

# GREENPRO CAPITAL CORP.

## FORM 10-Q (Quarterly Report)

Filed 05/10/19 for the Period Ending 03/31/19

Telephone	852-3111-7718
CIK	0001597846
Symbol	GRNQ
SIC Code	7374 - Services-Computer Processing and Data Preparation
Industry	Investment Management & Fund Operators
Sector	Financials
Fiscal Year	12/31

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the Quarterly Period Ended March 31, 2019**

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 001-38308

**Greenpro Capital Corp.**

(Exact name of registrant issuer as specified in its charter)

**Nevada**

(State or other jurisdiction of  
incorporation or organization)

**98-1146821**

(I.R.S. Employer  
Identification No.)

**Room 1701-1703, 17/F., The Metropolis Tower,  
10 Metropolis Drive, Hung Hom, Kowloon,  
Hong Kong**

(Address of principal executive offices, including zip code)

Registrant's phone number, including area code **(852) 3111 -7718**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES  NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding twelve months (or shorter period that the registrant was required to submit and post such files).

YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" or an "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer  Accelerated Filer  Non-accelerated Filer  Smaller reporting company   
Emerging Growth Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, \$0.0001 par value	GRNQ	NASDAQ Capital Market

As of May 10, 2019, there were 54,723,889 shares, par value \$0.0001, of the registrant's common stock outstanding.



## TABLE OF CONTENTS

	<u>Page</u>
<b>PART I <u>FINANCIAL INFORMATION</u></b>	3
ITEM 1. <u>CONDENSED CONSOLIDATED FINANCIAL STATEMENTS:</u>	3
<u>Condensed Consolidated Balance Sheets - March 31, 2019 (Unaudited) and December 31, 2018</u>	3
<u>Condensed Consolidated Statements of Operations and Comprehensive Loss (Unaudited) Three Months Ended March 31, 2019 and 2018</u>	4
<u>Condensed Consolidated Statements of Changes in Stockholders' Equity (Unaudited) - Three Months Ended March 31, 2019 and 2018</u>	5
<u>Condensed Consolidated Statements of Cash Flows (Unaudited) - Three Months Ended March 31, 2019 and 2018</u>	6
<u>Notes to Condensed Consolidated Financial Statements (Unaudited) – Three Months Ended March 31, 2019 and 2018</u>	7
ITEM 2. <u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	19
ITEM 3. <u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	24
ITEM 4. <u>CONTROLS AND PROCEDURES</u>	24
<b>PART II <u>OTHER INFORMATION</u></b>	25
ITEM 1. <u>LEGAL PROCEEDINGS</u>	25
ITEM 2. <u>UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	25
ITEM 3. <u>DEFAULTS UPON SENIOR SECURITIES</u>	25
ITEM 4. <u>MINE SAFETY DISCLOSURES</u>	25
ITEM 5. <u>OTHER INFORMATION</u>	25
ITEM 6. <u>EXHIBITS</u>	25
<b><u>SIGNATURES</u></b>	26

**PART I – FINANCIAL INFORMATION**

**Item 1. Condensed Consolidated Financial Statements**

**GREENPRO CAPITAL CORP.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**AS OF MARCH 31, 2019 AND DECEMBER 31, 2018**  
(In U.S. dollars, except share and per share data)

	March 31, 2019 (Unaudited)	December 31, 2018
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents (includes \$162,783 and \$145,385 of restricted cash as of March 31, 2019 and December 31, 2018, respectively)	\$ 1,452,315	\$ 2,172,048
Accounts receivable, net of allowance of \$54,725 and \$79,802 as of March 31, 2019 and December 31, 2018, respectively	224,783	188,054
Prepays and other current assets (includes due from related parties of \$94,940 and \$95,794 as of March 31, 2019 and December 31, 2018, respectively)	420,977	397,427
Deferred costs of revenue (includes \$184,000 due to a related party as of March 31, 2019 and December 31, 2018, respectively)	512,188	418,668
Total current assets	<u>2,610,263</u>	<u>3,176,197</u>
Property and equipment, net	3,036,874	2,998,513
Real Estate investments:		
Real estate held for sale	2,530,183	2,530,183
Real estate held for investment, net	818,661	818,465
Intangible assets, net	49,485	57,142
Goodwill	437,537	319,726
Other investments (includes investments in related parties of \$53,371 as of March 31, 2019 and December 31, 2018, respectively)	165,034	163,728
Operating lease right-of-use assets, net	528,690	-
<b>TOTAL ASSETS</b>	<u>\$ 10,176,727</u>	<u>\$ 10,063,954</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 427,485	\$ 575,594
Current portion of loans secured by real estate	150,975	147,416
Due to related parties	862,548	862,532
Operating lease liabilities, current portion	250,716	-
Income tax payable	73,597	73,595
Deferred revenue	2,156,358	1,816,358
Derivative liabilities	101,274	241,923
Total current liabilities	<u>4,022,953</u>	<u>3,717,418</u>
Long term portion of loans secured by real estate	1,612,716	1,617,106
Operating lease liabilities, net of current portion	277,974	-
Total liabilities	<u>5,913,643</u>	<u>5,334,524</u>
Commitments and contingencies		
Stockholders' Equity:		
Preferred stock, \$0.0001 par value; 100,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock, \$0.0001 par value; 500,000,000 shares authorized; 54,723,889 and 54,715,287 shares issued and outstanding at March 31, 2019 and December 31, 2018, respectively	5,473	5,472
Additional paid in capital	16,417,481	16,376,192
Accumulated other comprehensive loss	(12,024)	(66,277)
Accumulated deficit	(12,367,234)	(11,816,080)
Total Greenpro Capital Corp. common stockholders' equity	<u>4,043,696</u>	<u>4,499,307</u>
Noncontrolling interests in consolidated subsidiaries	219,388	230,123
Total stockholders' equity	<u>4,263,084</u>	<u>4,729,430</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 10,176,727</u>	<u>\$ 10,063,954</u>

See accompanying notes to the condensed consolidated financial statements.

**GREENPRO CAPITAL CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**AND COMPREHENSIVE LOSS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018**  
(In U.S. dollars, except share and per share data)  
(Unaudited)

	Three months ended March 31,	
	2019	2018
<b>REVENUES:</b>		
Service revenue (includes \$27,896 and \$38,210 of service revenue from related parties for the three months ended March 31, 2019 and 2018, respectively)	\$ 433,059	\$ 699,128
Rental revenue	28,989	41,444
Total revenues	<u>462,048</u>	<u>740,572</u>
<b>OPERATING COSTS AND EXPENSES:</b>		
Cost of service revenue	(169,092)	(183,563)
Cost of rental revenue	(13,551)	(23,556)
General and administrative	(969,901)	(793,976)
Total operating costs and expenses	<u>(1,152,544)</u>	<u>(1,001,095)</u>
<b>LOSS FROM OPERATIONS</b>	(690,496)	(260,523)
<b>OTHER INCOME (EXPENSE)</b>		
Change in fair value of derivative liabilities	140,649	-
Gain on sale of equity method investment	-	300,000
Other income	17,939	14,004
Interest expense	(26,555)	(46,229)
<b>(LOSS) INCOME BEFORE INCOME TAX</b>	(558,463)	7,252
Income tax expense	(3,426)	(20,948)
<b>NET LOSS</b>	(561,889)	(13,696)
Net loss attributable to noncontrolling interest	10,735	4,597
<b>NET LOSS ATTRIBUTED TO COMMON SHAREHOLDERS OF GREENPRO CAPITAL CORP.</b>	(551,154)	(9,099)
Other comprehensive loss:		
- Foreign currency translation income	54,253	86,475
<b>COMPREHENSIVE (LOSS) INCOME</b>	<u>\$ (496,901)</u>	<u>\$ 77,376</u>
<b>NET LOSS PER SHARE, BASIC AND DILUTED</b>	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>
<b>WEIGHTED AVERAGE NUMBER OF COMMON STOCK OUTSTANDING, BASIC AND DILUTED</b>	<u>54,723,698</u>	<u>53,233,960</u>

See accompanying notes to the condensed consolidated financial statements.

