



CHAI·NA·TA
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FOR IMMEDIATE RELEASE

Chai-Na-Ta Corp. Reports 2009 First Quarter Results

RICHMOND, BRITISH COLUMBIA – May 11, 2009 – Chai-Na-Ta Corp. (OTCBB: “CCCFF”), the world’s largest supplier of North American ginseng, today announced a first quarter 2009 net loss of \$0.7 million, or \$0.02 per basic share, compared to a net loss of \$0.5 million, or \$0.01 per basic share, in the same period last year.

Revenue decreased to \$2.9 million in the first quarter of 2009 from \$4.2 million in the prior year period. The company has a gross loss of 0.5% of sales revenue in the 2009 first quarter compared to a gross profit of 1% in the same period last year.

“We have sold 37% of our 2008 harvest root by March 31, 2009 with all of the remaining root committed to customers,” said Derek Zen, Chairman of the Company. “Chai-Na-Ta’s average selling price decreased to \$7.67 per pound in the first quarter of 2009 from \$10.79 per pound in the first quarter of 2008.”

“While 2009 will remain challenging, we are on track with our efforts to reduce operating and overhead costs,” added Mr. Zen. “Selling, general and administrative expenses fell to \$247,000 in the first quarter of 2009, a decrease of 5.4% from the same period last year.”

The working capital position as at March 31, 2009 was a surplus of \$4.9 million compared to a surplus of \$5.5 million at December 31, 2008.

Chai-Na-Ta Corp., based in Richmond, British Columbia, is the world’s largest supplier of North American ginseng. The Company farms, processes and distributes North American ginseng as bulk root, and supplies processed material for the manufacturing of value-added ginseng-based products.

This news release contains forward-looking statements that reflect the Company's expectations regarding future events. These forward-looking statements involve risks and uncertainties, and actual events could differ materially from those projected. Such risks and uncertainties include, but are not limited to, the success of the Company's ongoing research programs, general business conditions, and other risks as outlined in the Company's periodic filings, Annual Report, and Form 20-F.

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FOR FURTHER INFORMATION PLEASE CONTACT:

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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2009

The following discussion and analysis reviews the operating results, financial position and liquidity, risks and industry trends affecting the financial results of Chai-Na-Ta Corp. Additional comments relate to changes made to operations since the year-end and their expected financial impact.

This commentary has been prepared as of May 8, 2009 and should be read in conjunction with the unaudited interim consolidated financial statements as at March 31, 2009 and for the three month period ended March 31, 2009 and 2008 and their accompanying notes prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The discussion and analysis should also be read in conjunction with the 2008 annual audited financial statements and MD&A which can be found on the Company's website. Amounts are expressed in Canadian dollars, unless otherwise specified.

Some of the statements made in this MD&A are forward-looking statements, such as estimates and statements that describe the Company's future plans, objectives, or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Since forward-looking statements address future events and conditions by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements.

OVERVIEW

Chai-Na-Ta Corp. is the world's largest supplier of North American ginseng. Since its inception, the Company has grown from a farming operation into a vertically integrated organization embracing farming, bulk processing, distribution and marketing of North American ginseng and value-added nutraceutical products. The Company is headquartered in Richmond, British Columbia, Canada, with farming operations in Ontario. The Company's wholly owned subsidiary in Hong Kong is responsible for the marketing and distribution of its products in China, Hong Kong and Southeast Asia. The Company also sells graded root and ginseng-based value-added products in Canada. Due to the downward price pressure of ginseng grown in British Columbia, the Company decided to stop planting in British Columbia in 2006 and is closing its British Columbia operations in 2009 after completing the final harvest in 2008. The Company has also suspended its plans to plant in Ontario in 2009 due to the record low industry-wide price of Ontario roots from the 2008 harvest.

Ginseng prices have remained at historically low levels and as a result, sales of inventory made during the first three months of 2009 were close to the written-down value of the Company's inventory in the fourth quarter of 2008. The Company recorded a gross loss of \$14,000 on revenue of \$2.9 million for the three months ended March 31, 2009 compared to a gross margin of \$46,000 on revenue of \$4.2 million for the three months ended March 31, 2008.

