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

# FORM 10-Q

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

**For the Quarterly Period Ended March 31, 2020**

**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** | **98-1146821** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (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**

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 |

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 [X] 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 [X] 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 [X] Smaller reporting company [X]
Emerging Growth Company [ ]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

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

As of May 14, 2020, there were 54,723,889 shares, par value $0.0001, of the registrant's common stock outstanding.

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**PART I – FINANCIAL INFORMATION**

**Item 1. Condensed Consolidated Financial Statements**.

**GREENPRO CAPITAL CORP.**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**AS OF MARCH 31, 2020 AND DECEMBER 31, 2019**
**(In U.S. dollars, except share and per share data)**

| | March 31, 2020 (Unaudited) | December 31, 2019 |
|---|---|---|
| **ASSETS** | | |
| Current assets | | |
| Cash and cash equivalents (including $161,344 and $163,813 of restricted cash as of March 31, 2020 and December 31, 2019, respectively) | $ 679,214 | $ 1,256,739 |
| Accounts receivable, net of allowance of $20,953 and $46,624 as of March 31, 2020 and December 31, 2019, respectively (including due from related parties of $602 and $0 as of March 31, 2020 and December 31, 2019, respectively) | 43,331 | 221,529 |
| Prepaids and other current assets (including due from related parties of $61,032 and $61,623 as of March 31, 2020 and December 31, 2019, respectively) | 276,393 | 246,156 |
| Deferred costs of revenue | 52,377 | 73,821 |
| Total current assets | 1,051,315 | 1,798,245 |
| | | |
| Property and equipment, net | 2,750,830 | 2,831,109 |
| Real Estate investments: | | |
| Real estate held for sale | 2,396,238 | 2,396,238 |
| Real estate held for investment, net | 747,848 | 796,059 |
| Intangible assets, net | 67,245 | 91,012 |
| Goodwill | 319,726 | 319,726 |
| Other investments (including investments in related parties of $53,363 as of March 31, 2020 and December 31, 2019) | 145,594 | 145,140 |
| Operating lease right-of-use assets, net | 272,506 | 506,924 |
| **TOTAL ASSETS** | $ 7,751,302 | $ 8,884,453 |
| | | |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | $ 452,826 | $ 757,813 |
| Current portion of loans secured by real estate | 528,314 | 531,488 |
| Due to related parties | 1,065,874 | 1,009,760 |
| Operating lease liabilities, current portion | 255,996 | 318,914 |
| Income tax payable | 21,033 | 27,598 |
| Deferred revenue (including $140,000 from related parties as of March 31, 2020 and December 31, 2019) | 932,153 | 1,202,153 |
| Derivative liabilities | 13,089 | 28,545 |
| Total current liabilities | 3,269,285 | 3,876,271 |
| | | |
| Long term portion of loans secured by real estate | 1,382,313 | 1,461,563 |
| Operating lease liabilities, net of current portion | 21,852 | 192,778 |
| Total liabilities | 4,673,450 | 5,530,612 |
| | | |
| 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 shares issued and outstanding at March 31, 2020 and December 31, 2019 | 5,473 | 5,473 |
| Additional paid in capital | 16,417,481 | 16,417,481 |
| Accumulated other comprehensive loss | (136,089) | (95,169) |
| Accumulated deficit | (13,403,844) | (13,160,629) |
| Total Greenpro Capital Corp. common stockholders' equity | 2,883,021 | 3,167,156 |
| Noncontrolling interests in consolidated subsidiaries | 194,831 | 186,685 |
| | | |
| Total stockholders' equity | 3,077,852 | 3,353,841 |
| | | |
| **TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** | $ 7,751,302 | $ 8,884,453 |

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, 2020 AND 2019**
**(In U.S. dollars, except share and per share data)**
**(Unaudited)**

