AGROCAN CORP
Form 10QSB
February 14, 2003

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

FORM 10-QSB

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

For the Quarterly Period Ended December 31, 2002

[_] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _________ to _________

Commission File Number: 0-25963

AGROCAN CORPORATION
(Exact name of small business issuer as specified in its charter)

Delaware	N/A
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

Suite 706, Dominion Centre, 43-59 Queen's Road East, Hong Kong
(Address of principal executive offices)

011-852-2519-3933
(Issuer's telephone number)

Not applicable
(Former name, former address and former fiscal year, if changed since last report.)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 [_]
As of December 31, 2002, the Company had 3,673,304 shares of common stock issued and outstanding.

Transitional Small Business Disclosure Format: Yes [_] No [X]
Documents incorporated by reference: None.

AGROCAN CORPORATION

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

AGROCAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
DECEMBER 31 AND SEPTEMBER 30, 2002
(UNITED STATES DOLLARS)

	DEC 31, 2002	SEP 30, 2002
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 78,514	$ 128,615
Accounts receivable, less allowance for doubtful accounts of $178,617 for each period	878,149	934,600
Other receivables and prepayments	132,973	132,399
Interest receivable	5,265	-
Inventories	338,183	284,886
Amount due from related parties, net	422,415	422,415
TOTAL CURRENT ASSETS	1,855,499	1,902,915
ADVANCES RECEIVABLE, NET	168,145	168,145
PROPERTY, PLANT AND EQUIPMENT - NET	663,191	673,209
TOTAL ASSETS	$ 2,686,835	$ 2,744,269

LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short-term loans-unsecured	$ 296,411	$ 296,411
Short-term bank loan	120,482	120,482
Accounts payable	72,527	82,624
Other payables and accruals	125,325	139,903
Deposits received	309,818	296,375
Amount due to related parties	305,120	341,196
Income tax payable	80,589	72,263
TOTAL LIABILITIES, ALL CURRENT	1,310,272	1,349,254
MINORITY INTEREST	70,393	74,644
SHAREHOLDERS' EQUITY		
Preferred stock, par value US$0.0001 per share, authorized 10,000,000 shares; none issued		
Common stock, par value US$0.0001 per share, authorized 25,000,000 shares; issued and outstanding 3,673,304 shares at December 31 and September 30, 2002	367	367
Capital in excess of par value	1,885,251	1,885,251
Retained earnings		
Unappropriated	(701,006)	(686,805)
Appropriated	120,457	120,457
Other comprehensive income	1,101	1,101
TOTAL SHAREHOLDERS' EQUITY	1,306,170	1,320,371
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 2,686,835	$ 2,744,269

See notes to consolidated financial statements

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AGROCAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
FOR THE THREE MONTHS ENDED DECEMBER 31, 2002 AND 2001
(UNITED STATES DOLLARS)

	2002	2001
NET SALES	$ 269,195	$ 127,907
COST OF SALES	184,575	93,562
GROSS PROFIT	84,620	34,345

ADMINISTRATIVE AND GENERAL EXPENSES	64,638	44,661
SELLING EXPENSES	32,139	7,890
LOSS FROM OPERATIONS	(12,157)	(18,206)
OTHER INCOME (EXPENSE)		
Interest income	5,418	494
Interest expense	(1,814)	(3,192)
LOSS BEFORE INCOME TAXES	(8,553)	(20,904)
INCOME TAXES	9,899	(584)
LOSS BEFORE MINORITY INTEREST	(18,452)	(20,320)
MINORITY INTEREST	4,251	836
NET LOSS	$ (14,201)	$ (19,484)
WEIGHT AVERAGE SHARES OUTSTANDING		
Basic and diluted	3,673,304	2,684,970
BASIC AND DILUTED LOSS PER SHARES	$ (0.00)	$ (0.01)

See notes to consolidated financial statements

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AGROCAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS ENDED DECEMBER 31, 2002 AND 2001
(UNITED STATES DOLLARS)

	2002	2001
OPERATING ACTIVITIES		
Net loss	$(14,201)	$(19,484)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	17,181	17,325
Minority interest in net loss	(4,251)	(836)
Decrease in accounts receivable	56,451	47,592
Decrease (increase) in other receivables, deposit and prepayments	(574)	11,218
Increase in interest receivable	(5,265)	-
Increase in inventories	(53,297)	(95,567)
Decrease in amounts due from related parties	-	15,670
(Decrease) increase in accounts payable	(10,097)	45,380
(Decrease) increase in tax payable	8,326	(19,369)
Decrease in other payables and accruals	(14,578)	(51,908)
Increase in deposits received	13,443	108,919