As a result of the negative margin on the sales of ginseng, the Company recorded a net loss of \$688,000 for the three months ended March 31, 2009. This compares to a loss of \$466,000 for the same period in the prior year.

OUTSTANDING SHARE DATA AS AT MAY 8, 2009:

<u>Authorized</u>	<u>Number of Shares</u>
Common Shares	Unlimited
Preferred Shares	21,000,000
<u>Issued and Outstanding</u>	
Common Shares	34,698,157
Preferred Shares	-
<u>Options Outstanding</u>	-

RESULTS OF OPERATIONS

Revenue decreased to \$2.9 million in the first quarter of 2009 from \$4.2 million in the first quarter of the previous year. The decrease in revenue was due to the average selling price falling to \$7.67 per pound in the first three months of 2009 compared to \$10.79 in the first three months of 2008. The Company expects that it will sell the remainder of its inventory from the 2008 harvest at the current carrying value.

Cost of goods sold was 100% of sales revenue in the first quarter of 2009, compared to 99% in the previous year period. Gross loss was less than 1% of sales in the first quarter of 2009 compared to a gross margin of 1% for the same period in 2008. In both 2009 and 2008, sales of inventory were made at amounts close to their written-down values thus resulting in a minimal margin or loss on sales.

For the three months ended March 31, 2009, selling, general and administrative expenses decreased marginally to \$247,000 compared to \$261,000 for the three months ended March 31, 2008. Management continues to rigorously control selling, general and administrative expenses and keep them at or below previous year levels. The Company also incurred \$174,000 in expenses related to the termination of farming operations in British Columbia during the three months ended March 31, 2009.

Interest on short-term debt decreased to \$26,000 in the first quarter of 2009 from \$45,000 in the first quarter of 2008. The decrease is due to a reduction in the average amount borrowed and a decline in the interest rates charged compared to the prior year periods.

Interest on long-term debt decreased to \$109,000 in the first quarter of 2009 from \$125,000 in the first quarter of 2008. The decrease in interest on long-term debt is a result of a decline in the interest rates on the four year loan facility repayable in Hong Kong dollars (“HKD”) and United States dollars (“USD”) established with More Growth Finance Limited (“More Growth”), a company formerly under common control. The reduction in interest rates was partially offset by an increase in the value of the HKD and USD compared to the Canadian dollar (“CAD”) in 2009 compared to 2008.

For the three months ended March 31, 2009, the Company incurred an operating loss of \$570,000 compared to the \$385,000 operating loss for the three months ended March 31, 2008. The increase in the operating loss is primarily due to the \$174,000 in expenses related to the termination of farming operations in British Columbia. The reduction in gross margin in 2009 was partially offset by a decrease in expenses and interest compared to 2008.

The Company had other non-operating losses of \$118,000 for the three months ended March 31, 2009 compared to \$81,000 for the three months ended March 31, 2008. The increase in other non-operating losses is due to the Company not receiving any government supplements in the first quarter of 2009 compared to \$69,000 received in the first quarter of 2008. Government supplements include funds received from Agriculture Canada as compensation for cost of production increases and reduced margins of the Company's farming operations in prior years net of program participation fees and related costs. Foreign exchange losses decreased for the three months ended March 31, 2009 to \$119,000 compared to \$164,000 for the same period in the prior year.

For the three months ended March 31, 2009, the Company incurred a net loss of \$688,000, or \$0.02 per basic share, compared to \$466,000, or \$0.01 per basic share for the three months ended March 31, 2008. The net loss increased in 2009 as a result of the increase in other non-operating losses as described in the preceding paragraph.

The Company did not declare any dividends on any class of shares during the three months ended March 31, 2009 or for any period in the previous three fiscal years ended December 31, 2008.

QUARTERLY RESULTS OF OPERATIONS

The following table sets forth unaudited quarterly information for each of the eight quarters ended June 30, 2007 through March 31, 2009. This information has been derived from unaudited interim consolidated financial statements that, in the opinion of the Company's management, have been prepared on a basis consistent with the audited annual consolidated financial statements.