| | Three months ended March 31, | |
|---|---|---|
| | 2020 | 2019 |
| **REVENUES:** | | |
| Service revenue (including $50,843 and $27,896 of service revenue from related parties for the three months ended March 31, 2020 and 2019, respectively) | $ 793,713 | $ 433,059 |
| Rental revenue | 22,828 | 28,989 |
| Total revenues | 816,541 | 462,048 |
| | | |
| **OPERATING COSTS AND EXPENSES:** | | |
| Cost of service revenue (including $1,094 and $0 of cost of service to related parties for the three months ended March 31, 2020 and 2019, respectively) | (128,507) | (169,092) |
| Cost of rental revenue | (11,634) | (13,551) |
| General and administrative (including $1,145 and $3,226 of general and administrative expense to related parties for the three months ended March 31, 2020 and 2019, respectively) | (909,907) | (969,901) |
| | | |
| Total operating costs and expenses | (1,050,048) | (1,152,544) |
| | | |
| **LOSS FROM OPERATIONS** | (233,507) | (690,496) |
| | | |
| **OTHER INCOME (EXPENSE)** | | |
| Change in fair value of derivative liabilities | 15,456 | 140,649 |
| Other income (including $0 and $1,610 of other income from a related party for the three months ended March 31, 2020 and 2019, respectively) | 8,997 | 13,161 |
| Interest income (including $0 and $4,500 of interest income from a related party for the three months ended March 31, 2020 and 2019, respectively) | 143 | 4,778 |
| Interest expense | (33,604) | (26,555) |
| Total other income (expense) | (9,008) | 132,033 |
| | | |
| **LOSS BEFORE INCOME TAX** | (242,515) | (558,463) |
| Income tax expense | - | (3,426) |
| **NET LOSS** | (242,515) | (561,889) |
| Net (income) loss attributable to noncontrolling interest | (700) | 10,735 |
| | | |
| **NET LOSS ATTRIBUTED TO COMMON SHAREHOLDERS** | (243,215) | (551,154) |
| Other comprehensive loss: | | |
| - Foreign currency translation (loss) income | (40,920) | 54,253 |
| **COMPREHENSIVE LOSS** | $ (284,135) | $ (496,901) |
| | | |
| NET LOSS PER SHARE, BASIC AND DILUTED | $ (0.00) | $ (0.01) |
| | | |
| WEIGHTED AVERAGE NUMBER OF COMMON STOCK OUTSTANDING, BASIC AND DILUTED | 54,723,889 | 54,723,698 |

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, 2020 AND 2019**
**(In U.S. dollars, except share data)**
**(Unaudited)**

**Three months ended March 31, 2020 (Unaudited)**

| | Common Stock | | Additional | Accumulated Other | | Non- | Total |
|---|---|---|---|---|---|---|---|
| | Number of shares | Amount | Paid-in Capital | Comprehensive Loss | Accumulated Deficit | Controlling Interest | Stockholders' Equity |
| Balance as of December 31, 2019 | 54,723,889 | $ 5,473 | $16,417,481 | $ (95,169) | $ (13,160,629) | $ 186,685 | $ 3,353,841 |
| Derecognition of non-controlling interest due to deconsolidation | - | - | - | - | - | 7,446 | 7,446 |
| Foreign currency translation | - | - | - | (40,920) | - | - | (40,920) |
| Net income (loss) | - | - | - | - | (243,215) | 700 | (242,515) |
| Balance as of March 31, 2020 (Unaudited) | 54,723,889 | $ 5,473 | $16,417,481 | $ (136,089) | $ (13,403,844) | $ 194,831 | $ 3,077,852 |

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

| | Common Stock | | Additional | Accumulated Other | | Non- | Total |
|---|---|---|---|---|---|---|---|
| | Number of shares | Amount | Paid-in Capital | Comprehensive Loss | Accumulated Deficit | Controlling Interest | Stockholders' Equity |
| 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) | 54,723,889 | $ 5,473 | $16,417,481 | $ (12,024) | $ (12,367,234) | $ 219,388 | $ 4,263,084 |

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, 2020 AND 2019**
**(In U.S. dollars)**
**(Unaudited)**