(Decrease) increase in amounts due to related parties	(36,076)	24,598
Net cash provided by (used in) operating activities	(42,938)	83,538
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(7,163)	(35,768)
Net cash used in investing activites	(7,163)	(35,768)
FINANCING ACTIVITIES		
Repayment of short term loan - unsecured	-	(19,880)
Repayment of short term bank loan	-	(36,144)
Net cash used in financing activities	-	(56,024)
Net decrease in cash and cash equivalents	(50,101)	(8,254)
Cash and cash equivalents at beginning of year	128,615	71,309
Cash and cash equivalents at end of year	$ 78,514	$ 63,055
Cash paid during the three months for income taxes	$ 1,573	$ 18,785
Cash paid during the three months for interest	$ 148	$ -

See notes to consolidated financial statements

AGROCAN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED DECEMBER 31, 2002 AND 2001
(UNAUDITED)
(EXPRESSED IN UNITED STATES DOLLARS)

1. THE INTERIM FINANCIAL STATEMENTS

The interim financial statements have been prepared by AgroCan Corporation and in the opinion of management, reflect all material adjustments which are necessary to a fair statement of results for the interim periods presented, including normal recurring adjustments. Certain information and footnote disclosures made in the most recent annual financial statements included in our Form 10-KSB for the year ended September 30, 2002, have been condensed or omitted for the interim statements. It is our opinion that, when the interim statements are read in conjunction with the September 30, 2002 financial statements, the disclosures are adequate to make the information presented not misleading. The results of operations for the three months ended December 31, 2002 and 2001 are not necessarily indicative of the operating results for the full fiscal year, as the Company's business fluctuates in accordance with planting seasons resulting in increased revenues in the second and third quarters.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amount of revenues and expenses during the reporting periods. Management makes these estimates using the best information available at the time the estimates are made; however, actual results could differ materially from those results.

The Company reported a 110% increase in sales during the three months ended December 31, 2002 compared to the three months ended December 31, 2001. The Company believes that it has adequate funds to support operations for the current fiscal year ending September 30, 2003.

To address its on-going and long-term cash needs, the Company plans to initiate discussions with investment banks and financial institutions and attempt to raise funds to support current and future operations. This includes attempting to raise additional working capital through the sale of additional capital stock or through additional bank or third party borrowings. The Company cannot provide any assurance that it will be able to raise any such funds.

2. INVENTORIES

Inventories at December 31, 2002 and September 30, 2002 are comprised of the following:

	DECEMBER 31, 2002 USD	SEPTEMBER 30, 2002 USD
RAW MATERIALS	$ 182,861	$ 110,030
FINISHED GOODS	155,322	$ 174,856
	$ 338,183	$ 284,886

3. SHORT-TERM LOANS

Short-term loans-unsecured represent amounts borrowed from third parties. Loans in the amount of $296,411 are unsecured, non-interest bearing and payable on demand.

As of December 31, 2002, the Company has a bank loan of $120,482. The bank loan bears interest at 6.04% per annum and is due April 4, 2003. The loan is guaranteed by a customer of the Company.

4. INCOME TAXES

During the three months ended December 31, 2002, the company recorded an income tax of $9,899. The company is subject to income taxes on an entity basis on income arising in or derived from the tax jurisdiction in which each entity is domiciled. Our British Virgin Islands subsidiary is not liable for income taxes. Our PRC subsidiaries comprise two wholly owned foreign enterprises and a 70% held Sino-Foreign Equity Joint Venture. PRC Companies are generally subject to income taxes at an effective rate of 33% (30% Chinese national income tax plus 3% Chinese state income tax). Two of our PRC subsidiaries, Fenglin and Linmao, are manufacturing companies operating in special zones, and they are entitled to a reduced national income taxes rate of 24%. All the subsidiaries are exempt from state income tax. Further, pursuant to the approval of the relevant PRC tax authorities, all the subsidiaries have been granted a "tax holidays", whereby the subsidiaries are fully exempted from PRC income taxes for two years starting from the year profits are first made, followed by a 50% exemption for the next three years. In 1999, the two-year, 100% exemption expired for Fenglin and Linmao, subjecting them to income tax at a rate of 12%. Effective January 1, 2001, the two-year, 100% exemption expired for Jiali and it became subject to income tax at a rate of 15%. Losses incurred by PRC companies may be carried forward for five years. Deferred tax assets and liabilities are not considered material at December 31, 2002 and 2001.

5. EARNINGS PER SHARE

Basic earnings per share is based on the weighted average shares of common stock outstanding. Diluted earnings per share assumes the conversion, exercise or issuance of all potential common stock instruments such as options, warrants and convertible securities, unless the effect is to reduce loss per share or increase earnings per share.

