AGROCAN CORP
Form 10QSB
February 06, 2002

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, 2001

[ ] 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, 2001, the Company had 2,684,970 shares of common stock issued and outstanding.
Transitional Small Business Disclosure Format: Yes [ ] No [X]
Documents incorporated by reference: None.

1

AGROCAN CORPORATION

INDEX

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

AGROCAN CORPORATION
CONSOLIDATED BALANCE SHEET (UNAUDITED)
DECEMBER 31, 2001

	USD	RMB
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 63,055	523,356
Accounts receivable, net	1,488,406	12,353,767
Other receivables and prepayments	58,255	483,518
Inventories	270,691	2,246,735
Deposits	24,691	204,939
Amount due from related parties, net	420,254	3,488,108
TOTAL CURRENT ASSETS	2,325,352	19,300,423
ADVANCES RECEIVABLE, NET	984,200	8,168,860
PROPERTY, PLANT AND EQUIPMENT, NET	758,616	6,296,515
TOTAL ASSETS	$4,068,168	33,765,798

LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short-term bank loan	$ 203,976	1,693,000
Short-term loans-unsecured	390,989	3,245,212
Accounts payable	318,443	2,643,065
Other payables and accruals	89,250	740,778
Income tax payable	74,247	616,254
Deposits received	202,943	1,684,430
Amount due to related parties	548,614	4,553,497
TOTAL LIABILITIES, ALL CURRENT	1,828,462	15,176,236
MINORITY INTEREST	134,058	1,112,682
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 2,684,970 shares at December 31, 2001	268	2,224
Capital in excess of par value	1,476,750	12,257,029
Retained earnings		
Unappropriated	480,637	3,989,288
Appropriated	145,818	1,210,289
Other comprehensive income	2,175	18,050
TOTAL SHAREHOLDERS' EQUITY	2,105,648	17,476,880
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$4,068,168	33,765,798

See notes to consolidated financial statements

AGROCAN CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND
COMPREHENSIVE INCOME (LOSS) (UNAUDITED)
THREE MONTHS ENDED DECEMBER 31, 2001 AND 2000

	2001	2001	2000
	USD	RMB	RMB
NET SALES	$ 127,907	1,061,626	2,199,132
COST OF SALES	93,562	776,562	1,651,009
GROSS PROFIT	34,345	285,064	548,123
ADMINISTRATIVE AND GENERAL EXPENSES	(44,661)	(370,686)	(786,668)
SELLING EXPENSES	(7,890)	(65,490)	(19,921)

LOSS FROM OPERATIONS	(18,206)	(151,112)	(258,466)
OTHER INCOME (EXPENSE)			
Interest income	494	4,105	-
Interest expense	(3,192)	(26,497)	(10,626)
Amortization of loan fees	-	-	(151,153)
LOSS BEFORE INCOME TAXES	(20,904)	(173,504)	(420,245)
INCOME TAXES	584	4,845	(27,926)
LOSS BEFORE MINORITY INTEREST	(20,320)	(168,659)	(448,171)
MINORITY INTEREST	836	6,942	22,582
NET LOSS	$ (19,484)	(161,717)	(425,589)
WEIGHTED AVERAGE SHARES OUTSANDING			
Basic and diluted	2,684,970	2,684,970	2,334,970
BASIC AND DILUTED LOSS PER SHARE	$ (0.01)	(0.06)	(0.18)

See notes to consolidated financial statements

AGROCAN CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
THREE MONTHS ENDED DECMEBER 31, 2001 AND 2000

	2001	2001	2000
	USD	RMB	RMB
OPERATING ACTIVITIES			
Net loss	$(19,484)	(161,717)	(425,589)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:			
Amortization of deferred costs	-	-	151,153
Depreciation	17,325	143,800	149,245
Minority interest in net income	(836)	(6,942)	(22,582)
(Increase) decrease in accounts receivable	47,592	395,010	(2,196,926)
Decrease (increase) in other receivables, deposits and prepayments	11,218	93,116	(3,568,436)
(Increase) decrease in inventories	(95,567)	(793,207)	(176,495)
(Increase) decrease in amounts due from related parties	15,670	130,065	767,091
Increase (decrease) in accounts payable	45,380	376,653	124,790
Increase (decrease) in income tax payable	(19,369)	(160,761)	(29,823)
Increase (decrease) in other payables and accruals	(51,908)	(430,837)	632,075
Increase (decrease) in deposits received	108,919	904,026	-
Increase (decrease) in amounts due to related parties	24,598	204,163	39,991