| | Three months ended March 31, 2020 | Three months ended March 31, 2019 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Net loss | $ (242,515) | $ (561,889) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 64,669 | 58,506 |
| Amortization of right-of-use assets | 75,549 | 53,957 |
| Provision for bad debts | (15,064) | 11,845 |
| Loss on disposal of a subsidiary | 727 | - |
| Loss on disposal of property and equipment | 115 | - |
| Change in fair value of derivative liabilities | (15,456) | (140,649) |
| Increase in cash surrender value on life insurance | (454) | (1,306) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable, net | 63,470 | (43,389) |
| Prepaids and other current assets | (42,574) | (19,847) |
| Deferred costs of revenue | 21,444 | (93,520) |
| Accounts payable and accrued liabilities | (131,307) | (173,331) |
| Operating lease liabilities | (74,974) | (53,957) |
| Income tax payable | (6,565) | 2 |
| Deferred revenue | (270,000) | 340,000 |
| Net cash used in operating activities | (572,935) | (623,578) |
| | | |
| **Cash flows from investing activities:** | | |
| Purchase of property and equipment | - | (627) |
| Net decrease in cash due to deconsolidation of subsidiary | (24,887) | - |
| Acquisition of business, net of cash acquired | - | (60,187) |
| Net cash used in investing activities | (24,887) | (60,814) |
| | | |
| **Cash flows from financing activities:** | | |
| Principal payments of loans secured by real estate | (35,856) | (37,379) |
| Advances from (to) related parties | 58,517 | (985) |
| Net cash provided by (used in) financing activities | 22,661 | (38,364) |
| | | |
| Effect of exchange rate changes in cash and cash equivalents | (2,364) | 3,023 |
| NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH | (577,525) | (719,733) |
| CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, BEGINNING OF PERIOD | 1,256,739 | 2,172,048 |
| | | |
| **CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF PERIOD** | $ 679,214 | $ 1,452,315 |
| | | |
| **SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:** | | |
| Cash paid for income tax | $ 9,721 | $ 3,426 |
| Cash paid for interest | $ 33,604 | $ 26,555 |
| | | |
| **NON-CASH INVESTING AND FINANCING ACTIVITIES:** | | |
| Noncash assets derecognized on deconsolidation of subsidiary | $ 142,130 | $ - |
| Noncash liabilities derecognized on deconsolidation of subsidiary | $ 173,680 | $ |
| Right-of-use assets and operating lease liabilities removed for terminated operating leases | $ 158,870 | $ - |
| Initial recognition of operating lease right-of-use assets and operating lease obligations upon adoption of ASC Topic 842 | $ - | $ 582,647 |
| Fair value of shares issued for acquisition of business | $ - | $ 41,290 |

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, 2020 AND 2019**
**(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 and principles of consolidation

The accompanying unaudited condensed consolidated financial statements as of and for the three months ended March 31, 2020 and 2019, 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, 2020 are not necessarily indicative of the results that may be expected for the year ending December 31, 2020. The Condensed Consolidated Balance Sheet information as of December 31, 2019 was derived from the Company's audited Consolidated Financial Statements as of and for the year ended December 31, 2019 included in the Company's Annual Report on Form 10-K filed with the SEC on March 30, 2020. These financial statements should be read in conjunction with that report.

The accompany unaudited condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries and majority-owned subsidiaries which the Company controls and entities for which the Company is the primary beneficiary. For those consolidated subsidiaries where the Company's ownership is less than 100%, the outside shareholders' interests are shown as noncontrolling interests in equity. Acquired businesses are included in the consolidated financial statements from the date on which control is transferred to the Company. Subsidiaries are deconsolidated from the date that control ceases. All inter-company accounts and transactions have been eliminated in consolidation.

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, 2020, the Company incurred a net loss of $242,515 and used cash in operations of $572,935 and at March 31, 2020, the Company had a working capital deficiency of $2,217,970. 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, 2019 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 in the past, 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.

COVID-19 outbreak

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. The COVID-19 pandemic has negatively impacted the global economy, workforces, customers, and created significant volatility and disruption of financial markets. It has also disrupted the normal operations of many businesses, including ours. This outbreak could decrease spending, adversely affect demand for our services and harm our business and results of operations. It is not possible for us to predict the duration or magnitude of the adverse results of the outbreak and its effects on our business or results of operations at this time.

Use of estimates

The preparation of financial statements in conformity with US GAAP 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 consists of funds on hand and held in bank accounts. Cash equivalents includes demand deposits placed with banks or other financial institutions and all highly liquid investments with original maturities of three months or less, including money market funds. Restricted cash represents cash restricted for the loan collateral requirements as defined in a loan agreement and also the minimum paid-up share capital requirement for insurance brokers specified under the Insurance Ordinance of Hong Kong.

At March 31, 2020 and December 31, 2019, cash included funds held by employees of $10,067 and $33,096, 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).

| | As of March 31, 2020 (Unaudited) | As of December 31, 2019 |
|---|---|---|
| Cash, cash equivalents, and restricted cash | | |
| Denominated in United States Dollars | $ 115,529 | $ 337,960 |
| Denominated in Hong Kong Dollars | 243,907 | 393,062 |
| Denominated in Chinese Renminbi | 294,161 | 494,870 |
| Denominated in Malaysian Ringgit | 25,617 | 30,847 |
| Cash, cash equivalents, and restricted cash | $ 679,214 | $ 1,256,739 |

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 (see Note 2).