6. SUBSEQUENT EVENT

On January 3, 2003, pursuant to the Fiscal 2001 Equity Compensation Plan, the Board of Directors approved the issuance of 545,454 shares with an aggregate value of $60,000 for the payment of directors' fees.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Cautionary Statement Pursuant to Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995:

This Quarterly Report on Form 10-QSB for the quarterly period ended December 31, 2002 contains "forward-looking" statements within the meaning of the Federal securities laws. These forward-looking statements include, among others, statements concerning our expectations regarding sales trends, gross and net operating margin trends, political and economic matters, the availability of equity capital to fund our capital requirements, and other statements of expectations, beliefs, future plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts. The forward-looking statements in this Quarterly Report on Form 10-QSB for the quarterly period ended December 31, 2002 are subject to risks and uncertainties that could cause actual results to differ materially from those results expressed in or implied by the statements contained herein.

Overview:

AgroCan Corporation was incorporated on December 8, 1997 in the State of Delaware. Effective December 31, 1997, we issued 1,598,646 shares of common stock, which represented all of the capital stock outstanding at the completion of this transaction, to the shareholders of AgroCan (China) Inc., a corporation incorporated in the British Virgin Islands, in exchange for all of the capital stock of AgroCan (China) Inc.

Prior to the above transaction, we had no material operations. The AgroCan China transaction was accounted for as a recapitalization of AgroCan (China) Inc., as the shareholders of AgroCan (China) Inc. acquired all of the capital stock of the company in a reverse acquisition. Accordingly, the assets and liabilities of AgroCan (China) Inc. were recorded at historical cost, and the shares of common stock issued by the company were reflected in the consolidated financial statements giving retroactive effect as if we had been the parent company from inception.

We, through AgroCan (China) Inc., currently own 100% interest in two wholly-owned subsidiaries, Guangxi Linmao Fertilizer Company Limited ("Guangxi Linmao") and Jiangxi Jiali Chemical Industry Company Limited ("Jiangxi Jiali"). We, through AgroCan (China) Inc., also own a 70% interest in Jiangxi Fenglin Chemical Industry Company Limited, a Sino-Foreign Equity Joint Venture ("Jiangxi Fenglin"). All of the aforementioned entities are located in the People's Republic of China ("China" or the "PRC").

We account for our interest in Jiangxi Fenglin similar to a majority-owned subsidiary because of our 70% interest, our contractual ability to appoint four out of six directors to the Board of Directors, which is the highest authority for the joint venture, and our right to appoint the Chairman of the Board. Due to the rights asserted by the PRC partner under customary joint venture

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agreements, joint venture interests in the PRC are generally not consolidated in the financial statements of companies that report under the periodic reporting requirements of the United States Securities and Exchange Commission. However, as a result of the aforementioned factors specific to Jiangxi Fenglin, management believes that it is appropriate to consolidate the joint venture's operations into our consolidated financial statements.

We produce various compound fertilizers. These ingredients used are blended in different proportions and packed into 50 kilogram bags. As of December 31, 2002, we have established an annual production capacity of 125,000 metric tons for compound fertilizers in Guangxi and Jiangxi, two of the largest agricultural provinces in China, and we intend to enter markets in other provinces in China.

The consolidated financial statements of the Company include the accounts of the Company and its wholly-owned and majority-owned subsidiaries. All material intercompany balances and transactions are eliminated at consolidation. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States and have been presented in U.S. Dollars ("$"). The functional currency of the Company's PRC operations is the Chinese Renminbi ("RMB"). The accounts of foreign operations are prepared in their local currency and are translated into RMB using the applicable rate of exchange. The resulting translation adjustments are included in comprehensive income (loss). Transactions denominated in currencies other than the U.S. Dollars are translated into USD using the applicable exchange rates. Monetary assets and liabilities denominated in other currencies are translated into U.S. Dollars at the applicable rate of exchange at the balance sheet date. The resulting exchange gains or losses are credited or charged to the consolidated statements of operations.

Consolidated Results of Operations:

Three Months Ended December 31, 2002 and 2001:

Sales. The sales for the three months ended December 31, 2002 were $269,195 as compared to sales of $127,907 for the three months ended December 31, 2001, an increase of $141,288 or 110%. The increase was due to higher demands from our major customers.

Gross Profit. Gross profit for the three months ended December 31, 2002 was $84,620 or 31.4% of revenues, as compared to $34,345 or 26.9% of revenues for the three months ended December 31, 2001. The gross profit margin increased in 2002 as compared to 2001 as a result of higher sales prices to increasing demand from our customers.