Net cash (used in) provided by operating activities	83,538	693,369	(4,555,506)
INVESTING ACTIVITIES			
Additions to property, plant and equipment	(35,768)	(296,877)	(303,091)
Net cash used in investing activities	(35,768)	(296,877)	(303,091)
FINANCING ACTIVITIES			
Repayment of short term bank loan	(36,144)	(300,000)	-
Repayment of short term loans - unsecured	(19,880)	(165,000)	-
Increase in note payable	-	-	414,000
Short term bank loan	-	-	1,000,000
Net cash (used in) provided by financing activities	(56,024)	(465,000)	1,414,000
Net decrease in cash and cash equivalents	(8,254)	(68,508)	(3,444,597)
Cash and cash equivalents beginning	71,309	591,864	4,616,686
Cash and cash equivalents end	$ 63,055	523,356	1,172,089

See notes to consolidated financial statements

5

AGROCAN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED DECEMBER 31, 2001 AND 2000
(UNAUDITED)
(EXPRESSED IN RENMINBI)

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, 2001, 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, 2001 financial statements, the disclosures are adequate to make the information presented not misleading. The results of operations for the three months ended December 31, 2001 and 2000 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 51.7% decrease in sales during the three months ended December 31, 2001 compared to the three months ended December 31, 2000 and a decrease in sales of 79.2% during the three months ended December 31, 2000 compared to the three months ended December 31, 1999. At December 31, 2001 the Company is in default on short-term loans with third parties of approximately RMB 1.5 million. The Company believes that it has adequate funds to support operations for the current fiscal year ending September 30, 2002.

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.

6

2. INVENTORIES

Inventories at December 31, 2001 and September 30, 2001 are comprised of the following:

	DECEMBER 31, 2001		SEPTEMBER 30, 2001
	USD	RMB	RMB
RAW MATERIALS	$ 137,782	1,143,588	1,020,669
FINISHED GOODS	132.909	1,103,147	432,859
	$ 270,691	2,246,735	1,453,528

3. SHORT-TERM BANK LOANS

As of December 31, 2001, the Company had two bank loans of RMB693,000 (US$83,494) and RMB1,000,000 (US$120,482). The bank loans bear interest at 7.605% and 6.435%, respectively, per annum and are due during the year ending September 30, 2002. One of the loans is guaranteed by a customer of the Company's.

4. INCOME TAXES

During the three months ended December 31, 2001, our subsidiaries recorded an income tax refund of RMB 4,845. We are 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, 2001 and 2000.

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.

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, 2001 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, 2001 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

8

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 September 30, 2001, 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 Chinese Renminbi ("RMB"). The functional currency of the Company's PRC operations is the 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 RMB are translated into RMB at the applicable exchange rates. Monetary assets and liabilities denominated in other currencies are translated into RMB 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. For all purposes in this report, unless otherwise specifically stated, the U.S. dollar equivalent for the PRC Renminbi is the official exchange rate of 8.277 RMB=$1.00 (U.S.).

9

Consolidated Results of Operations:

Three Months Ended December 31, 2001 and 2000:

Sales. The sales for the three months ended December 31, 2001 were RMB 1,061,626 as compared to sales of RMB 2,199,132 for the three months ended December 31, 2000, a decrease of RMB 1,137,506 or 51.7% was due to one of the subsidiaries not resuming production until January 2002. Subsequent to December 31, 2001, we have increased production levels and management believes that sales for the year ended September 30, 2002 will be approximate 80% of prior year levels.

Gross Profit. Gross profit for the three months ended December 31, 2001 was RMB 285,064 or 26.9% of revenues, as compared to RMB 548,123 or 24.9% of revenues for the three months ended December 31, 2000. The gross profit margin increased in 2001 as compared to 2000 as a result of the Company raising its prices to focus on higher-margin customers, although total gross profit decreased as a result of the decline in revenues.

Administrative and General Expenses. Administrative and general expenses for the three months ended December 31, 2001 were RMB 370,686 or 34.9% of revenues, as compared to RMB 786,668 or 35.8% of revenues for the three months ended December 31, 2000, a decrease of RMB 415,982. In view of the reduced level of sales and production during the quarter ended December 31, 2001, management was able to reduce administrative and general expenses, primarily in discretionary wages, travel and office expenses.

Selling Expenses. Selling expenses for the three months ended December 31, 2001 were RMB 65,490 or 6.2% of revenues, as compared to RMB 19,921 or 0.9% of revenues for the three months ended December 31, 2000, an increase of RMB 45,569. Selling expenses increased in 2001 compared to 2000 as a result of additional transportation costs incurred in connection with a large sales contract. These additional costs are not expected to recur.

Loss from Operations. Loss from operations was RMB 151,112 for the three months ended December 31, 2001, as compared to a loss from operations of RMB 258,466 for the three months ended December 31, 2000.

Other Income (Expense). We recorded interest income of RMB 4,105 and RMB 0 for the three months ended December 31, 2001 and 2000, respectively.

We recorded interest expense of RMB 26,497 and RMB 10,626 for the three months ended December 31, 2001 and 2000, respectively. As of December 31, 2001, the Company had two bank loans of RMB 693,000 (US$83,494) and RMB 1,000,000 (US$120,482). The bank loans bear interest at 7.605% and 6.435%, respectively, per annum and are due during the year ending September 30, 2002.