**GREENPRO CAPITAL CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018**  
(In U.S. dollars, except share data)  
(Unaudited)

**Three months ended March 31, 2019 (Unaudited)**

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Other Comprehensive Loss</u>		<u>Accumulated Deficit</u>	<u>Non- Controlling Interest</u>	<u>Total Stockholders' Equity</u>
	<u>Number of shares</u>	<u>Amount</u>						
Balance as of December 31, 2018	54,715,287	\$ 5,472	\$ 16,376,192	\$ (66,277)	\$ (11,816,080)	\$ 230,123	\$ 4,729,430	
Fair value of shares issued for acquisition	8,602	1	41,289	-	-	-	41,290	
Foreign currency translation	-	-	-	54,253	-	-	54,253	
Net loss	-	-	-	-	(551,154)	(10,735)	(561,889)	
Balance as of March 31, 2019 (Unaudited)	<u>54,723,889</u>	<u>\$ 5,473</u>	<u>\$ 16,417,481</u>	<u>\$ (12,024)</u>	<u>\$ (12,367,234)</u>	<u>\$ 219,388</u>	<u>\$ 4,263,084</u>	

**Three months ended March 31, 2018 (Unaudited)**

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Other Comprehensive Loss</u>		<u>Accumulated Deficit</u>	<u>Non- Controlling Interest</u>	<u>Total Stockholders' Equity</u>
	<u>Number of shares</u>	<u>Amount</u>						
Balance as of December 31, 2017	53,233,960	\$ 5,323	\$ 8,465,294	\$ (40,199)	\$ (3,266,313)	\$ 83,283	\$ 5,247,388	
Foreign currency translation	-	-	-	86,475	-	-	86,475	
Net loss	-	-	-	-	(9,099)	(4,597)	(13,696)	
Balance as of March 31, 2018 (Unaudited)	<u>53,233,960</u>	<u>\$ 5,323</u>	<u>\$ 8,465,294</u>	<u>\$ 46,276</u>	<u>\$ (3,275,412)</u>	<u>\$ 78,686</u>	<u>\$ 5,320,167</u>	

See accompanying notes to the condensed consolidated financial statements.



**GREENPRO CAPITAL CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018**  
(In U.S. dollars)  
(Unaudited)

	Three months ended March 31,	
	2019	2018
<b>Cash flows from operating activities:</b>		
Net loss	\$ (561,889)	\$ (13,696)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	58,506	67,470
Provision for bad debts	11,845	(17,776)
Operating lease expense	53,957	-
Write off of other receivables	-	(1,033)
Change in fair value of derivative liabilities	(140,649)	-
(Increase) decrease in cash surrender value on life insurance	(1,306)	194
Changes in operating assets and liabilities:		
Accounts receivable, net	(43,389)	36,555
Prepays and other current assets	(19,847)	6,151
Deferred costs of revenue	(93,520)	10,901
Operating lease liabilities	(53,957)	-
Accounts payable and accrued liabilities	(173,331)	(67,698)
Income tax payable	2	20,253
Deferred revenue	340,000	5,400
Net cash (used in) provided by operating activities	<u>(623,578)</u>	<u>46,721</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(627)	(109)
Acquisition of business, net of cash acquired	(60,187)	-
Net cash used in investing activities	<u>(60,814)</u>	<u>(109)</u>
<b>Cash flows from financing activities:</b>		
Principal payments of loans secured by real estate	(37,379)	(168,717)
Payments of due to related parties	(985)	(52,473)
Net cash used in financing activities	<u>(38,364)</u>	<u>(221,190)</u>
Effect of exchange rate changes in cash and cash equivalents	3,023	14,061
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	<u>(719,733)</u>	<u>(160,517)</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, BEGINNING OF PERIOD	<u>2,172,048</u>	<u>1,162,394</u>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF PERIOD</b>	<u>\$ 1,452,315</u>	<u>\$ 1,001,877</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Cash paid for income tax	\$ 3,426	\$ -
Cash paid for interest	<u>\$ 26,555</u>	<u>\$ 53,953</u>
<b>SUPPLEMENTAL NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>		
Initial recognition of operating lease right-of-use assets and operating lease obligations upon adoption of ASC Topic 842	<u>\$ 582,647</u>	<u>\$ -</u>
Fair value of shares issued for acquisition of business	<u>\$ 41,290</u>	<u>\$ -</u>

See accompanying notes to the condensed consolidated financial statements.

**GREENPRO CAPITAL CORP.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018**  
**(In U.S. dollars, except share and per share data)**  
**(Unaudited)**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Greenpro Capital Corp. (the “Company” or “GRNQ”) was incorporated on July 19, 2013 in the state of Nevada. The Company currently provides a wide range of business consulting and corporate advisory services including cross-border listing advisory services, tax planning, advisory and transaction services, record management services, and accounting outsourcing services. Our focus is on companies located in Asia and Southeast Asia including Hong Kong, Malaysia, China, Thailand, and Singapore. As part of our business consulting and corporate advisory business segment, Greenpro Venture Capital Limited provides a business incubator for start-up companies and focuses on investments in select start-up and high growth potential companies. In addition to our business consulting and corporate advisory business segment, we operate another business segment that focuses on the acquisition and rental of real estate properties held for investment and the acquisition and sale of real estate properties held for sale.

Basis of presentation

The accompanying unaudited condensed consolidated financial statements as of and for the three months ended March 31, 2019 and 2018, have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”) that permit reduced disclosure for interim periods. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) have been condensed or omitted. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the period ended March 31, 2019 are not necessarily indicative of the results that may be expected for the year ending December 31, 2019. The Condensed Consolidated Balance Sheet information as of December 31, 2018 was derived from the Company’s audited Consolidated Financial Statements as of and for the year ended December 31, 2018 included in the Company’s Annual Report on Form 10-K filed with the SEC on April 2, 2019. These financial statements should be read in conjunction with that report.

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries and majority-owned subsidiaries over which the Company exercises control, and entities for which the Company is the primary beneficiary. Intercompany transactions and balances were eliminated in consolidation.

At March 31, 2019 and December 31, 2018, the consolidated financial statements include noncontrolling interests related to the Company’s 80% ownership of Greenpro International Limited and Greenpro Property Development Limited, 60% ownership of Forward Win International Limited, Yabez (Hong Kong) Company Limited and Yabez Business Service (SZ) Company Limited, and 51% ownership of Greenpro Capital Village Sdn. Bhd.

Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. During the three months ended March 31, 2019, the Company incurred a net loss of \$561,889 and used cash in operations of \$623,578. These factors raise substantial doubt about the Company’s ability to continue as a going concern within one year of the date that the financial statements are issued. In addition, the Company’s independent registered public accounting firm, in its report on the Company’s December 31, 2018 financial statements, has expressed substantial doubt about the Company’s ability to continue as a going concern. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon improving its profitability and the continuing financial support from its shareholders. Management believes the existing shareholders or external financing will provide the additional cash to meet the Company's obligations as they become due. Despite the amount of funds that we have raised, no assurance can be given that any future financing, if needed, will be available or, if available, that it will be on terms that are satisfactory to the Company. Even if the Company is able to obtain additional financing, if needed, it may contain undue restrictions on its operations, in the case of debt financing, or cause substantial dilution for its stockholders, in the case of equity financing.

#### Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant accounting estimates include certain assumptions related to, among others, the allowance for doubtful accounts receivable, impairment analysis of real estate assets and other long-term assets including goodwill, valuation allowance on deferred income taxes, the assumptions used in the valuation of the derivative liability, and the accrual of potential liabilities. Actual results may differ from these estimates.

#### Cash, cash equivalents, and restricted cash

Cash, cash equivalents, and restricted cash were denominated in the following currencies at:

	As of March 31, 2019 <u>(Unaudited)</u>	As of December 31, 2018 <u></u>
<u>Cash, cash equivalents, and restricted cash</u>		
Denominated in United States Dollars	\$ 279,086	\$ 764,839
Denominated in Hong Kong dollars	808,295	944,872
Denominated in Chinese Renminbi	311,634	409,908
Denominated in Malaysian Ringgit	53,300	52,429
Cash, cash equivalents, and restricted cash	<u>\$ 1,452,315</u>	<u>\$ 2,172,048</u>

At March 31, 2019 and December 31, 2018, cash included funds held by employees of \$15,517 and \$5,663, respectively, and was held to facilitate payment of expenses in local currencies and to facilitate third-party online payment platforms in which the Company had not set up corporate accounts (WeChat Pay and Alipay).

#### Revenue recognition

The Company follows the guidance of Accounting Standards Codification (ASC) 606, *Revenue from Contracts*. ASC 606 creates a five-step model that requires entities to exercise judgment when considering the terms of contracts, which includes (1) identifying the contracts or agreements with a customer, (2) identifying our performance obligations in the contract or agreement, (3) determining the transaction price, (4) allocating the transaction price to the separate performance obligations, and (5) recognizing revenue as each performance obligation is satisfied. The Company only applies the five-step model to contracts when it is probable that the Company will collect the consideration it is entitled to in exchange for the services it transfers to its clients.

The Company's revenue consists of revenue from providing business consulting and corporate advisory services ("service revenue"), revenue from the sale of real estate properties, and revenue from the rental of real estate properties.

## Revenue from services

For certain of our service contracts providing assistance to clients in capital market listings (“Listing services”), our services provided are considered to be one performance obligation. Revenue and expenses are deferred until the performance obligation is complete and collectability of the consideration is probable. For service contracts where the performance obligation is not completed, deferred costs of revenue are recorded as incurred and deferred revenue is recorded for any payments received on such yet to be completed performance obligations. On an ongoing basis, management monitors these contracts for profitability and when needed may record a liability if a determination is made that costs will exceed revenue.

For other services such as company secretarial, accounting, financial analysis and related services (“Non-Listing services”), the Company’s performance obligations are satisfied, and the related revenue is recognized, as services are rendered. For contracts in which we act as an agent, the Company reports revenue net of expenses paid.

The Company offers no discounts, rebates, rights of return, or other allowances to clients which would result in the establishment of reserves against service revenue. Additionally, to date, the Company has not incurred incremental costs in obtaining a client contract. The adoption of ASC 606 had no impact on the Company’s consolidated financial statements.

## Revenue from the sale of real estate properties

The Company follows the guidance of ASC 610-20, *Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets* (“ASC 610-20”), which applies to sales or transfers to noncustomers of nonfinancial assets. Generally, the Company’s sales of its real estate properties are considered a sale of a nonfinancial asset. Under ASC 610-20, the Company derecognizes the asset and recognizes a gain or loss on the sale of the real estate when control of the underlying asset transfers to the buyer. During the three months ended March 31, 2019 and 2018, there were no sales of real estate and the Company recorded no sales revenue from the real estate property held for sale.

## Revenue from the rental of real estate properties

Rental revenue represents lease rental income from the Company’s tenants. The tenants pay monthly in accordance with lease agreements and the Company recognizes the income ratably over the lease term as this is the most representative of the pattern in which the benefit is expected to be derived from the underlying asset.

## Cost of revenues

Cost of service revenue primarily consists of employee compensation and related payroll benefits, company formation costs, and other professional fees directly attributable to the services rendered.

Cost of real estate properties sold primarily consists of the purchase price of property, legal fees, improvement costs to the building structure, and other acquisition costs. Selling and advertising costs are expensed as incurred.

Cost of rental revenue primarily includes costs associated with repairs and maintenance, property insurance, depreciation and other related administrative costs. Property management fees and utility expenses are paid directly by tenants.

The following table provides information about disaggregated revenue based on revenue by service lines and revenue by geographic area:

	Three Months Ended March 31,	
	2019	2018
	(Unaudited)	(Unaudited)
Revenue by service lines:		
Corporate advisory – Non-listing services	\$ 433,059	\$ 499,128
Corporate advisory – Listing services	-	200,000
Rental of real estate properties	28,989	41,444
Sales of real estate held for sale	-	-
Total revenue	<u>\$ 462,048</u>	<u>\$ 740,572</u>

	Three Months Ended March 31,	
	2019	2018
	(Unaudited)	(Unaudited)
Revenue by geographic area:		
Hong Kong	\$ 297,305	\$ 538,946
Malaysia	134,023	151,663
China	30,720	49,963
Total revenue	<u>\$ 462,048</u>	<u>\$ 740,572</u>

Our contract balances include deferred costs of revenue and deferred revenue.

#### Deferred Revenue

For service contracts where the performance obligation is not completed, deferred revenue is recorded for any payments received in advance of the performance obligation. Changes in deferred revenue were as follows:

	Three Months
	Ended
	March 31, 2019
	(Unaudited)
Deferred revenue, January 1, 2019	\$ 1,816,358
New contract liabilities	340,000
Performance obligations satisfied	-
Deferred revenue, March 31, 2019	<u>\$ 2,156,358</u>

## Deferred Costs of Revenue

For service contracts where the performance obligation is not completed, deferred costs of revenue are recorded for any costs incurred in advance of the performance obligation.

Deferred revenue and deferred costs of revenue at March 31, 2019 and December 31, 2018 are classified as current assets or current liabilities and totaled:

	As of March 31, 2019 (Unaudited)	As of December 31, 2018
Deferred revenue	\$ 2,156,358	\$ 1,816,358
Deferred costs of revenue	\$ 512,188	\$ 418,668

## Equity-method investments

Investments in non-controlled entities over which the Company has the ability to exercise significant influence over the non-controlled entities' operating and financial policies are accounted for under the equity-method. Under the equity-method, the investment in the non-controlled entity is initially recognized at cost and subsequently adjusted to reflect the Company's share of the entity's income (losses), any dividends received by the Company and any other-than-temporary impairments. Investments accounted for under the equity-method are included in other investments in the condensed consolidated balance sheets.