(Stated in Thousands of Canadian Dollars except per share amounts)	2009	2008				2007		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Total revenue	\$ 2,930	1,672	866	2,466	4,228	220	2,019	1,564
Write-downs	-	(1,498)	(1,500)	-	-	(1,450)	-	(1,285)
Operating loss	(570)	(1,664)	(1,807)	(368)	(385)	(1,914)	(270)	(1,866)
Net loss	(688)	(2,084)	(1,952)	(168)	(466)	(1,828)	281	(1,420)
Net loss per share:								
Basic and diluted	\$ (0.02)	(0.06)	(0.06)	(0.00)	(0.01)	(0.06)	0.01	(0.04)

Ginseng crops are harvested in the fall of every year, revenue and earnings tend to be higher in first two quarters of the following year as the harvested roots are sold. Significant fluctuations in revenue and earnings in any period are impacted by the quantity and quality of root sold, the selling price of such root, and the relative strength of the Canadian dollar to the currencies used by customers.

LIQUIDITY AND CAPITAL RESOURCES

Cash provided by operations was \$1.8 million for the three months ended March 31, 2009, compared with \$1.6 million for the same period in 2008. Cash provided by operations for the three month period ended March 31, 2009 increased primarily due to a decrease in the amount of interest paid and an increase in the proceeds from the settlement of foreign exchange contracts while being offset by a decrease in sales proceeds compared to the three month period ended March 31, 2008.

Crop cost expenditures before depreciation and interest totalled \$326,000 for the three months ended March 31, 2009 compared to \$620,000 for the same period in the prior year. The decrease in expenditures was due to a reduction in the number of acres under cultivation as the final harvest in British Columbia was completed in 2008.

The Company's cash as at March 31, 2009 was \$524,000 compared to a balance of \$192,000 at December 31, 2008, an increase of \$332,000. The working capital position of the Company at March 31, 2009 was a surplus of \$4.9 million compared to a surplus of \$5.5 million at December 31, 2008. The reduction of the working capital is primarily due to crop cost expenditures and the costs incurred for the termination of the British Columbia operations during the three months ended March 31, 2009.

As of March 31, 2009, the Company had received \$1.7 million in deposits from customers. These deposits are on orders that management expects will be fulfilled in the second and third quarters of 2009.

As of March 31, 2009, the Company had drawn \$490,000 of the available \$2.5 million revolving demand operating loan from a Canadian chartered bank with an interest rate of prime plus 1.625% per annum. The loan availability will reduce to \$2.0 million effective June 1, 2009. For the three month period ended March 31, 2009, the Company incurred \$6,000 of interest which has been included in interest on short-term debt on the statement of operations.

On September 4, 2008, the Company secured a \$2.0 million non-revolving term loan from a Canadian chartered bank with an interest rate of prime plus 1.875% per annum. The loan is due in full upon the earlier of receipt of the proceeds from the sale of the Company's property near Kamloops, British Columbia or May 31, 2009. The loan is secured by the same property near Kamloops, British Columbia. The Company fully drew the loan facility in 2008 and has repaid \$1.0 million in the first quarter of 2009 leaving \$1.0 million outstanding as at March 31, 2009. For the three month period ended March 31, 2009, the Company incurred \$20,000 of interest which has been included in interest on short-term debt on the statement of operations.

On August 18, 2006, the Company accepted a four year term loan facility of HKD54.7 million (approximately \$8.0 million) from More Growth to finance the general working capital requirements of the Company and to repay the existing HKD23.2 million (approximately \$3.5 million) loan. This loan facility is unsecured and bears interest at 1.7% above the HIBOR (Hong Kong Interbank Offered Rate) or LIBOR (London Interbank Offered Rate). The Company has fully drawn the loan facility which is repayable in HKD and USD. The Company incurred interest of \$109,000 for the three months ended March 31, 2009 which has been included in interest on long-term debt on the statement of operations.

