

**Netccentric Limited**  
**Appendix 4D**  
**Half-year report**

**1. Company details**

Name of entity:	Netccentric Limited
ARBN:	605927464
Current reporting period:	For the half-year ended 30 June 2018
Previous reporting period:	For the half-year ended 30 June 2017

**2. Results for announcement to the market**

			<b>S\$</b>
Revenue from ordinary activities	down	24% to	4,218,705
Loss from ordinary activities after tax attributable to the owners of Netccentric Limited	down	59% to	(583,539)
Loss for the half-year attributable to the owners of Netccentric Limited	down	59% to	(583,539)

*Dividends*

There were no dividends paid, recommended or declared by Netccentric Limited during the current reporting period.

*Comments*

The loss, net of tax for the group amounted to \$512,986 (30 June 2017: loss, net of tax of \$1,488,752).

**3. Net tangible assets**

	<b>Reporting period Cents</b>	<b>Previous period Cents</b>
Net tangible assets ("NTA") per ordinary share	<u>1.93</u>	<u>2.41</u>

**4. Dividends**

There were no dividends paid, recommended or declared during the current and previous reporting period.

**5. Details of associates and joint venture entities**

<b>Name of associate / joint venture</b>	<b>Reporting entity's percentage holding</b>		<b>Contribution to profit/(loss) (where material)</b>	
	<b>Reporting period %</b>	<b>Previous period %</b>	<b>Reporting period S\$</b>	<b>Previous period S\$</b>
Nuffnang Philippines Inc	40.00%	40.00%	N.M.	N.M.
<i>Group's aggregate share of associates and joint venture entities' loss (where material)</i>				
Loss from ordinary activities before income tax			(24,363)	(46)

N.M. – Not material to the group.

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**6. Details of entities over which control has been gained or lost during the period**

Nuffnang Ltd – Entity was struck off on 30 January 2018.

Nuffnang ECPOD Holding Limited – Additional 37% shares were acquired from minority interest ECPOD Company Limited on 31 May 2018, increasing the shareholding of Netccentric Limited to 100%.

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**7. Audit qualification or review**

*Details of review dispute or qualification:*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Financial Statements.

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**8. Attachments**

*Details of attachments:*

The Interim Financial Statements of Netccentric Limited for the half-year ended 30 June 2018 are attached.

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**9. Signed**



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Desmond Kiu  
Chief Executive Officer

Date: 30 August 2018

# **NETCENTRIC LIMITED**

(Incorporated in Singapore. Registration Number: 200612086W)

## **and its subsidiaries**

ARBN 605927464

### **Interim Financial Statements**

**for the six months ended 30 June 2018**

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**Netccentric Limited**  
**Directors' Report**  
**30 June 2018**

The directors of the company are pleased to present their report together with the financial statements of the consolidated entity (referred to hereafter as the "group") consisting of Netccentric Limited (referred to hereafter as the "company" or "parent entity") and its controlled entities for the six-month reporting period ended 30 June 2018.

## **Directors**

The directors of the company in office during the reporting period and at the date of this report are:

Tiah Ewe Tiam  
David Chiam Joy Yeow  
Joanne Khoo Su Nee  
Martyn Thomas (resigned 7 May 2018)

## **Principal activities**

During the period, the principal continuing activities of the consolidated entity consisted of:

- Development of other software and programming platforms to engage consumers;
- Online advertising; and
- Connecting businesses to promote products and services of advertisers with consumers through with bloggers and social media influencers.

## **Review of operations (in \$SG)**

Group revenue for H1 2018 was \$4.22 million (H1 2017: \$5.53 million). The decrease was largely due to the impact of disposing all our interests in Nuffnang Australia as well as Singapore-based Ripplewerkz and AroiMakMak in H2 2017. We have also disposed our interests in Nuffnang UK in January 2018. Furthermore, in H2 2017, Nuffnang Singapore was down-sized and operations in our China market have ceased. These entities (with the exception of Nuffnang Singapore) contributed a total revenue of \$1.69 million in H1 2017. Note 2 to the accounts details the geographical spread of group revenue.

Despite the overall reduction in revenue, there was a \$0.35 million improvement in cash outflows, with cash used in operating activities reducing from \$1.41 million in H1 2017 to \$1.06 million in H1 2018. In line with the decrease in revenue due to the disposal of some entities, administrative and operating expenses as well as employee benefits also decreased accordingly.