## Leases

Prior to January 1, 2019, the Company accounted for leases under ASC 840, *Accounting for Leases*. Effective January 1, 2019, the Company adopted the guidance of ASC 842, *Leases*, which requires an entity to recognize a right-of-use asset and a lease liability for virtually all leases. The implementation of ASC 842 did not have a material impact on the Company's consolidated financial statements and did not have a significant impact on our liquidity or on our compliance with our financial covenants associated with our loans. The Company adopted ASC 842 using a modified retrospective approach. As a result, the comparative financial information has not been updated and the required disclosures prior to the date of adoption have not been updated and continue to be reported under the accounting standards in effect for those periods. The adoption of ASC 842 on January 1, 2019 resulted in the recognition of operating lease right-of-use assets of \$582,647, lease liabilities for operating leases of \$582,647, and a zero cumulative-effect adjustment to accumulated deficit. See Note 3 for further information regarding the impact of the adoption of ASC 842 on the Company's financial statements.

## Derivative Financial Instruments

The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the statements of operations. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date. At each reporting date, the Company reviews its convertible securities to determine that their classification is appropriate.

## Income (loss) per Share

Basic income (loss) per share is computed by dividing the net income (loss) available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted net loss per share is calculated by dividing the net loss by the weighted average number of common shares outstanding during the period plus any potentially dilutive shares related to the issuance of shares from stock warrants. For the three months ended March 31, 2019, the dilutive impact of warrants exercisable into 53,556 shares of common stock have been excluded because their impact on the loss per share is anti-dilutive. For the three months ended March 31, 2018, there were no potentially dilutive shares outstanding.

### Foreign currency translation

The reporting currency of the Company is the United States Dollars (“US\$”) and the accompanying condensed consolidated financial statements have been expressed in US\$. In addition, the Company’s operating subsidiaries maintain their books and records in their respective functional currency, which consists of the Malaysian Ringgit (“MYR”), Chinese Renminbi (“RMB”), Hong Kong Dollars (“HK\$”) and Australian Dollars (“AU\$”).

In general, for consolidation purposes, assets and liabilities of the Company’s subsidiaries whose functional currency is not the US\$ are translated into US\$ using the exchange rate on the balance sheet date. Revenues and expenses are translated at average rates prevailing during the period. The gains and losses resulting from translation of financial statements of a foreign subsidiary are recorded as a separate component of accumulated other comprehensive loss within stockholders’ equity.

Translation of amounts from the local currencies of the Company into US\$ has been made at the following exchange rates for the respective periods:

	As of and for the three months ended March 31,	
	2019	2018
Period-end MYR : US\$1 exchange rate	4.08	3.86
Period-average MYR : US\$1 exchange rate	4.08	3.90
Period-end RMB : US\$1 exchange rate	6.71	6.28
Period-average RMB : US\$1 exchange rate	6.70	6.30
Period-end / average HK\$ : US\$1 exchange rate	7.75	7.75
Period-end AU\$ : US\$1 exchange rate	1.41	-
Period-average AU\$ : US\$1 exchange rate	1.37	-

### Fair value of financial instruments

The Company follows the guidance of ASC 820-10, “*Fair Value Measurements and Disclosures*” (“ASC 820-10”), with respect to financial assets and liabilities that are measured at fair value. ASC 820-10 establishes a three-tier fair value hierarchy that prioritizes the inputs used in measuring fair value as follows:

- *Level 1* : Observable inputs such as quoted prices in active markets;
- *Level 2* : Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- *Level 3* : Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions

The Company believes the carrying amount reported in the balance sheet for cash and cash equivalents, accounts receivable, other investments, notes receivable, accounts payable and accrued liabilities, deferred costs of revenue, deferred revenue, and due to related parties, approximate their fair values because of the short-term nature of these financial instruments.

As of March 31, 2019, the Company’s balance sheet includes Level 3 liabilities comprised of the fair value of embedded derivative liabilities of \$101,274 (see Note 4). The fair value of the derivative liabilities are based on significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. The following table sets forth a summary of the changes in the estimated fair value of our embedded derivative during the three-month period ended March 31, 2019:

	Embedded derivative liabilities	
Balance as of December 31, 2018	\$	241,923
Net change in the fair value		(140,649)
Balance as of March 31, 2019	\$	101,274

### Concentrations of risks

For the three months ended March 31, 2019 and 2018, no customer accounted for 10% or more of revenues or accounts receivable at period-end.

For the three months ended March 31, 2019 and 2018, no vendor accounted for 10% or more of the Company’s cost of revenues, or accounts payable at period-end.

### Economic and political risks

Substantially all of the Company's services are conducted in the Asian region, primarily in Hong Kong, Malaysia, and the People's Republic of China ("PRC"). Among other risks, the Company's operations in Malaysia are subject to the risks of restrictions on transfer of funds; export duties, quotas, and embargoes; domestic and international customs and tariffs; changing taxation policies; foreign exchange restrictions; and political conditions and governmental regulations in Malaysia.

The Company's operations in the PRC are subject to special considerations and significant risks not typically associated with companies in North America and Western Europe. These include risks associated with, among others, the political, economic and legal environment and foreign currency exchange. The Company's results may be adversely affected by changes in the political conditions in the PRC, and by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion, remittances abroad, and rates and methods of taxation.

### Recent accounting pronouncements

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments* (Topic 326), which replaces the incurred-loss impairment methodology and requires immediate recognition of estimated credit losses expected to occur for most financial assets, including trade receivables. Credit losses on available-for-sale debt securities with unrealized losses will be recognized as allowances for credit losses limited to the amount by which fair value is below amortized cost. ASU 2016-13 is effective for the Company beginning January 1, 2020 and early adoption is permitted. The Company does not believe the potential impact of the new guidance and related codification improvements will be material to its financial position, results of operations and cash flows.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future financial statements.



## NOTE 2- BUSINESS COMBINATION

On January 2, 2019, the Company acquired Sparkle Insurance Brokers Limited (“Sparkle”) (renamed to Greenpro Sparkle Brokers Limited) for total consideration of \$170,322, made up of \$129,032 in cash and the issuance of 8,602 shares of the Company’s common stock valued at \$41,290. The shares were valued based on the acquisition date closing price of the Company’s common stock of \$4.80. The Company acquired Sparkle to expand its long term and general insurance services.

The Company accounted for the transaction as a business combination in accordance ASC 805 “Business Combinations”. The Company is in the process of performing an allocation of the purchase price paid for the assets acquired and the liabilities assumed with the assistance of an independent valuation firm. The fair values of the assets acquired, as set forth below, are considered provisional and subject to adjustment as additional information is obtained through the purchase price measurement period (a period of up to one year from the closing date). The provisional allocation of the purchase price is based on management’s preliminary estimates. Once management completes its analysis to finalize the purchase price allocation with assistance from a third-party valuation firm, it is reasonably possible that there could be changes to the preliminary values. The primary areas of the purchase price allocation that are not yet finalized relate to identifiable intangible assets and goodwill.

