board composition, board diversity and the competency gaps in the board?**

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

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