The group's loss before income tax during H1 2018 was \$0.50 million, an improvement of \$0.96 million from H1 2017. The loss in H1 2018 was further attributed by a one-off non-cash loss on disposal of an unprofitable subsidiary, namely Nuffnang Ltd (United Kingdom), amounting to \$0.14 million. However, a \$0.15 million foreign exchange gain has been reported in the period due to the appreciation of foreign currencies against the functional currency.

## **Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the consolidated entity during the reporting period.

This report is made in accordance with a resolution of Board of Directors.

On behalf of the Board of Directors



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Tiah Ewe Tiam  
Director

30 August 2018



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David Chiam Joy Yeow  
Director

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**Netccentric Limited**

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**30 June 2018**

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**General information**

The financial statements cover Netccentric Limited as a consolidated entity consisting of Netccentric Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Singapore dollars, which is Netccentric Limited's functional and presentation currency.

Netccentric Limited is a listed public company limited by shares, incorporated and domiciled in Singapore. Its registered office and principal place of business are:

**Registered office**

18 Roberts Lane  
#04-01 Goodland Building  
Singapore 218297

**Principal place of business**

18 Roberts Lane  
#04-01 Goodland Building  
Singapore 218297

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 August 2018.

**Netccentric Limited**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the half-year ended 30 June 2018**

		<u>Group</u>	
	Note	<u>30 Jun 2018</u>	<u>30 Jun 2017</u>
		\$	\$
Revenue	3	4,218,705	5,528,568
Cost of sales		<u>(2,319,910)</u>	<u>(2,941,679)</u>
<b>Gross profit</b>		1,898,795	2,586,889
Interest income		18,636	38,788
Other gains	4	225,295	164,593
Administrative and operating expenses	5	(683,001)	(1,069,935)
Employee benefits expense		(1,789,512)	(2,972,239)
Other losses	4	(140,580)	(211,651)
Finance costs		(7,238)	-
Share of loss from equity-accounted associates		<u>(24,363)</u>	<u>(46)</u>
Loss before income tax		(501,968)	(1,463,601)
Income tax expense		<u>(11,018)</u>	<u>(25,151)</u>
Loss, net of tax		<u>(512,986)</u>	<u>(1,488,752)</u>
<b>Other comprehensive loss:</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translating foreign operations, net of tax		<u>(36,636)</u>	<u>(190,605)</u>
<b>Other comprehensive loss, net of tax</b>		<u>(36,636)</u>	<u>(190,605)</u>
<b>Total comprehensive loss</b>		<u>(549,622)</u>	<u>(1,679,357)</u>
<b>Loss for the period attributable to:</b>			
Owners of the parent		(583,539)	(1,432,075)
Non-controlling interests		70,553	(56,677)
<b>Loss, net of tax</b>		<u>(512,986)</u>	<u>(1,488,752)</u>
<b>Total comprehensive loss for the period attributable to:</b>			
Owners of the parent		(620,171)	(1,624,033)
Non-controlling interests		70,549	(55,324)
<b>Total comprehensive loss</b>		<u>(549,622)</u>	<u>(1,679,357)</u>
<b>Loss per share</b>		<u>Cents</u>	<u>Cents</u>
Basic and diluted	9	<u>(0.22)</u>	<u>(0.55)</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