The Company believes that its existing cash resources, together with the cash generated from future sales of inventory, available bank borrowings and the current related party borrowings, will be sufficient to meet its working capital and operating requirements for the next twelve months. If the Company cannot generate sufficient cash from its existing resources, it will become necessary to secure additional financing; however there is no assurance that additional financing will be available or available on terms favourable to the Company. If the Company cannot generate sufficient cash and if it cannot secure additional financing, the Company's ability to repay the loan to More Growth and continue as a going concern will be dependant on the continuing support of its principal shareholder and its creditors.

As at March 31, 2009, the Company had the contractual obligations and commercial commitments outlined in the table below:

Contractual Obligations (Stated in Canadian Dollars)	Payments Due by Period				
	Total	Less Than			More Than 5 Years
		1 Year	1 - 3 Years	3 - 5 Years	
Long-term debt (1)	\$ 9,641,000	\$ 589,000	\$ 9,047,000	\$ 5,000	\$ -
Bank indebtedness (2)	1,000,000	1,000,000	-	-	-
Operating leases (3)	205,000	93,000	101,000	11,000	-
Agricultural land leases (4)	256,000	96,000	116,000	44,000	-
Total Contractual Obligations	\$ 11,102,000	\$ 1,778,000	\$ 9,264,000	\$ 60,000	\$ -

- (1) Long-term debt includes loan from More Growth at an interest rate of 1.7% per annum over the HIBOR (Hong Kong Interbank Offered Rate) or LIBOR (London Interbank Offered Rate) and various equipment purchase loans at interest rates up to 8.75% per annum. Long-term debt also includes accrued interest and estimated future interest payments on long-term debt.
- (2) Bank indebtedness includes the term loan from a Canadian chartered bank with an interest rate of prime plus 1.875% per annum, due May 31, 2009.
- (3) Operating leases comprise of the Company's long-term leases of equipment, office facilities and vehicles.
- (4) Agricultural land leases include land rentals in Ontario for the cultivation of ginseng.

The following commitments are not included in the Contractual Obligations table:

- The Company is committed to maintaining its ginseng crops from the time of initial planting to the time of harvesting, which usually takes three to four years. The cost of maintaining these crops is financed through the sale of inventory and available bank borrowings; and
- The Company has become involved in a legal proceeding as a result of an automobile accident. The Company believes that existing insurance will be sufficient to cover any claim from this matter. While the outcome of this proceeding cannot be determined at this time, no provision has been recorded as the Company believes that the resolution of this proceeding will not have a material impact on the financial condition, earnings or cash flows of the Company.

RELATED PARTY TRANSACTIONS

On August 18, 2006, the Company established a four year term loan facility of HKD54,700,000 (approximately \$8,000,000) from More Growth. The loan is unsecured and bears interest at 1.7% per annum over the HIBOR (Hong Kong Interbank Offered Rate) or LIBOR (London Interbank Offered Rate). The loan was used to refinance existing loan facilities and to finance the general working capital requirements of the Company.

The Company pays management fees to Wai Kee Holdings Limited for performing sales, accounting and administrative services for CNT Trading (Hong Kong) Limited, a subsidiary of the Company. Wai Kee is a Hong Kong based publicly traded company which owns 38% of the shares of the Company and has a director in common with the Company. The Company paid management fees of \$36,000 (2008 - \$28,000) for the three months ended March 31, 2009 of which \$21,000 (2008 - \$14,000) remains outstanding and is included in accounts payable and accrued liabilities on the consolidated balance sheet.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and other disclosures as at the end of or during the reporting periods. Actual results may differ from these estimates and from judgments made under different assumptions or conditions.

The following items require the most significant estimates and judgments in the preparation of the Company's financial statements:

Inventory

The Company periodically reviews the carrying value of inventory to determine if write-downs are required to state the inventory at the lower of cost and net realizable value. The determination of net realizable value reflects management's best estimate of the expected

selling price of the roots as well as consideration of qualitative factors such as size, shape, colour and taste. The carrying value of inventory also reflects management's expectation that the inventory will eventually be sold. Although management does not believe that additional provisions are required to align the carrying value of certain inventory with its net realizable values, future events may indicate that the inventory is not saleable or that such inventory is not saleable at prices above carrying value.