Cash and cash equivalents	\$	68,845
Accounts receivable, net (provisional)		5,185
Prepays and other current assets (provisional)		3,703
Goodwill (provisional)		117,809
Total		<u>195,542</u>
Fair value of liabilities assumed (provisional)		(25,220)
Purchase price	\$	<u>170,322</u>

The following unaudited pro forma information presents the combined results of operations as if the acquisition of SIBL had been completed on January 1, 2018. These unaudited pro forma results are presented for informational purpose only and are not necessarily indicative of what the actual results of operations of the combined company would have been if the acquisition had occurred at the beginning of the period presented, nor are they indicative of future results of operations:

		For the three months ended March 31, 2018 <u>(unaudited)</u>
Revenue	\$	814,139
Operating loss	\$	(240,587)
Net income (loss)	\$	<u>6,241</u>
Net income (loss) per share	\$	<u>0.00</u>

## NOTE 3- OPERATING LEASES

The Company has operating lease agreements for three office spaces with remaining lease terms of 1 year to 3 years. The Company does not have any other leases. Leases with an initial term of 12 months or less are not recorded on the balance sheet. The Company accounts for the lease and non-lease components of its leases as a single lease component. Lease expense is recognized on a straight-line basis over the lease term.

Operating lease right-of-use (“ROU”) assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Generally the implicit rate of interest in arrangements is not readily determinable and the Company utilizes its incremental borrowing rate in determining the present value of lease payments. The Company’s incremental borrowing rate is a hypothetical rate based on its understanding of what its credit rating would be. The operating lease ROU asset includes any lease payments made and excludes lease incentives.

This standard did not have a significant impact on our liquidity or on our compliance with our financial covenants associated with our loans.

The components of lease expense and supplemental cash flow information related to leases for the period are as follows:

	<b>Three Months Ended March 31, 2019</b>	
<b>Lease Cost</b>		
Operating lease cost (included in general and administration in the Company's unaudited condensed statement of operations)	\$	97,930
<b>Other Information</b>		
Cash paid for amounts included in the measurement of lease liabilities for the first quarter 2019	\$	67,683
Weighted average remaining lease term – operating leases (in years)		1.8
Average discount rate – operating leases		4.0%

The supplemental balance sheet information related to leases for the period is as follows:

	<b>At March 31, 2019</b>	
<b>Operating leases</b>		
Long-term right-of-use assets		528,690
Short-term operating lease liabilities	\$	250,716
Long-term operating lease liabilities		277,974
Total operating lease liabilities	\$	528,690

Maturities of the Company's lease liabilities are as follows (in thousands):

<b>Year Ending</b>	<b>Operating Leases</b>	
2019 (remaining 9 months)	\$	203,328
2020		260,645
2021		87,742
Total lease payments		551,715
Less: Imputed interest/present value discount		(23,025)
Present value of lease liabilities	\$	528,690

Lease expenses were \$97,930 and \$104,338 during the three months ended March 31, 2019 and 2018, respectively.

#### NOTE 4- DERIVATIVE LIABILITIES

At March 31, 2019, the Company has outstanding warrants exercisable into 53,556 shares of the Company's common stock. The strike price of warrants is denominated in US dollars, a currency other than the Company's functional currencies, the HK\$, RMB, and MYR. As a result, the warrants are not considered indexed to the Company's own stock, and the Company characterized the fair value of the warrants as a derivative liability upon issuance. The derivative liability is re-measured at the end of every reporting period with the change in value reported in the statement of operations.

At December 31, 2018, the balance of the derivative liabilities was \$241,923. During the three months ended March 31, 2019, the Company recorded a decrease in fair value of derivatives of \$140,649. At March 31, 2019, the balance of the derivative liabilities was \$101,274.

The derivative liabilities were valued using the Black-Scholes-Merton valuation model with the following assumptions:

	As of March 31, 2019 (Unaudited)	As of December 31, 2018
Risk-free interest rate	\$ 2.75%	\$ 3.0%
Expected volatility	204%	201%
Contractual life (in years)	4.2 years	4.4 years
Expected dividend yield	0.00%	0.00%
Fair Value of warrants	<u>\$ 101,274</u>	<u>\$ 241,923</u>

The risk-free interest rate is based on the yield available on U.S. Treasury securities. The Company estimates volatility based on the historical volatility of its common stock. The contractual life of the warrants is based on the expiration date of the warrants. The expected dividend yield was based on the fact that the Company has not paid dividends to common shareholders in the past and does not expect to pay dividends to common shareholders in the future.

## NOTE 5 – STOCKHOLDERS' EQUITY

On January 2, 2019, the Company acquired Sparkle Insurance Brokers Limited (see Note 2) for total consideration of \$170,322, made up of \$129,032 in cash and the issuance of 8,602 shares of the Company's common stock valued at \$41,290. The shares were valued based on the closing price of the Company's shares on the date the acquisition closed.

### V1 Group

In 2018, the Company sold 906,666 shares of the Company's common stock in a private placement to V1 Group Limited ("V1 Group"), a public company listed on the Hong Kong Stock Exchange, for \$6,800,000. The transaction was structured as a capital stock subscription. The Company used the proceeds of the offering to make an investment to a private company for \$6,000,000. The investment was structured as a note receivable to the private company to be collected in two years. The private company invested the \$6,000,000 and purchased 94,350,000 shares of V1 Group common stock from existing V1 Group shareholders. The Company determined that the economic substance of the two transactions was a capital transaction with the Company issuing 906,666 shares of its common stock for \$6,800,000, made up of \$800,000 cash and \$6,000,000 due from a note receivable to be collected in two years. As the Company cannot determine the collectability of the note receivable, the funds will be recognized as a capital contribution when collected.

## NOTE 6 – WARRANTS

In 2018, the Company issued warrants exercisable into 53,556 shares of common stock. The warrants were fully vested when issued, have an exercise price of \$7.20 per share, and expire in 2023. A summary of warrant activity during the three months ended March 31, 2019 is presented below:

	<u>Number of Shares</u>	<u>Exercise Price</u>	<u>Remaining Contractual Life (in Years)</u>
Warrants outstanding at December 31, 2018	53,556	\$ 7.50	
Granted	—	—	
Exercised	—	—	
Expired	—	—	
Warrants outstanding at March 31, 2019	<u>53,556</u>	<u>\$ 7.50</u>	<u>4.25</u>
Warrants exercisable at March 31, 2019	<u>53,556</u>	<u>\$ 7.50</u>	<u>4.25</u>

At March 31, 2019, the intrinsic value of outstanding warrants was zero.

## NOTE 7 - RELATED PARTY TRANSACTIONS

### Due from related parties consisted of the following at:

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
	(Unaudited)	
Due from Greenpro KSP Holding	\$ 60,000	\$ 60,000
Accounts receivables from related companies	32,842	33,696
Due from related companies	2,098	2,098
Total	<u>\$ 94,940</u>	<u>\$ 95,794</u>

At March 31, 2019 and December 31, 2018, \$60,000 was due from Greenpro KSP Holding Group Company Limited ("KSP"). The Company acquired 49% of KSP in 2018.