**Netccentric Limited**  
**Consolidated Statement of Financial Position**  
**As at 30 June 2018**

	<u>Group</u>	
Note	<u>30 Jun 2018</u>	<u>31 Dec 2017</u>
	\$	\$
<b>ASSETS</b>		
<b><u>Non-current assets</u></b>		
Plant and equipment	320,584	309,707
Investments in associates	134,062	158,425
Deferred tax assets	–	2,895
Intangible asset	74,974	74,974
<b>Total non-current assets</b>	<u>529,620</u>	<u>546,001</u>
<b><u>Current assets</u></b>		
Trade and other receivables	2,784,641	2,768,587
Other assets	223,783	128,783
Cash and cash equivalents	6 4,031,406	5,218,143
<b>Total current assets</b>	<u>7,039,830</u>	<u>8,115,513</u>
<b>Total assets</b>	<u>7,569,450</u>	<u>8,661,514</u>
<b><u>EQUITY AND LIABILITIES</u></b>		
<b><u>Equity</u></b>		
Share capital	7 13,797,086	13,797,086
Accumulated losses	(9,156,882)	(8,394,418)
Share option reserve	228,000	228,000
Foreign currency translation reserves	(388,838)	(343,908)
<b>Equity attributable to owners of the parent</b>	<u>4,479,366</u>	<u>5,286,760</u>
Non-controlling interests	650,163	326,187
<b>Total equity</b>	<u>5,129,529</u>	<u>5,612,947</u>
<b><u>Non current liabilities</u></b>		
Other financial liabilities	27,711	46,619
	<u>27,711</u>	<u>46,619</u>
<b><u>Current liabilities</u></b>		
Income tax payable	–	193,026
Trade and other payables	2,233,439	2,736,033
Other financial liabilities	29,175	13,266
Other liabilities	149,596	59,623
<b>Total current liabilities</b>	<u>2,412,210</u>	<u>3,001,948</u>
<b>Total liabilities</b>	<u>2,439,921</u>	<u>3,048,567</u>
<b>Total equity and liabilities</b>	<u>7,569,450</u>	<u>8,661,514</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*



**Netccentric Limited**  
**Consolidated Statement of Changes in Equity**  
**For the half-year ended 30 June 2018**

	<u>Total equity</u> \$	<u>Attributable to parent Sub-total</u> \$	<u>Share capital</u> \$	<u>Accumulated losses</u> \$	<u>Share option reserves</u> \$	<u>Foreign currency translation reserves</u> \$	<u>Non-controlling interests</u> \$
<b>Group:</b>							
<b>Current period:</b>							
Balance at 1 January 2017	5,612,947	5,286,760	13,797,086	(8,394,418)	228,000	(343,908)	326,187
<b>Movements in equity:</b>							
Total comprehensive loss (income) for the period	(549,622)	(620,171)	–	(583,539)	–	(36,632)	70,549
Acquisition of a non-controlling interest without a change in control	–	(187,223)	–	(178,925)	–	(8,298)	187,223
Disposal of subsidiaries with change in control	135,104	–	–	–	–	–	135,104
Dividends paid to non-controlling interests	(68,900)	–	–	–	–	–	(68,900)
<b>Balance at 30 June 2018</b>	<u>5,129,529</u>	<u>4,479,366</u>	<u>13,797,086</u>	<u>(9,156,882)</u>	<u>228,000</u>	<u>(388,838)</u>	<u>650,163</u>
<b>Previous period:</b>							
Balance at 1 January 2017	8,050,377	8,480,849	13,797,086	(5,331,602)	228,000	(212,635)	(430,472)
<b>Movements in equity:</b>							
Total comprehensive (loss) income for the year	(3,205,602)	(3,219,079)	–	(3,062,816)	–	(156,263)	13,477
Acquisition of subsidiaries	115,777	–	–	–	–	–	115,777
Disposal of subsidiaries with change in control	652,395	24,990	–	–	–	24,990	627,405
<b>Balance at 31 December 2017</b>	<u>5,612,947</u>	<u>5,286,760</u>	<u>13,797,086</u>	<u>(8,394,418)</u>	<u>228,000</u>	<u>(343,908)</u>	<u>326,187</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Netccentric Limited**  
**Consolidated Statement of Cash Flows**  
**For the half-year ended 30 June 2018**

	<b>Group</b>	
	<b>30 Jun 2018</b>	<b>30 Jun 2017</b>
	\$	\$
<b><u>Cash flows from operating activities</u></b>		
Loss before income tax	(501,968)	(1,463,601)
Adjustments for:		
Share of loss (profit) from equity-accounted associates	24,363	46
Interest income	(18,636)	(38,788)
Finance costs	7,238	–
Amortisation of intangible assets	–	8,439
Depreciation of plant and equipment	57,324	37,734
Loss on disposal of subsidiary	135,104	–
Gain on disposal of associate	–	(7,794)
Loss on disposal of plant and equipment	5,476	–
Net effect of exchange rate changes in consolidating foreign operations	(36,644)	(187,047)
Operating cash flows before changes in working capital	(327,743)	(1,651,011)
Trade and other receivables	(16,054)	694,380
Other assets	(95,000)	(11,288)
Trade and other payables	(502,594)	(257,571)
Other liabilities	86,973	(173,272)
Net cash flows used in operations	(854,418)	(1,398,762)
Income taxes paid	(201,156)	(10,921)
Net cash used in operating activities	(1,055,574)	(1,409,683)
<b><u>Cash flows from investing activities</u></b>		
Purchase of plant and equipment	(73,661)	(36,640)
Interest received	18,636	38,788
Net cash (used in) from investing activities	(55,025)	2,148
<b><u>Cash flows from financing activities</u></b>		
Dividends paid to non-controlling interests	(68,900)	–
Finance costs	(7,238)	–
Net cash used in financing activities	(76,138)	–
<b>Net decrease in cash and cash equivalents</b>	(1,186,737)	(1,407,535)
Cash and cash equivalents at the beginning of reporting period	5,218,143	7,605,552
<b>Cash and cash equivalents, at the end of reporting period (Note 6)</b>	4,031,406	6,198,017