Ginseng Crops

The Company uses the full absorption costing method to value its ginseng crops and periodically reviews their carrying value for evidence of impairment. Included in the cost of crops are seed, labour, applicable overhead, interest and supplies required to bring them to harvest. The determination of impairment requires complex calculations and significant management estimation with respect to future costs to bring crops to harvest; demand for and the market price of harvested ginseng roots; and expectations as to the yield and quality of ginseng roots harvested. The estimation process is further complicated by the relatively long growing cycle of three to four years and the fact that roots remain underground. Although the Company's assumptions reflect management's best estimates, future events may result in materially different outcomes with respect to the recoverability of ginseng crop costs and the time required bringing the crops to harvest.

Income Taxes

The Company estimates its income taxes in each of the jurisdictions that it operates. The process involves estimating the current income tax exposure, together with assessing temporary differences from different treatment of items for tax and accounting purposes. These differences result in future tax assets and liabilities that are included in the consolidated balance sheet to the extent that a net future income tax asset or liability exists. The valuation of any future income tax assets or liabilities is reviewed quarterly and adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount. The process of determining if a valuation allowance is necessary includes estimates of the recoverability of inventory and ginseng crops as detailed above and an estimate of future interest expense. Future events may result in a materially different outcomes than is estimated with respect to the recoverability of both inventory and ginseng crops.

ADOPTION OF NEW ACCOUNTING STANDARD

On January 1, 2009, the Company adopted CICA Handbook Section 3064, "Goodwill and Intangible Assets". This Section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The adoption of this standard does not expected to have a significant impact on the Company's consolidated financial statements.

On January 20, 2009, the CICA published the Emerging Issues Committee ("EIC") Abstract 173, "Credit Risk and the Fair Value of Financial Assets and Liabilities". The EIC states that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and liabilities,

including derivative instruments. This recommendation is to be applied retrospectively without restatement of prior periods to all financial assets and liabilities measured at fair value in interim and annual financial statements ending on or after the date of issuance of the Abstract. The Company has adopted this standard and determined that it does not have a material impact on the Company's consolidated financial statements.

CONVERSION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

In April 2008, the Canadian Accounting Standards Board confirmed that on January 1, 2011 Canadian General Accepting Accounting Principles ("Canadian GAAP") will be replaced by International Financial Reporting Standards ("IFRS") for publicly accountable enterprises. Changing from current Canadian GAAP to IFRS will be a significant undertaking that may materially affect the Company's reported financial position and result of operations. Management has begun the development of its IFRS changeover plan and the status of that plan as at March 31, 2009 is as follows:

Key activities	Milestones and Deadlines	Effort Accomplished and Remaining Effort to Complete
<p>Financial statement presentation: Identification of differences in Canadian GAAP and IFRS accounting policies and choices</p> <ul style="list-style-type: none"> • Selection of entity's continuing IFRS policies • Selection of IFRS 1 accounting policy choices • Financial statement format • Quantification of effects of change in IFRS disclosures and 2010 financial statements including note disclosures 	Ready for commencement of planning for 2011 fiscal year (approximately 2010 Quarter 3)	Some significant accounting changes identified, remaining activities underway
<p>Infrastructure: IFRS expertise identification and development at level of:</p> <ul style="list-style-type: none"> • Head office finance staff • Senior Executive and Board of Directors including Audit Committee 	Ready for commencement of planning for 2010 conversion exercise (approximately 2010 Quarter 2)	CFO training commencement, remaining activities to follow
<p>Infrastructure: Information technology</p> <ul style="list-style-type: none"> • Systematic processing changes • Program updates and changes • One-off calculations (IFRS 1) • Disclosure data gathering • Scope of consolidation package • Budget, plan and forecast monitoring process 	Ready for parallel processing of 2010 general ledgers and planning/monitoring process (approximately 2009 Quarter 4)	Scoping study underway
<p>Business Policy Assessment Financial covenants and practices (including securitization program)</p>	Renegotiate covenants and replace securitization by 2010 Quarter 3	Identification of all GAAP-dependant covenants and contracts underway