Investments

*Investments in equity securities*

The Company accounts for its investments that represent less than 20% ownership, and for which the Company does not have the ability to exercise significant influence, at their fair value at the end of each reporting period, unless there is no readily determinable fair value. Equity investments without readily determinable fair values are accounted for at cost and assessed for impairment at each reporting period. At March 31, 2020 and December 31, 2019, the Company had two investments in equity securities of related parties valued at $53,363.

*Investments under the equity method*

The Company applies the equity method to investments in common stock when we possess the ability to exercise significant influence, but not control, over the operating and financial policies of the investee. The ability to exercise significant influence is generally presumed when the investor possesses 20% or more of the voting interests of the investee. In applying the equity method, we record the investment at cost and subsequently increase or decrease the carrying amount of the investment by our proportionate share of the net earnings or losses and other comprehensive income of the investee. We generally stop applying the equity method when our share of the investee's net losses has reduced our investment to zero unless we have additional investments in the investee at risk or have committed financial support to the investee. At March 31, 2020 and December 31, 2019, the Company had two investments accounted for under the equity method that were valued at zero.

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 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 whether 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, 2020 and 2019, the only outstanding common stock equivalents were warrants for 53,556 potentially dilutive shares outstanding. These warrants have been excluded from the calculation of weighted average shares as the effect would have been anti-dilutive and therefore, basic and diluted net loss per share were the same.

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, | |
|---|---|---|
| | 2020 | 2019 |
| Period-end MYR : US$1 exchange rate | 4.31 | 4.08 |
| Period-average MYR : US$1 exchange rate | 4.21 | 4.08 |
| Period-end RMB : US$1 exchange rate | 7.08 | 6.71 |
| Period-average RMB : US$1 exchange rate | 7.00 | 6.70 |
| Period-end HK$ : US$1 exchange rate | 7.75 | 7.75 |
| Period-average HK$ : US$1 exchange rate | 7.77 | 7.75 |
| Period-end AU$ : US$1 exchange rate | 1.63 | 1.41 |
| Period-average AU$ : US$1 exchange rate | 1.55 | 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, prepaids and other current assets, accounts payable and accrued liabilities, income tax payable, 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, 2020, the Company's balance sheet includes Level 2 liabilities comprised of the fair value of embedded derivative liabilities of $13,089 (see Note 4). The fair value of the derivative liabilities is based on significant inputs not observable in the market, which represents a Level 2 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, 2020:

| | Embedded derivative liabilities |
|---|---|
| Balance as of December 31, 2019 | $ 28,545 |
| Net change in the fair value | (15,456) |
| Balance as of March 31, 2020 | $ 13,089 |

Concentrations of risks

For the three months ended March 31, 2020, one customer accounted for 42% of revenues. For the three months ended March 31, 2019, no customer accounted for 10% or more of revenues. For the three months ended March 31, 2020, one customer accounted for 10% of accounts receivable at period-end. For the three months ended March 31, 2019, no customer accounted for 10% or more of accounts receivable at period-end.

For the three months ended March 31, 2020 and 2019, no vendor accounted for 10% or more of the Company's cost of revenues. For the three months ended March 31, 2020, two vendors accounted for 64% (42% and 22%) of accounts payable at period-end. For the three months ended March 31, 2019, no vendor accounted for 10% or more of accounts payable at period-end.

Economic and political risks

Substantially all 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). ASU 2016-13 requires entities to use a forward-looking approach based on current expected credit losses ("CECL") to estimate credit losses on certain types of financial instruments, including trade receivables. This may result in the earlier recognition of allowances for losses. ASU 2016-13 is effective for the Company beginning January 1, 2023, 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 – REVENUE FROM CONTRACTS WITH CUSTOMERS**

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") in accounting for the sale of real estate properties. The Company records the sale based on completed performance obligations, which typically occurs upon the transfer of ownership of a real estate asset to the buyer. During the three months ended March 31, 2020 and 2019, 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, 2020 (Unaudited) | Three Months Ended March 31, 2019 (Unaudited) |
|---|---|---|
| Revenue by service lines: | | |
| Corporate advisory – Non-listing services | $ 451,713 | $ 433,059 |
| Corporate advisory – Listing services | 342,000 | - |
| Rental of real estate properties | 22,828 | 28,989 |
| Total revenue | $ 816,541 | $ 462,048 |

| | Three Months Ended March 31, 2020 (Unaudited) | Three Months Ended March 31, 2019 (Unaudited) |
|---|---|---|
| Revenue by geographic area: | | |
| Hong Kong | $ 662,493 | $ 297,305 |
| Malaysia | 123,942 | 134,023 |
| China | 30,106 | 30,720 |
| Total revenue | $ 816,541 | $ 462,048 |