*The above statement of cash flows should be read in conjunction with the accompanying notes*

**Note 1. Significant accounting policies**

The consolidated financial statements for the interim half-year reporting period ended 30 June 2018 have been prepared in accordance with Singapore Financial Reporting Standard (“FRS”) 34, Interim Financial Reporting.

These financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with any public announcements made by the company during the interim reporting period.

The principal accounting policies adopted are consistent with those of disclosed in the audited financial statements for the reporting year ended 31 December 2017. The report is presented in its functional currency, Singapore dollars.

***Changes and adoption of financial reporting standards***

For the current reporting period the consolidated entity has adopted all of the new or revised Singapore Financial Reporting Standards that are mandatory for the current reporting period. The new or revised standards did not require any modification of the measurement methods or presentation in the financial statements. The new or revised standards applicable to the group are as follows:

<u>FRS No.</u>	<u>Title</u>
FRS 28	Amendments to FRS 28 Investments in Associates and Joint Venture – Sale or Contribution of Assets
FRS 109	Financial Instruments
FRS 115	Revenue from Contracts with Customers
	Amendments to FRS 115: Clarifications to FRS 115
	Revenue from Contracts with Customers
INT FRS 122	Foreign Currency Transactions and Advance Consideration

**Note 2. Segment Reporting**

For management purposes, the group is organised into the following major strategic operating segments that offer different products and services: (1) Influencer Platform, (2) Display Ad Network, (3) Social Media Agency, (4) Digital Asset Production (5) Performance Marketing Agency and (6) Others. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

The principal segments and type of products and services are as follows:

(1) Influencer Platform	Enables advertisers to engage social media influencers to promote their products and services.
(2) Display Ad Network	Enables advertisers to promote their products or services across a network of over 950,000 sites that attract over 35 million visitors per month.
(3) Social Media Agency	Digital marketing agency specialising in social media strategy and campaign management for advertisers.
(4) Digital Asset Production	Boutique all-in-one digital media production house specialising in web design and development; print & graphic designs; and corporate identity designs.
(5) Performance Marketing Agency	Performance marketing agency specialising in the manufacture and construction of advertising devices through any media.
(6) Others	Others including media production house and mobile blogging applications.

Segment results consist of costs directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the Group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The following tables illustrate the information about revenue by business units and countries.

**Business Units**

	<u>30 Jun 2018</u>	<u>Group</u> <u>30 Jun 2017</u>
	\$	\$
Influencer Platform	2,617,940	3,921,741
Display Ad Network	18,092	21,307
Digital Asset Production	137,186	790,242
Performance Marketing Agency	245,536	–
Social Media Agency	1,142,784	772,482
Others	57,167	22,796
<b>Total</b>	<b><u>4,218,705</u></b>	<b><u>5,528,568</u></b>

**Netccentric Limited**  
**Notes to the Financial Statements**  
**30 June 2018**

**Note 2. Segment Reporting (cont'd)**

**Country**

	<b>Group</b>	
	<b>30 Jun 2018</b>	<b>30 Jun 2017</b>
	\$	\$
Australia	–	884,032
China	–	352,471
Indonesia	192,046	61,362
Malaysia	2,288,202	1,622,305
Singapore	581,859	1,294,451
Taiwan	716,056	526,587
Thailand	440,542	758,634
United Kingdom	–	28,726
<b>Total</b>	<b>4,218,705</b>	<b>5,528,568</b>