Business Policy Assessment Compensation arrangements	Renegotiate any arrangements by 2010 Quarter 3	Currently no GAAP-dependant compensations arrangements, all future arrangements will be dependant on IFRS
Business Policy Assessment Capital adequacy	Complete capital plan by 2010 Quarter 3	Scoping study underway
Business Policy Assessment Customer and supplier contract evaluation	Review customer/supplier contracts and revenue/cost recognition model by 2010 Quarter 3	Identification of revenue and supply contracts underway
Control environment: ICFR <ul style="list-style-type: none"> • Accounting policy determination, documentation and implementation • Independent review of applications • Error processing facilities 	Review and sign off by management by 2010 Quarter 3 and review by Audit Committee by 2010 Quarter 4; CEO/CFO certification process updated by 2010 Quarter 4	All activities underway
Control environment: DC&P <ul style="list-style-type: none"> • Investor day 2011 requirements re: guidance expected earnings • MD&A communications package • Responses to queries 	Publication of material changes in policy and expectations by Investor Day and publication of revised 2010 results and MD&A by 2011 Quarter 1	Investor Day to be determined and remaining activities to be organized

RISKS AND UNCERTAINTIES

The Company's revenue and earnings are affected by the world price of ginseng root, which is determined by reference to factors including the supply and demand for North American ginseng root, negotiations between buyers and sellers, the quality and aesthetic characteristics of the root and the relative strength of the Canadian dollar to the currencies used by the Company's customers. A percentage change in the market price of ginseng root tends to have a corresponding impact on the revenue reported by the Company.

The Company identifies Canada as the primary economic environment in which it operates, and uses the Canadian dollar as its functional currency except for its active foreign subsidiary that operates in Hong Kong and which uses the Hong Kong dollar as its functional currency. A major portion of the Company's long-term debt is denominated in Hong Kong dollars. A minor portion of the Company's revenue and receivables is denominated in Hong Kong dollars. The Company monitors its exposure to foreign exchange risk and balances its foreign currency holdings to reduce exposure to any one currency by engaging in foreign exchange contracts and by repatriating any excess funds.

Interest on the Company's line of credit is based on variable rates. This exposes the Company to the risk of changing interest rates that may have an effect on its earnings in future periods. The Company does not use derivative instruments to mitigate this risk.

The Company's revenue is derived principally from the sale of ginseng roots to a limited number of customers that are concentrated in Asian markets. In order to manage its credit risk, the Company carefully monitors credit terms, investigates credit history and grants credit to customers with established relationships or acceptable credit ratings. Payments

or deposits are usually received before shipments of inventory. Inventory may be held as security until payment is received, when such relationships have not been established. As the Company's significant customers do not necessarily use the ginseng themselves but instead distribute the ginseng to smaller wholesalers, distributors and retailers, the Company does not believe that it is economically dependent on any one customer or that the loss of any one wholesaler would impact the Company's ability to market roots through other channels. There can be no assurance, however, that adverse changes in the above noted factors will not materially affect the Company's business, financial condition, operating results and cash flows.

The Company is exposed to currency exchange risk as a result of its international markets and operations. The majority of the Company's revenue comes from buyers who are located outside of Canada and as a result, the selling price that the Company can achieve in those markets is exposed to changes in exchange rates. The Company has debt denominated in foreign currency and therefore the interest and repayment of debt is exposed to fluctuations in foreign exchange rates. The Company engages in foreign exchange contracts to help mitigate this risk.

FINANCIAL INSTRUMENTS

Financial instruments of the Company are represented by cash, accounts receivable and other assets, bank indebtedness, accounts payable and accrued liabilities, customer deposits and long-term debt from unrelated parties. The carrying value of these instruments approximates their fair value due to the short-term maturity of such items or their bearing market related rates of interest. The fair value of the loans payable to More Growth is not readily determinable due to the related party nature of the loan when it was agreed upon. The Company also has financial instruments disclosed in Note 9 to the consolidated financial statements which comprise of foreign exchange contracts.