Administrative and General Expenses. Administrative and general expenses for the three months ended December 31, 2002 were $64,638 or 24% of revenues, as compared to $44,661 or 34.9% of revenues for the three months ended December 31, 2001, an increase of $19,977. The increase of administrative and general expenses is mainly due to higher wages and travel expenses.

Selling Expenses. Selling expenses for the three months ended December 31, 2002 were $32,139 or 11.94% of revenues, as compared to $7,890 or 6.2% of revenues for the three months ended December 31, 2001, an increase of $24,249. Selling expenses increased in 2002 compared to 2001 as a result of increasing sales due to the higher demand from major customers.

Loss from Operations. Loss from operations was $12,157 for the three months ended December 31, 2002, as compared to a loss from operations of $18,206 for the three months ended December 31, 2001.

Other Income (Expense). We recorded interest income of $5,418 and $494 for the three months ended December 31, 2002 and 2001, respectively.

We recorded interest expense of $1,814 and $3,192 for the three months ended December 31, 2002 and 2001, respectively. As of December 31, 2002, we had a bank loan of $120,482 which bears interest at 6.04% per annum and is due at April 4, 2003.

Income Taxes. During the three months ended December 31, 2002, we recorded income tax of $9,899. We recognized income tax refund of $584 for the three months ended December 31, 2001.

Minority Interest. For the three months ended December 31, 2002 and 2001, we recorded a minority interest of $4,251 and $836 respectively, to reflect the interest of the Company's 30% joint venture partner in the net income of Jiangxi Fenglin.

Net Loss. Net loss was $14,201 for the three months ended December 31, 2002, as compared to a net loss of $19,484 for the three months ended December 31, 2001. The reason for recording less net loss for the three months ended December 31, 2002 than the three months ended December 31, 2001 was primarily the result of the increasing sales and profit margin.

Consolidated Financial Condition:

Liquidity and Capital Resources - December 31, 2002

We reported a 110% increase in sales during the three months ended December 31, 2002 compared to the three months ended December 31, 2001. The Company believes that it has adequate funds to support operations for the current fiscal year ending September 30, 2003.

To address its on-going and long-term cash needs, we plan to initiate discussions with investment banks and financial institutions and attempt to raise funds to support current and future operations. This includes attempting to raise additional working capital through the sale of additional capital stock or through additional bank or third party borrowings. We cannot provide any assurance that it will be able to raise any such funds.

Operating. For the three months ended December 31, 2002, our operations utilized cash resources of $42,938 as compared to generating $83,538 for the three months ended December 31, 2001. Our operations utilized more cash resources in 2002 as compared to 2001 primarily as a result of the settlement of accounts payable and other payables, and purchasing more raw materials for the upcoming planting season. At December 31, 2002, cash and cash equivalents decreased by $50,101 to $78,514, as compared to $128,615 at September 30, 2002. We had working capital of $545,227, at December 31, 2002, as compared to $553,661 at September 30, 2002, resulting in current ratios of 1.42:1 and 1.41:1 at December 31, 2002 and September 30, 2002, respectively.

Accounts receivable. Accounts receivable decreased by $56,451, to $878,149 at December 31, 2002, from $934,600 at September 30, 2002. Accounts receivable decreased during the three months ended December 31, 2002 as a result of settlement of part of the accounts receivable.

Inventories. Inventories increased by $53,297, to $338,183 at December 31, 2002, from $284,886 at September 30, 2002 in anticipation of the current selling season during the spring and summer.

Amount due from related parties. Amount due from related parties remained unchanged between December 31, 2002 and September 30, 2002 as a result of no money movement to related companies.

Investing. During the three months ended December 31, 2002 and 2001, additions to property, plant and equipment aggregated $7,163 and $35,768, respectively.

Financing. During the there months ended December 31, 2002, we did not record any financing activities. During the three months ended December 31, 2001, one of our subsidiaries repaid $36,144 of the short-term bank loans and repaid $19,880 of the unsecured short-term loan.

Inflation and Currency Matters:

In recent years, the Chinese economy has experienced periods of rapid economic growth as well as relatively high rates of inflation, which in turn has resulted in the periodic adoption by the Chinese government of various corrective measures designed to regulate growth and contain inflation. Since 1993, the Chinese government has implemented an economic program designed to control inflation, which has resulted in the tightening of working capital available to Chinese business enterprises. Our success depends in substantial part on the continued growth and development of the Chinese economy. During the fiscal quarters ended December 31, 2002 and 2001, inflation and changing prices have

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had a minor impact on our operations and financial position. The actual rate of inflation in the agricultural sector has been nominal, and the price level of fertilizer products has been stable.