**Note 3. Revenue**

	<b>Group</b>	
	<b>30 Jun 2018</b>	<b>30 Jun 2017</b>
	\$	\$
Rendering of services	4,218,705	5,528,568

**Note 4. Other gains and (other losses)**

	<b>Group</b>	
	<b>30 Jun 2018</b>	<b>30 Jun 2017</b>
	\$	\$
Allowance for impairment on trade receivables	–	(175,247)
Foreign exchange adjustment gain / (loss)	149,791	(36,404)
Government grants	48,136	73,273
Gain on disposal of associate	–	7,794
Loss on disposal of plant and equipment	(5,476)	–
Loss on disposal of subsidiary	(135,104)	–
Rental income	2,490	6,942
Other income	24,878	76,584
<b>Net</b>	<b>84,715</b>	<b>(47,058)</b>
Presented in profit or loss as:		
Other gains	225,295	164,593
Other losses	(140,580)	(211,651)
	<b>84,715</b>	<b>(47,058)</b>

**Note 5. Administrative and operating expenses**

The major components include the following:

	<b>Group</b>	
	<b>30 Jun 2018</b>	<b>30 Jun 2017</b>
	\$	\$
Advertising expenses	5,337	16,105
Depreciation expense	57,324	37,734
Operating lease expense	97,479	229,258
Professional fees	205,032	316,149
Travelling expenses	20,832	40,075

**Note 6. Cash and cash equivalents**

	<u>Group</u>	
	<u>30 Jun 2018</u>	<u>31 Dec 2017</u>
	\$	\$
Not restricted in use	4,031,406	5,218,143
Cash at end of the half year	<u>4,031,406</u>	<u>5,218,143</u>

The interest earning balances are not significant.

**Non-cash transactions:**

There are no reconciliation amounts for the non-cash changes in liabilities arising from financing activities.

**Note 7. Share capital**

<u>Group and company</u>	Number of shares <u>issued</u>	Share capital \$
<u>Ordinary shares:</u>		
As at 1 January 2017, 31 December 2017 and 30 June 2018	<u>262,500,000</u>	<u>13,797,086</u>

**Note 8. Dividends**

There were no dividends paid during the six month reporting period ended 30 June 2018 (2017: \$NIL).

**Note 9. Loss per share**

The following table illustrates the numerators and denominators used to calculate basic and diluted (loss)/earnings per share of no par value:

	<u>Group</u>	
	<u>30 Jun 2018</u>	<u>30 Jun 2017</u>
	\$	\$
A. Numerator: loss attributable to equity:		
Continuing operations:		
Total basic and diluted loss attributable to owners of the parent	<u>(583,539)</u>	<u>(1,432,075)</u>
B. Denominator: weighted average number of equity shares		
Basic and diluted	<u>262,500,000</u>	<u>262,500,000</u>

The weighted average number of equity shares refers to shares in circulation during the reporting period.

The basic loss per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year. There is no difference between the basic and diluted weighted average number of shares.

**Netccentric Limited**  
**Directors' declaration**  
**30 June 2018**

The Directors declare that:

- (a) in the directors' opinion, the attached consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, and notes thereto are drawn up so as to give a true and fair view of the state of affairs of the group as at 30 June 2018 and of the results and cash flows of the group and changes in equity of the group for the reporting six-month period then ended; and
- (b) in the directors' opinion, at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of Board of Directors.

On behalf of the Board of Directors



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Tiah Ewe Tiam  
Director

30 August 2018



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David Chiam Joy Yeow  
Director

RSM Chio Lim LLP

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**Independent Auditor's Report on Review of Interim Financial Information  
to the Members of  
NETCENTRIC LIMITED (Registration No: 200612086W)**

**Introduction**

We have reviewed the accompanying condensed interim consolidated financial information of Netccentric Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 8 to 11.

Management is responsible for the preparation and fair presentation of this interim financial information in accordance with Singapore Financial Reporting Standard 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of Review**

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information does not give a true and fair view of the financial position of the entity as at 30 June 2018, and of its financial performance and its cash flows for the six month period then ended in accordance with Singapore Financial Reporting Standard 34 Interim Financial Reporting.



RSM Chio Lim LLP  
Public Accountants and  
Chartered Accountants  
Singapore

30 August 2018

Partner in charge: Paul Lee Seng Meng