OUTLOOK

In the short-term, the Company will narrow its focus at the farm level to maximize the yield and quality of roots. The Company will continue to maintain and harvest ginseng crops in Ontario while completing the termination of the operations in British Columbia now that the final harvest has been completed.

Due to the historic low prices for the 2008 harvest in both British Columbia and in Ontario, the Company has suspended its plans to plant new crops in Ontario in 2009. Despite the Company's efforts to improve the yield and quality of its roots, the ability of the Company to return to profitability and to achieve positive cash flows while continuing to plant at a sustainable level is now uncertain. The Company will closely monitor the impact of the current economic turmoil on the industry to determine the course of its long-term actions.

ADDITIONAL INFORMATION

Additional information with respect to the Company is available on the SEDAR website at www.sedar.com

CHAI-NA-TA CORP.

**Interim Consolidated Financial Statements
Three months ended March 31, 2009**

(Unaudited – Prepared by Management)

CHAI-NA-TA CORP.
Consolidated Balance Sheets
(Unaudited)

In thousands of Canadian dollars	March 31 2009	December 31 2008
	\$	\$
ASSETS		
Current assets		
Cash	524	192
Accounts receivable and other assets	252	710
Inventory	5,025	7,928
Ginseng crops	2,834	2,722
Prepaid expenses	37	64
	8,672	11,616
Ginseng crops	5,056	4,764
Prepaid expenses	35	49
Assets held for sale (Note 3)	1,663	1,783
Property, plant and equipment	2,604	2,678
	18,030	20,890
LIABILITIES		
Current liabilities		
Bank indebtedness (Note 4)	1,490	3,060
Accounts payable and accrued liabilities	527	604
Customer deposits	1,736	2,454
Current portion of long-term debt (Note 5)	38	42
	3,791	6,160
Long-term debt (Note 5)	8,897	8,619
	12,688	14,779
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	38,246	38,246
Contributed surplus	338	338
Accumulated other comprehensive income	361	442
Deficit	(33,603)	(32,915)
	(33,242)	(32,473)
	5,342	6,111
	18,030	20,890

Going concern (Note 1)
Commitments, contingencies and guarantees (Note 8)

Approved by the Board:

"Derek Zen" _____

Derek Zen
Director

"Wilman Wong" _____

Wilman Wong
Director

CHAI-NA-TA CORP.

Interim Consolidated Statements of Operations and Deficit (Unaudited)

in thousands of Canadian dollars (except per share amounts)	Three months ended	
	March 31 2009	March 31 2008
	\$	\$
Revenue	2,930	4,228
Cost of goods sold	2,944	4,182
	(14)	46
Selling, general and administrative expenses	247	261
Wind-up expenses of terminated operations (Note 7(a))	174	-
Interest on short-term debt	26	45
Interest on long-term debt	109	125
	556	431
Operating loss	(570)	(385)
Other loss (Note 7(b))	(118)	(81)
NET LOSS FOR THE PERIOD	(688)	(466)
Deficit, beginning of period	(32,915)	(28,245)
DEFICIT, END OF PERIOD	(33,603)	(28,711)
Basic and diluted loss per share	\$ (0.02)	\$ (0.01)
Weighted average number of shares used to calculate diluted loss per share (in thousands)	34,698	34,698

CHAI-NA-TA CORP.

Interim Consolidated Statements of Comprehensive Loss (Unaudited)

in thousands of Canadian dollars	Three months ended	
	March 31	March 31
	2009	2008
	\$	\$
Net loss for the period	(688)	(466)
Other comprehensive loss:		
Adjustments as a result of foreign exchange translation of self-sustaining subsidiaries	(81)	(66)
Comprehensive loss	(769)	(532)

CHAI-NA-TA CORP.