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, 2020 (Unaudited) |
|---|---|
| Deferred revenue, January 1, 2020 | $ 1,202,153 |
| New contract liabilities | 72,000 |
| Performance obligations satisfied | (342,000) |
| Deferred revenue, March 31, 2020 | $ 932,153 |

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, 2020 and December 31, 2019 are classified as current assets or current liabilities and totaled:

| | As of March 31, 2020 (Unaudited) | As of December 31, 2019 |
|---|---|---|
| Deferred revenue | $ 932,153 | $ 1,202,153 |
| Deferred costs of revenue | $ 52,377 | $ 73,821 |

**NOTE 3 – OPERATING LEASES**

The Company has two separate operating lease agreements for one office space in each of Malaysia and Hong Kong with remaining lease terms of 12 months and 13 months, respectively. 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.

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

| | Three Months Ended March 31, 2020 |
|---|---|
| Lease Cost | |
| Operating lease cost (included in general and administrative expenses in the Company's unaudited condensed statement of operations) | $ 100,727 |
| | |
| Other Information | |
| Cash paid for amounts included in the measurement of lease liabilities for the three months ended March 31, 2020 | $ 41,594 |
| Weighted average remaining lease term – operating leases (in years) | 1.1 |
| Average discount rate – operating leases | 4.0% |

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

| | At March 31, 2020 |
|---|---|
| Operating leases | |
| Long-term right-of-use assets | $ 272,506 |
| | |
| Short-term operating lease liabilities | $ 255,996 |
| Long-term operating lease liabilities | 21,852 |
| Total operating lease liabilities | $ 277,848 |

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

| Year Ending | Operating Leases |
|---|---|
| 2020 (remaining 9 months) | $ 196,685 |
| 2021 | 87,702 |
| Total lease payments | 284,387 |
| Less: Imputed interest/present value discount | (6,539) |
| Present value of lease liabilities | $ 277,848 |

Lease expenses were $100,727 and $97,930 during the three months ended March 31, 2020 and 2019, respectively.

During the three months ended March 31, 2020, the Company terminated one lease and a second lease was deconsolidated when the Company sold its controlling interest in a subsidiary (See Note 7). The total operating lease right-of-use assets and liabilities removed from the Company's financial statements were approximately $159,000.

## NOTE 4 – DERIVATIVE LIABILITIES

At March 31, 2020, 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, 2019, the balance of the derivative liabilities was $28,545. During the three months ended March 31, 2020, the Company recorded a decrease in fair value of derivatives of $15,456. At March 31, 2020, the balance of the derivative liabilities was $13,089.

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

| | As of March 31, 2020 (Unaudited) | As of December 31, 2019 |
|---|---|---|
| Risk-free interest rate | $ 1.4% | $ 2.4% |
| Expected volatility | 172% | 173% |
| Contractual life (in years) | 3.2 years | 3.4 years |
| Expected dividend yield | 0.00% | 0.00% |
| Fair Value of warrants | $ 13,089 | $ 28,545 |

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 – 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, 2020 is presented below:

| | Number of Shares | Exercise Price | Remaining Contractual Life (in Years) |
|---|---|---|---|
| Warrants outstanding at December 31, 2019 | 53,556 | $ 7.20 | |
| Granted | — | — | |
| Exercised | — | — | |
| Expired | — | — | |
| Warrants outstanding at March 31, 2020 | 53,556 | $ 7.20 | 3.2 |
| Warrants exercisable at March 31, 2020 | 53,556 | $ 7.20 | 3.2 |

At March 31, 2020, the intrinsic value of outstanding warrants was zero.