At March 31, 2019 and December 31, 2018, net accounts receivables due from related companies where the Company owns a certain percentage of the company were \$32,842 and \$33,696, respectively.

### Due to related parties consisted of the following at:

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
	(Unaudited)	
Due to noncontrolling interests	\$ 822,194	\$ 822,194
Due to shareholders	36,906	35,937
Due to directors	2,700	2,667
Due to related companies	748	1,734
Total	<u>\$ 862,548</u>	<u>\$ 862,532</u>

At March 31, 2019 and December 31, 2018, \$822,194 was due to the noncontrolling interest in Forward Win International Limited, and is unsecured, bears no interest, and is payable upon demand.

Due to shareholders, directors, and related companies represents expenses paid by the related companies or shareholder or director to third parties on behalf of the Company, are non-interest bearing, and are due on demand.

For the three months ended  
March 31,

**Revenue from related parties is comprised of the following:**

	2019	2018
	(Unaudited)	(Unaudited)
Service revenue		
- Related party B	\$ 23,709	\$ 38,210
- Related party C	387	-
- Related party E	3,800	-
Total	<u>\$ 27,896</u>	<u>\$ 38,210</u>

Related party B represents companies where the Company owns a certain percentage of their company shares.

Related party C is controlled by a director of a wholly-owned subsidiary of the Company.

Related party E represents companies whose CEO is a consultant to the Company, and who is also a director of Aquarius Protection Fund, a shareholder in the Company.

## NOTE 8 - SEGMENT INFORMATION

ASC 280, "Segment Reporting" establishes standards for reporting information about operating segments on a basis consistent with the Company's internal organization structure as well as information about services categories, business segments and major customers in financial statements. The Company has two reportable segments that are based on the following business units: service business and real estate business. In accordance with the "Segment Reporting" Topic of the ASC, the Company's chief operating decision maker has been identified as the Chief Executive Officer and President, who reviews operating results to make decisions about allocating resources and assessing performance for the entire Company. Existing guidance, which is based on a management approach to segment reporting, establishes requirements to report selected segment information quarterly and to report annually entity-wide disclosures about products and services, major customers, and the countries in which the entity holds material assets and reports revenue. All material operating units qualify for aggregation under "Segment Reporting" due to their similar customer base and similarities in: economic characteristics; nature of products and services; and procurement, manufacturing and distribution processes. The Company operates two reportable business segments:

- Service business – provision of corporate advisory and business solution services
- Real estate business – leasing and trading of commercial real estate properties in Hong Kong and Malaysia

The Company had no inter-segment sales for the periods presented. Summarized financial information concerning the Company's reportable segments is shown as below:

### (a) By Categories

	For the three months ended March 31, 2019 (Unaudited)			
	Real estate business	Service business	Corporate	Total
Revenues	\$ 28,989	\$ 433,059	\$ -	\$ 462,048
Cost of revenues	13,551	126,342	42,750	182,643
Depreciation and amortization	-	39,244	4,173	43,417
Net income (loss)	9,849	(576,889)	5,151	(561,889)
Total assets	2,690,288	6,771,515	714,924	10,176,727
Capital expenditures for long-lived assets	\$ -	\$ -	\$ 627	\$ 627

	For the three months ended March 31, 2018 (Unaudited)			
	Real estate business	Service business	Corporate	Total
Revenues	\$ 41,444	\$ 699,128	\$ -	\$ 740,572
Cost of revenues	(23,556)	(159,563)	(24,000)	(207,119)
Depreciation and amortization	8,553	54,836	4,081	67,470
Net income (loss)	7,358	(202,671)	181,617	(13,696)
Total assets	3,546,437	7,259,827	107,004	10,913,268
Capital expenditures for long-lived assets	\$ -	\$ 109	\$ -	\$ 109

### (b) By Geography\*

	For the three months ended March 31, 2019 (Unaudited)			
	Hong Kong	Malaysia	China	Total
Revenues	\$ 297,305	\$ 134,023	\$ 30,720	\$ 462,048
Cost of revenues	139,640	43,003	-	182,643
Depreciation and amortization	11,829	639	30,949	43,417
Net income (loss)	(343,463)	(39,867)	(178,559)	(561,889)
Total assets	5,741,413	1,119,620	3,315,694	10,176,727
Capital expenditures for long-lived assets	\$ -	\$ -	\$ 627	\$ 627

	For the three months ended March 31, 2018 (Unaudited)			
	Hong Kong	Malaysia	China	Total
Revenues	\$ 538,946	\$ 151,663	\$ 49,963	\$ 740,572
Cost of revenues	(136,868)	(70,251)	-	(207,119)
Depreciation and amortization	25,120	8,959	33,391	67,470
Net income (loss)	130,468	(51,923)	(92,241)	(13,696)

Total assets		6,012,960		1,235,883		3,664,425		10,913,268
Capital expenditures for long-lived assets	\$	-	\$	109	\$	-	\$	109

\*Revenues and costs are attributed to countries based on the location where the entities operate.

## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

*The information contained in this Form 10-Q is intended to update the information contained in our Annual Report on Form 10-K for the year ended December 31, 2018 filed with the Securities and Exchange Commission on April 2, 2019 (the “Form 10-K”) and presumes that readers have access to, and will have read, the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and other information contained in such Form 10-K. The following discussion and analysis also should be read together with our financial statements and the notes to the financial statements included elsewhere in this Form 10-Q.*

*The following discussion contains certain statements that may be deemed “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements appear in a number of places in this Report, including, without limitation, “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” These statements are not guaranteed of future performance and involve risks, uncertainties and requirements that are difficult to predict or are beyond our control. Forward-looking statements speak only as of the date of this quarterly report. You should not put undue reliance on any forward-looking statements. We strongly encourage investors to carefully read the factors described in our Form 10-K in the section entitled “Risk Factors” for a description of certain risks that could, among other things, cause actual results to differ from these forward-looking statements. We assume no responsibility to update the forward-looking statements contained in this quarterly report on Form 10-Q. The following should also be read in conjunction with the unaudited Financial Statements and notes thereto that appear elsewhere in this report.*

### **Company Overview**

Greenpro Capital Corp. (the “Company” or “Greenpro”), was incorporated in the State of Nevada on July 19, 2013. We provide cross-border business solutions and accounting outsourcing services to small and medium-size businesses located in Asia, with an initial focus on Hong Kong, Malaysia and China. Greenpro provides a range of services as a package solution to our clients, which we believe can assist our clients in reducing their business costs and improving their revenues.

In addition to our business solution services, we also operate a venture capital business through Greenpro Venture Capital Limited, an Anguilla corporation. One of our venture capital business segments is focused on (1) establishing a business incubator for start-up and high growth companies to support such companies during critical growth periods, which will include education and support services, and (2) searching the investment opportunities in selected start-up and high growth companies, which may generate significant returns to the Company. Our venture capital business is focused on companies located in Asia and Southeast Asia including Hong Kong, Malaysia, China, Thailand and Singapore. Another one of our venture capital business segments is focused on rental activities of commercial properties and the sale of investment properties.

### **Results of Operations**

For information regarding our controls and procedures, see Part I, Item 4 - Controls and Procedures, of this Quarterly Report.