Foreign operations are subject to certain risks inherent in conducting business abroad, including price and currency exchange controls, and fluctuations in the relative value of currencies. Changes in the relative value of currencies occur periodically and may, in certain instances, materially affect the Company's results of operations. In addition, the Renminbi is not freely convertible into foreign currencies, and the ability to convert the Renminbi is subject to the availability of foreign currencies. Effective December 1, 1998, all foreign exchange transactions involving the Renminbi must take place through authorized banks in China at the prevailing exchange rates quoted by the People's Bank of China. The Company expects that a portion of its revenues will need to be converted into other currencies to meet foreign exchange currency obligations, including the payment of any dividends declared.

Although the central government of China has repeatedly indicated that it does not intend to devalue its currency in the near future, recent announcements by the central government of China indicate that devaluation is an increasing possibility. Should the central government of China decide to devalue the Renminbi, we do not believe that such an action would have a detrimental effect on our operations, since we conduct virtually all of its business in China, and the sale of our products is settled in Renminbi. However, devaluation of the Renminbi against the United States dollar would adversely affect our financial performance when measured in United States dollars.

New Accounting Pronouncements:

In July 2001, the FASB issued Statement No.142 "Goodwill and Other Intangible Assets". Statement No.142 requires the use of a nonamortization approach to account for purchased goodwill and indefinite lived intangibles. Under a nonamortization approach, goodwill and indefinite lived intangibles will not be amortized into results of operations, but instead would be reviewed for impairment and written down and charged to results of operations only in the periods in which the recorded value of goodwill and indefinite lived intangibles is more than its fair value. The provisions of Statement No.142 will be effective for us in fiscal 2003. We do not expect this standard, when implemented, to have a material effect on its future results of operations or financial position.

In August 2001, the FASB issued SFAS No.144, "Accounting for Impairment or Disposal of Long-Lived Assets". This statement supersedes Statement No.121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposal of", and the accounting and reporting provisions of APB Opinion 30, "Reporting the Results of Operation - Reporting the Effects of Disposal of a Segment of a Business, and the disposal of a segment of a business. This statement is effective for us in fiscal 2003. We do not expect the adoption of Statement No.144 to have a material impact on our future results of operations or financial position.

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In April 2002, the FASB issued Statement No.145 "Rescission of FASB Statements No.4, 44 and 64. Amendment of FASB Statement No.13, and Technical Corrections". The Statement addresses the accounting for extinguishment of debt, sale-leaseback transactions and certain lease modifications. The statement is effective for us in fiscal 2003. We do not expect the adoption of Statement No.145 to have a material impact on our future results of operations or financial position.

In July 2002, the FASB issued Statement No.146, "Accounting for Cost Associated with Exit or Disposal Activities". The statement addresses financial accounting and reporting for costs associated with exit or disposal activities and supercedes Emerging Issues Task Force Issue No.94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (Including Certain Costs Incurred in a Restructing)." The provisions of Statement No.146 are effective for exit or disposal activities that are initiated after December 31, 2002. We do not expect the adoption of Statement No.146 to have a material impact on our future results of operations or financial position.

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PART II. OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

During the three months ended December 31, 2002, we did not issued any shares of common stock.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:
    99.1 Certification by Chief Executive Officer
    99.2 Certification by Chief Financial Officer

(b) Reports on Form 8-K:

    Three Months Ended December 31, 2002 - None

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AGROCAN CORPORATION

(Registrant)

Date: February 14, 2002

By: /s/ LAWRENCE HON

Lawrence Hon
President and Chief
Executive Officer
(Duly Authorized
Officer)

Date: February 14, 2002

By: /s/ CARL YUEN

Carl Yuen
Chief Financial Officer
(Principal Financial
and Accounting Officer)

CERTIFICATIONS

I, Lawrence Hon, Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Agrocan Corporation a Delaware Corporation;
2. Based on my knowledge, this annual 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 annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
a) designed such disclosure controls and procedures 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 annual report is being prepared;
b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 14, 2003

/s/ Lawrence Hon, Chief Executive Officer

Principal Executive Officer

I, Carl Yuen, Chief Financial Officer, certify that:
1. I have reviewed this quarterly report on Form 10-QSB of Agrocan Corporation a Delaware Corporation;
2. Based on my knowledge, this annual 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 annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined

Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
a) designed such disclosure controls and procedures 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 annual report is being prepared;
b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 14, 2003

/s/ Carl Yuen, Chief Financial Officer

Principal Financial Officer