**NOTE 6 - RELATED PARTY TRANSACTIONS**

| **Due from related parties:** | March 31, 2020<br>(Unaudited) | December 31, 2019 |
|---|---|---|
| Accounts receivable, net | | |
| Due from related party B (net of allowance of $1) | $ 9 | $ - |
| Due from related party F (net of allowance of $593) | 593 | - |
| | | |
| Prepaids and other current assets | | |
| Due from related party F | 1,032 | 1,623 |
| Due from related party G | 60,000 | 60,000 |
| Total | $ 61,634 | $ 61,623 |

| **Due to related parties:** | March 31, 2020<br>(Unaudited) | December 31, 2019 |
|---|---|---|
| Due to related party A | $ 3,824 | $ 1,113 |
| Due to related party B | - | 35 |
| Due to related party D | - | 25 |
| Due to related party E | - | 2,167 |
| Due to related party H | 779,561 | 779,561 |
| Due to related party I | 282,489 | 226,859 |
| Total | $ 1,065,874 | $ 1,009,760 |

| | For the three months ended March 31, | |
|---|---|---|
| **Related party revenue and expense transactions:** | 2020<br>(Unaudited) | 2019<br>(Unaudited) |
| Service revenue from related parties | | |
| - Related party A | $ 15,446 | $ - |
| - Related party B | 29,287 | 18,915 |
| - Related party C | 129 | 387 |
| - Related party D | - | 4,794 |
| - Related party E | 5,981 | 3,800 |
| Total | $ 50,843 | $ 27,896 |
| | | |
| Cost of service revenue - related party B | $ 1,094 | $ - |
| | | |
| General and administrative expenses with related parties | | |
| - Related party A | $ 180 | $ - |
| - Related party B | 965 | - |
| - Related party F | - | 3,226 |
| Total | $ 1,145 | $ 3,226 |
| | | |
| Other income | | |
| - Related party D | - | 1,610 |
| - Related party E | - | 4,500 |
| Total | $ - | $ 6,110 |

Related party A is under common control of Mr. Loke Che Chan, Gilbert, the Company's CFO and a major shareholder.

Related party B represents companies where the Company owns a percentage of the company (ranging from 4% to 13%).

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

Related party D represents a company that we have determined that we can significantly influence based on our common business relationships.

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. On June 16, 2018, the Company made a loan of $300,000 pursuant to a loan agreement with related party E. The loan is unsecured, bears interest at 6% per annum, and is due on June 15, 2020. The Managing Director of related party E is a consultant to the Company, and is also a director of Aquarius Protection Fund, a shareholder in the Company. Related party E is also the investment manager of Aquarius Protection Fund. During the year ended December 31, 2018, the loan of $300,000 was offset by payments of $222,912 made to the Company from other companies controlled by the Managing Director of related party E. In December 2018, the Company completed an impairment analysis and determined that the balance of the loan was impaired and recorded an impairment of $77,088.

Related party F is under common control of Mr. Lee Chong Kuang, the Company's CEO and a major shareholder.

Related party G represents a company in which we have a 49% equity investment. At March 31, 2020 and December 31, 2019, amounts due from related party G are unsecured, bear no interest, and are payable upon demand. During 2018, the Company acquired 49% of related party G for total consideration of $368,265. At December 31, 2018, the Company determined that its investments in related party G were impaired and recorded an impairment of other investments of $368,265.

Related party H represents the noncontrolling interest in the Company's subsidiary that owns its real estate held for sale. The amounts due to related party H are unsecured, bear no interest, are payable on demand, and related to the initial acquisition of the real estate held for sale property.

Related party I represents shareholders and directors of the Company or the Company's subsidiary. The amounts due to related party I represents expenses paid by the shareholders or directors to third parties on behalf of the Company, are non-interest bearing, and are due on demand.

**NOTE 7 – DECONSOLIDATION OF CONTROLLING INTEREST IN SUBSIDIARY**

On February 29, 2020, the Company sold its entire 60% interest in Yabez (Hong Kong) Limited and Yabez Business Service (SZ) Company Limited (collectively, "Yabez") to an unrelated party for $1. The transaction closed on February 29, 2020, and Yabez was deconsolidated following the closing.

At February 29, 2020, Yabez's assets totaled $167,017, and consisted of cash of $24,887, trade accounts receivable of $129,792, and other assets of $12,338. At February 29, 2020, Yabez's liabilities consisted of trade accounts payables of $173,680. At February 29, 2020, Yabez's net deficit was ($6,663), of which the non-controlling interest was ($7,446) and the Company's basis was $783, resulting in a loss on disposal of $727, after consideration of foreign currency adjustments.