During the three months ended March 31, 2019 and 2018, we operated in three regions: Hong Kong, Malaysia and China. We derived revenue from rental activities of our commercial properties and the provision of services.

*Comparison of the three months ended March 31, 2019 and 2018*

Total Revenues

Total revenue was \$462,048 and \$740,572 for the three months ended March 31, 2019 and 2018, respectively. The decreased amount of \$278,524 was primarily due to a decrease in the revenue of business services. We expect revenue from our business services segment to steadily improve as we are continuously expanding our businesses and exposing into new territories.

Service Revenue

Revenue from the provision of business services was \$433,059 and \$699,128 for the three months ended March 31, 2019 and 2018, respectively. It was derived principally from the provision of business consulting and advisory services as well as company secretarial, accounting and financial analysis services. We experienced an decrease in service income as a result of lower business consulting and advisory services during the period.

Sale of real estate properties

There was no revenue generated from the sale of real estate properties for the three months ended March 31, 2019 and 2018, respectively.

### Rental Revenue

Revenue from rentals was \$28,989 and \$41,444 for the three months ended March 31, 2019 and 2018, respectively. It was derived principally from leasing properties in Malaysia and Hong Kong. We believe our rental income will be stable in the near future.

### Total Operating Costs and Expenses

Total operating costs and expenses was \$1,152,544 and \$1,001,095 for the three months ended March 31, 2019 and 2018, respectively. They consist of cost of service revenue, cost of real estate properties sold, cost of rental revenue, and general and administrative expenses.

The loss from operations for the Company for the three months ended March 31, 2019 and 2018 was \$690,496 and \$260,523, respectively. The increase in loss from operations was mainly due to an increase in general and administrative expenses.

### Cost of service revenue

Costs of revenue on provision of services were \$169,092 and \$183,563 for the three months ended March 31, 2019 and 2018, respectively. It primarily consists of employee compensation and related payroll benefits, company formation costs, and other professional fees directly attributable to the services rendered.

### Cost of real estate properties sold

There was no cost incurred for the sale of real estate properties for the three months ended March 31, 2019 and 2018, respectively.

### Cost of rental revenue

Cost of rental revenue was \$13,551 and \$23,556 for the three months ended March 31, 2019 and 2018, respectively. It includes the costs associated with governmental charges, repairs and maintenance, property insurance, depreciation and other related administrative costs. Property management fees and utility expenses are paid directly by tenants.

### General and administrative expenses

General and administrative expenses were \$969,901 and \$793,976 for the three months ended March 31, 2019 and 2018, respectively. For the three months ended March 31, 2019, general and administrative expenses consist primarily of salary and wages of \$469,926, rental expenses of \$97,930, and directors' remuneration of \$82,500. We expect our G&A to continue to increase as we integrate our business acquisitions, expand our offices into new jurisdictions, and deepen our existing businesses.

### Other income (expense)

For the three months ended March 31, 2019, net other income was \$132,033 as compared to net other income of \$267,775 for the three months ended March 31, 2018. In 2019, a change in the fair value of derivative liabilities of \$140,649 was recorded and there was no such change in 2018. In 2018, a gain on sale of equity method investment of \$300,000 was recorded and there was no such gain in 2019.

### Net Loss

The net loss was \$561,889 and \$13,696 for the three months ended March 31, 2019 and 2018, respectively. The increase in net loss was mainly due to a decrease of revenue in business services and an increase in general and administrative expenses in 2019.

### Loss Attributable to noncontrolling interest

The Company records income attributable to noncontrolling interest in the consolidated statements of operations for any noncontrolling interest of consolidated subsidiaries.

At March 31, 2019, noncontrolling interests are related to the Company's respective 80% ownership of Greenpro International Limited and Greenpro Property Development Limited, the Company's respective 60% ownership of Forward Win International Limited, Yabez (Hong Kong) Company Limited and Yabez Business Service (SZ) Company Limited, and the Company's 51% ownership of Greenpro Capital Village Sdn. Bhd.

For the three months ended March 31, 2019 and 2018, the Company recorded net loss attributable to noncontrolling interests of \$10,735 and \$4,597, respectively.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company.

Other than as disclosed elsewhere in this Quarterly Report, we are not aware of any trends, uncertainties, demands, commitments or events for the three months ended March 31, 2019 that are reasonably likely to have a material adverse effect on our financial condition, changes in our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

### **Off Balance Sheet Arrangements**

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to our stockholders as of March 31, 2019.

### **Contractual Obligations**

As of March 31, 2019, the Company's two subsidiaries lease offices in Hong Kong under two separate non-cancellable operating leases for three years commencing from October 15, 2016 to October 14, 2019 and from May 1, 2018 to April 30, 2021, respectively. At March 31, 2019, the future minimum rental payments under these leases aggregate approximately \$551,715 and are due as follows: 2019: \$203,328, 2020: \$260,645, and 2021: \$87,742.

### **Related Party Transactions**

Related party revenue amounted to \$27,896 and \$38,210 for the three months ended March 31, 2019 and 2018, respectively, in service revenue and rental revenue.

The amounts due from related parties were \$94,940 and \$95,794 as of March 31, 2019 and December 31, 2018, respectively. The amounts due to related parties were \$862,548 and \$862,532 as of March 31, 2019 and December 31, 2018, respectively.

Our related parties are primarily those companies where Greenpro owns a certain percentage of shares of such companies, and companies that we have determined that we can significantly influence based on our common business relationships. Refer to Note 7 to the Condensed Consolidated Financial Statements for additional details regarding the related party transactions.

### **Critical Accounting Policies and Estimates**

#### Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant accounting estimates include certain assumptions related to, among others, the allowance for doubtful accounts receivable, impairment analysis of real estate assets and other long-term assets including goodwill, valuation allowance on deferred income taxes, and the accrual of potential liabilities. Actual results may differ from these estimates.

#### Revenue recognition

The Company follows the guidance of Accounting Standards Codification (ASC) 606, Revenue from Contracts. ASC 606 creates a five-step model that requires entities to exercise judgment when considering the terms of contracts, which includes (1) identifying the contracts or agreements with a customer, (2) identifying our performance obligations in the contract or agreement, (3) determining the transaction price, (4) allocating the transaction price to the separate performance obligations, and (5) recognizing revenue as each performance obligation is satisfied. The Company only applies the five-step model to contracts when it is probable that the Company will collect the consideration it is entitled to in exchange for the services it transfers to its clients.

The Company's revenue consists of revenue from providing business consulting and corporate advisory services ("service revenue"), revenue from the sale of real estate properties, and revenue from the rental of real estate properties.

#### Impairment of long-lived assets

Long-lived assets primarily include real estate held for investment, property and equipment, and intangible assets. In accordance with the provision of ASC 360, the Company generally conducts its annual impairment evaluation of its long-lived assets in the fourth quarter of each year, or more frequently if indicators of impairment exist, such as a significant sustained change in the business climate. The recoverability of long-lived assets is measured at the reporting unit level. If the total of the expected undiscounted future net cash flows is less than the carrying amount of the asset, a loss is recognized for the difference between the fair value and carrying amount of the asset. In addition, for real estate held for sale, an impairment loss is the adjustment to fair value less estimated cost to dispose of the asset.