10

The Company recorded amortization of loan fees of RMB 0 and RMB 151,153 for the three months ended December 31, 2001 and 2000, respectively.

Income Taxes. During the three months ended December 31, 2001, the Company received income tax refunds of RMB 4,845. We recognized income tax expense of RMB 27,926 for the three months ended December 31, 2000.

Minority Interest. For the three months ended December 31, 2001 and 2000, we recorded a minority interest of RMB 6,942 and RMB 22,582 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 RMB 161,717 for the three months ended December 31, 2001, as compared to a net loss of RMB 425,589 for the three months ended December 31, 2000. The reason for less net loss for the three months ended December 31, 2001 than December 31, 2000 was primarily as a result of the decrease in administrative and general expenses, even though the gross profit was less than the same period of last year.

Consolidated Financial Condition:

Liquidity and Capital Resources - December 31, 2001

The Company reported a 51.7% decrease in sales during the three months ended December 31, 2001 compared to the three months ended December 31, 2000 and a decrease in sales of 79.2% during the three months ended December 31, 2000 compared to the three months ended December 31, 1999. At December 31, 2001 the

Company is in default on short-term loans with third parties of approximately RMB 1.5 million. The Company believes that it has adequate funds to support operations for the current fiscal year ending September 30, 2002.

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.

Operating. For the three months ended December 31, 2001, our operations generated cash resources of RMB 693,369 as compared to utilizing cash resources of RMB 4,555,506 for the three months ended December 31, 2000. Our operations generated more cash resources in 2001 as compared to utilizing cash resources in 2000 primarily as a result of receiving cash resources from settlement of accounts receivable and receiving deposits from one of our major customers. At December 31, 2001, cash and cash equivalents had decreased by RMB 68,508 to RMB 523,356, as compared to RMB 591,864 at September 30, 2001. We had working capital of RMB 4,124,186, at December 31, 2001, as compared to RMB 4,445,923 at September 30, 2001, resulting in current ratios of 1.27:1 and 1.30:1 at December 31, 2001 and September 30, 2001, respectively.

11

Accounts receivable. Accounts receivable decreased by RMB 395,010, to RMB 12,353,767 at December 31, 2001, from RMB 12,748,777 at September 30, 2001. Accounts receivable decreased during the three months ended December 31, 2001 as a result of settlement of part of the accounts receivable. Subsequent to the three months ended December 31, 2001, we have received RMB 2,700,000 for settlements of current and long time accounts receivable.

Inventories. Inventories increased by RMB 793,207, to RMB 2,246,735 at December 31, 2001, from RMB 1,453,528 at September 30, 2001 in anticipation of the forthcoming selling season during the spring.

Amount due from related parties. Amount due from related parties decreased by RMB 130,065, to RMB 3,488,108 at December 31, 2001, from RMB 3,618,173 at September 30, 2001 as a result of settlement of part of the loan from a related company.

Investing. During the three months ended December 31, 2001 and 2000, additions to property, plant and equipment aggregated RMB 296,877 and RMB 303,091, respectively.

Financing. During the three months ended December 31, 2001, one of our subsidiaries repaid RMB 300,000 of the short-term bank loans. Also, one of our subsidiaries repaid RMB 165,000 of unsecured short-term loans.

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, 2001 and 2000, inflation and changing prices have 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

12

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 Financial Accounting Standards Board (FASB) issued SFAS No.141, "Business Combinations", and SFAS no.142, "Goodwill and Other Tangible Assets". SFAS No.141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. Use of the pooling-of-interests method will be prohibited after that date. SFAS No.142 changes the accounting for goodwill and intangible assets with indefinite lives from an amortization method to an impairment-only approach and acquires intangible assets with finite lives to be amortized over their useful lives. Thus, amortization of goodwill and intangible assets with indefinite lives will cease upon adoption of the statement. SFAS No.142 is required to be applied in fiscal years beginning after December 15, 2001. We do not expect that the adoption of SFAS No.141 or SFAS No.142 will have a significant immediate impact on our financial condition or results of operations, as we have no pending business combinations, nor do we have any goodwill or other intangible assets recorded as of December 31, 2001.

In August 2001, the FASB issued SFAS No.144, "Accounting for Impairment or Disposal of Long-Lived Assets", which addresses accounting and financial reporting for the impairment or disposal of long-lived assets. This statement is effective for fiscal years beginning after December 15, 2001. We are currently assessing the impact, if any, that SFAS No.144 may have on our financial condition and results of operations.

13

PART II. OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

During the three months ended December 31, 2001, we did not issue any shares of common stock.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

(b) Reports on Form 8-K:

Three Months Ended December 31, 2001 - None

14

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 6, 2002 By: /s/ LAWRENCE HON

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

Date: February 6, 2002 By: /s/ CARL YUEN

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

15