**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, 2020 (Unaudited) | | | |
|---|---|---|---|---|
| | Real estate business | Service business | Corporate | Total |
| Revenues | $ 22,828 | $ 793,713 | $ - | $ 816,541 |
| Cost of revenues | 11,634 | 128,507 | - | 140,141 |
| Depreciation and amortization | 8,002 | 54,120 | 2,547 | 64,669 |
| Net income (loss) | 1,750 | (162,537) | (81,728) | (242,515) |
| | | | | |
| Total assets | 2,449,384 | 5,141,557 | 160,361 | 7,751,302 |
| Capital expenditures for long-lived assets | $ - | $ - | $ - | $ - |

| | 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 | - | 54,333 | 4,173 | 58,506 |
| 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 |

(b) By Geography*

| | For the three months ended March 31, 2020 (Unaudited) | | | |
|---|---|---|---|---|
| | Hong Kong | Malaysia | China | Total |
| Revenues | $ 662,493 | $ 123,942 | $ 30,106 | $ 816,541 |
| Cost of revenues | 97,828 | 39,172 | 3,141 | 140,141 |
| Depreciation and amortization | 26,332 | 8,632 | 29,705 | 64,669 |
| Net income (loss) | (79,196) | (7,124) | (156,195) | (242,515) |
| | | | | |
| Total assets | 3,770,585 | 967,132 | 3,013,585 | 7,751,302 |
| Capital expenditures for long-lived assets | $ - | $ - | $ - | $ - |

| | 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 | 26,918 | 639 | 30,949 | 58,506 |
| 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 |

*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, 2019 filed with the Securities and Exchange Commission on March 30, 2020 (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, 2020 and 2019, we operated in three regions: Hong Kong, Malaysia and China. We derived revenue from the provision of services and rental activities of our commercial properties.

*Comparison of the three months ended March 31, 2020 and 2019*

Total Revenues

Total revenue was $816,541 and $462,048 for the three months ended March 31, 2020 and 2019, respectively. The increased amount of $354,493 was primarily due to an increase in the revenue of business services. We expect revenue from our business services segment to steadily increase as we continue to grow our business and expand into new territories.

Service Business Revenue

Revenue from the provision of business services was $793,713 and $433,059 for the three months ended March 31, 2020 and 2019, 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 increase in service income as a result of our integration of clients through our acquisitions and increased focus on high-end services.

Real Estate Business

Rental Revenue

Revenue from rentals was $22,828 and $28,989 for the three months ended March 31, 2020 and 2019, 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 $1,050,048 and $1,152,544 for the three months ended March 31, 2020 and 2019, respectively. They consist of cost of service revenue, cost of rental revenue, and general and administrative expenses.

The losses from operations for the Company for the three months ended March 31, 2020 and 2019 was $233,507 and $690,496, respectively. The decrease in loss from operations was mainly due to an increase in service revenue.

Cost of service revenue

Cost of revenue on provision of services was $128,507 and $169,092 for the three months ended March 31, 2020 and 2019, 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 rental revenue

Cost of rental revenue was $11,634 and $13,551 for the three months ended March 31, 2020 and 2019, 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 ("G&A") expenses were $909,907 and $969,901 for the three months ended March 31, 2020 and 2019, respectively. For the three months ended March 31, 2020, general and administrative expenses consisted primarily of salary and wages of $429,391, rental expenses of $100,727, and directors compensation of $98,595. We expect our G&A expenses to continue to increase as we integrate our business acquisitions, expand our existing business and develop new markets in other regions.

Other income (expense)

For the three months ended March 31, 2020, net other expense was ($9,008) as compared to net other income of $132,033 for the three months ended March 31, 2019. Gain on changes in fair value of derivative liabilities was $15,456 and $140,649 for the three months ended March 31, 2020 and 2019, respectively.

Net loss

The net loss was $242,515 and $561,889 for the three months ended March 31, 2020 and 2019, respectively. The decrease in net loss was mainly due to an increase of service revenue in 2020.

Net income or loss attributable to noncontrolling interest

The Company records net income or loss 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 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.

On February 29, 2020, the Company sold its 60% interest in Yabez (Hong Kong) Limited and its wholly owned subsidiary, Yabez Business Service (SZ) Company Limited (collectively, "Yabez") due to continuing losses incurred by Yabez, to an unrelated party for $1.00.

At March 31, 2020, the noncontrolling interest is related to the Company's 60% ownership of Forward Win International Limited.

For the three months ended March 31, 2020 and 2019, the Company recorded net income attributable to a noncontrolling interest of $700 and net loss attributable to the noncontrolling interests of $10,735, 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, 2020 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, 2020.