#### Goodwill

Goodwill is the excess of cost of an acquired entity over the fair value of amounts assigned to assets acquired and liabilities assumed in a business combination. Under the guidance of ASC 350, goodwill is not amortized, rather it is tested for impairment annually, and will be tested for impairment between annual tests if an event occurs or circumstances change that would indicate the carrying amount may be impaired. An impairment loss generally would be recognized when the carrying amount of the reporting unit's net assets exceeds the estimated fair value of the reporting unit and would be measured as the excess carrying value of goodwill over the derived fair value of goodwill. The Company's policy is to perform its annual impairment testing for its reporting units on



## Derivative Financial Instruments

The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the statements of operations. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date. At each reporting date, the Company reviews its convertible securities to determine that their classification is appropriate.

## Recent accounting pronouncements

Refer to Note 1 in the accompanying financial statements.

## **Liquidity and Capital Resources**

Our cash balance at March 31, 2019 decreased to \$1,452,315 as compared to \$2,172,048 at December 31, 2018. We estimate the Company currently has sufficient cash and liquidity to meet its anticipated working capital for the next twelve months.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. During the three months ended March 31, 2019, the Company incurred a net loss of \$561,889 and used cash in operations of \$623,578. These factors raise substantial doubt about the Company's ability to continue as a going concern within one year of the date that the financial statements are issued. In addition, the Company's independent registered public accounting firm, in its report on the Company's December 31, 2018 financial statements, has expressed substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon improving its profitability and the continuing financial support from its shareholders. Management believes the existing shareholders or external financing will provide the additional cash to meet the Company's obligations as they become due.

Despite the amount of funds that the Company has raised, no assurance can be given that any future financing, if needed, will be available or, if available, that it will be on terms that are satisfactory to the Company. Even if the Company is able to obtain additional financing, if needed, it may contain undue restrictions on its operations, in the case of debt financing, or cause substantial dilution for its shareholders, in the case of equity financing.

## **Operating activities**

Net cash used in operating activities was \$623,578 for the three months ended March 31, 2019 as compared to net cash provided by operating activities of \$46,721 for the three months ended March 31, 2018. The cash used in operating activities in 2019 was mainly from the net loss for the period of \$561,889, an increase in net accounts receivable of \$43,389, an increase in prepaids and other current assets of \$19,847, an increase in deferred costs of revenue of \$93,520, a decrease in accounts payable and accrued liabilities of \$173,331 and offset by an increase in deferred revenue of \$340,000. For the three months ended March 31, 2019, non-cash adjustments totaled \$71,604 and primarily included non-cash expenses of depreciation and amortization of \$58,506 and provision for bad debts of \$11,845 and offset by non-cash income of change in fair value of derivative liabilities of \$140,649.

### Investing activities

Net cash used in investing activities was \$60,814 and \$109 for the three months ended March 31, 2019 and 2018, respectively. In 2019, the cash used in investing activities was mainly for the purchase of a business of \$60,187, net of cash acquired on the purchase.

### Financing activities

Net cash used in financing activities for the three months ended March 31, 2019 was \$38,364 while net cash used in financing activities for the three months ended March 31, 2018 was \$221,190.

The cash used in financing activities in 2019 was mainly the repayment of principal payments on loans payables of \$37,379.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

As a “smaller reporting company” as defined by Item 10 of Regulation S-K, the Company is not required to provide information required by this Item.

### **Item 4. Controls and Procedures.**

#### **Evaluation of Disclosure Controls and Procedures**

We conducted an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. The term “disclosure controls and procedures”, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934, as amended (“Exchange Act”), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by the company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures also include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded as of March 31, 2019 in connection with this restatement, that our disclosure controls and procedures were not effective.

The matters involving internal controls and procedures that our management considered to be material weaknesses under the standards of the Public Company Accounting Oversight Board were: (1) The Company’s control environment did not sufficiently promote effective internal control over financial reporting, which contributed to the other material weaknesses described below. Principal contributing factors included: (i) an insufficient number of personnel with an appropriate level of U.S. GAAP knowledge and experience and ongoing training in the application of U.S. GAAP commensurate with our financial reporting requirements; and (ii) an insufficient number of personnel appropriately qualified to perform control design, execution and monitoring activities; (2) The Company did not have adequate risk assessment controls to continuously formally assess the financial reporting risks associated with executing new, significant or unusual transactions, contracts or business initiatives and (3) There are inadequate controls associated with the recording of non-routine, complex, and unusual transactions. The aforementioned material weaknesses were identified by our Chief Financial Officer in connection with the review of our financial statements as of March 31, 2019.

#### **Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting for the three months ended March 31, 2019, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II — OTHER INFORMATION

### Item 1. Legal Proceedings.

We know of no material, active or pending legal proceedings against us, nor are we involved as a plaintiff in any material proceedings or pending litigation. There are no proceedings in which any of our directors, officers or affiliates, or any beneficial shareholder are an adverse party or has a material interest adverse to us.

### Item 1A. Risk Factors.

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

### Item 3. Defaults Upon Senior Securities.

None.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information.

None.

### Item 6. Exhibits

<b>Exhibit No.</b>	<b>Description</b>
31.1	<a href="#">Rule 13(a)-14(a)/15(d)-14(a) Certification of principal executive officer</a>
31.2	<a href="#">Rule 13(a)-14(a)/15(d)-14(a) Certification of principal financial officer</a>
32.1	<a href="#">Section 1350 Certification of principal executive officer</a>
32.2	<a href="#">Section 1350 Certification of principal financial officer and principal accounting officer</a>

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

### **Greenpro Capital Corp.**

Date: May 10, 2019

By: /s/ Lee Chong Kuang

Lee Chong Kuang  
President and Chief Executive Officer  
(Principal Executive Officer)

Date: May 10, 2019

By: /s/ Loke Che Chan, Gilbert

Loke Che Chan, Gilbert  
Chief Financial Officer  
(Principal Financial and Accounting Officer)





## CERTIFICATION

I, LEE CHONG KUANG, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Greenpro Capital Corp. (the "Company") for the quarter ended March 31, 2019;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting or caused such internal control to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2019

By: /s/ Lee Chong Kuang

Title: Chief Executive Officer, President, Director  
(Principal Executive Officer)

---



## CERTIFICATION

I, LOKE CHE CHAN, GILBERT, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Greenpro Capital Corp. (the "Company") for the quarter ended March 31, 2019;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting or caused such internal control to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

Date: May 10, 2019

By: /s/ Loke Che Chan, Gilbert

Title: Chief Financial Officer, Secretary, Treasurer,  
Director (Principal Financial and Accounting Officer)

---



**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,**

**AS ADOPTED PURSUANT TO**

**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Greenpro Capital Corp. (the "Company") on Form 10-Q for the period ending March 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), The undersigned hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 10, 2019

By: /s/ Lee Chong Kuang  
Title: Chief Executive Officer, President, Director  
(Principal Executive Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

---



**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,**

**AS ADOPTED PURSUANT TO**

**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Greenpro Capital Corp. (the "Company") on Form 10-Q for the period ending March 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), The undersigned hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 10, 2019

By: /s/ Loke Che Chan, Gilbert  
Title: Chief Financial Officer, Secretary, Treasurer,  
Director (Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

---