**Contractual Obligations**

As of March 31, 2020, one of the subsidiaries of the Company leases an office in Hong Kong under a non-cancellable operating lease with a term of three years commencing from May 1, 2018 to April 30, 2021. Another subsidiary of the Company leases an office in Malaysia under a non-cancellable operating lease with a term of one year commencing from April 1, 2020 to March 31, 2021. At March 31, 2020, the future minimum rental payments under these leases in the aggregate are approximately $298,784 and are due as follows: 2020: $207,156, and 2021: $91,628.

**Related Party Transactions**

For the three months ended March 31, 2020 and 2019, related party service revenue totaled $50,843 and $27,896, respectively.

Accounts receivable due from related parties was $602 and $0 as of March 31, 2020 and December 31, 2019, respectively. Other receivable due from related parties was $61,032 and $61,623 as of March 31, 2020 and December 31, 2019, respectively. The amounts due to related parties was $1,065,874 and $1,009,760 as of March 31, 2020 and December 31, 2019, 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 6 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 December 31, of each fiscal year.

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 net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date or not. 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, 2020 decreased to $679,214 as compared to $1,256,739 at December 31, 2019. We estimate the Company currently has sufficient cash available 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, 2020, the Company incurred a net loss of $242,515 and used cash in operations of $572,935 and at March 31, 2020, the Company had a working capital deficiency of $2,217,970. 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, 2019 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 $572,935 for the three months ended March 31, 2020 as compared to net cash used in operating activities of $623,578 for the three months ended March 31, 2019. The cash used in operating activities in 2020 was mainly from the net loss for the period of $242,515, a decrease in accounts payable and accrued liabilities of $304,987, a decrease in deferred revenue of $270,000, an increase in prepaids and other current assets of $30,237, and offset by a decrease in net accounts receivable of $178,198. For the three months ended March 31, 2020, non-cash adjustments totaled $110,086, which was mostly composed of non-cash expenses of depreciation and amortization of $64,669 and amortization of right-of-use assets of $75,549, and offset by non-cash income of change in fair value of derivative liabilities of $15,456 and provision for bad debts of $15,064.

Investing activities

Net cash used in investing activities was $24,887 and $60,814 for the three months ended March 31, 2020 and 2019, respectively.

Financing activities

Net cash provided by financing activities for the three months ended March 31, 2020 was $22,661 while net cash used in financing activities for the three months ended March 31, 2019 was $38,364.

The cash provided by financing activities in 2020 was mainly advances from related parties of $58,517 and offset by repayment of loans secured by real estate of $35,856.

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

As a "smaller reporting company" as defined by Rule 12b-2 of the Securities Exchange Act of 1934, the Company is not required to provide the information under this item.

**Item 4. Controls and Procedures.**

**Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended ("Exchange Act"). Based on such evaluation, our principal executive officer and principal financial officer have concluded that the disclosure controls and procedures were effective as of March 31, 2020 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 period specified in the U.S. Securities and Exchange Commission's ("SEC") rules and forms, and to ensure that information required to be disclosed by the Company in the reports 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, as appropriate, to allow timely decisions regarding disclosure.

**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, 2020, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Inherent Limitations on Effectiveness of Controls**

Our management, including each of our Chief Executive Officer and Chief Financial Officer, intends that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives. However, our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

## 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

| Exhibit No. | Description |
| --- | --- |
| 31.1 | Rule 13(a)-14(a)/15(d)-14(a) Certification of principal executive officer |
| 31.2 | Rule 13(a)-14(a)/15(d)-14(a) Certification of principal financial officer |
| 32.1 | Section 1350 Certification of principal executive officer |
| 32.2 | Section 1350 Certification of principal financial officer and principal accounting officer |

**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 14, 2020 | By: *_/s/ Lee Chong Kuang_* |
| | Lee Chong Kuang<br>President and Chief Executive Officer<br>(Principal Executive Officer) |
| Date: May 14, 2020 | By: *_/s/ Loke Che Chan, Gilbert_* |
| | Loke Che Chan, Gilbert<br>Chief Financial Officer<br>(Principal Financial and Accounting Officer) |

**EXHIBIT 31.1**

**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, 2020;

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 14, 2020

By: ***/s/ Lee Chong Kuang***
Title: Chief Executive Officer
(Principal Executive Officer)

**EXHIBIT 31.2**

**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, 2020;

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 14, 2020

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

**EXHIBIT 32.1**

**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, 2020 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 14, 2020

By: ***/s/ Lee Chong Kuang***
Title: Chief Executive Officer
(Principal Executive Officer)

**EXHIBIT 32.2**

**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, 2020 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 14, 2020

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