Interim Consolidated Statements of Accumulated Other Comprehensive Income (Unaudited)

in thousands of Canadian dollars	Three months ended	
	March 31	March 31
	2009	2008
	\$	\$
Balance, beginning of period	442	902
Other comprehensive loss	(81)	(66)
Balance, end of period	361	836

CHAI-NA-TA CORP.

Consolidated Statements of Cash Flows (Unaudited)

in thousands of Canadian dollars	Three months ended	
	March 31 2009	March 31 2008
	\$	\$
OPERATING ACTIVITIES		
Net loss for the period	(688)	(466)
Items included in net loss not affecting cash (Note 10(a))	3,428	4,360
Changes in non-cash operating assets and liabilities (Note 10(b))	(621)	(1,683)
Crop cost expenditures	(327)	(620)
	1,792	1,591
FINANCING ACTIVITIES		
Bank indebtedness	(1,570)	(1,280)
Repayment of long-term debt	(6)	(42)
	(1,576)	(1,322)
INVESTING ACTIVITIES		
Proceeds from disposition of property, plant and equipment	-	12
Proceeds from disposition of assets held for sale	115	-
Cash outlays included in assets held for sale	-	(7)
	115	5
EFFECT OF EXCHANGE RATE CHANGES		
ON CASH AND CASH EQUIVALENTS	1	1
NET INCREASE (DECREASE) IN CASH	332	275
CASH, BEGINNING OF THE PERIOD	192	307
CASH, END OF THE PERIOD	524	582
SUPPLEMENTAL INFORMATION:		
Other cash flows:		
Interest paid	30	873

CHAI-NA-TA CORP.

Notes to the Interim Consolidated Financial Statements (Unaudited)

1. Going concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has experienced significant losses over the previous three years due to the low selling price of ginseng and has an accumulated deficit of \$33,603,000 as at March 31, 2009. The Company is closely monitoring cash resources and has received significant financing from a Canadian chartered bank and a company formerly under common control. The term loan from the company formerly under common control in the amount of \$8,867,000 is due on August 18, 2010. The Company is currently considering alternative sources of financing and requesting an extension of the loan maturity date. There can be no assurances that the Company will be able to refinance or repay the loan on its current due date. If the Company cannot make such arrangements, the Company may realize its assets and settle its liabilities at amounts different from the carrying values.

The Company's ability to continue as a going concern is dependant on achieving ongoing profitable operations, obtaining new sources of debt or restructuring existing debt and the continued financial support of its creditors. These consolidated financial statements do not include any adjustments to the amounts and reclassification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Summary of significant accounting policies

a) Interim financial statements

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) except that certain information and note disclosures normally included in the Company's annual consolidated financial statements have not been presented. These interim consolidated financial statements and notes should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2008. These interim consolidated financial statements are subject to seasonality due to the timing of crop harvesting which typically occurs in the fall and the timing of subsequent sales, and therefore may not be indicative of results to be expected for the year ending December 31, 2009.

The interim consolidated financial statements follow the same accounting policies and methods of computation as the most recent annual consolidated financial statements except as noted below.

b) Adoption of new accounting standards

On January 1, 2009, the Company adopted CICA Handbook Section 3064, "Goodwill and Intangible Assets". This Section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The adoption of this standard has not had a significant impact on the Company's consolidated financial statements.

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On January 20, 2009, the CICA published the Emerging Issues Committee (“EIC”) Abstract 173, "Credit Risk and the Fair Value of Financial Assets and Liabilities". The EIC states that an entity’s own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and liabilities, including derivative instruments. This recommendation is to be applied retrospectively without restatement of prior periods to all financial assets and liabilities measured at fair value in interim and annual financial statements ending on or after the date of issuance of the Abstract. The Company has adopted this standard and determined that it does not have a material impact on the Company’s consolidated financial statements.

c) Use of estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and other disclosures as at the end of or during the reporting periods. Significant estimates are used for, but not limited to, the accounting for doubtful accounts, net realizable value of inventory, crop costs, depreciation of property, plant and equipment, fair value of assets held for sale, future income taxes and contingencies. Actual results may differ from those estimates.

3. Assets held for sale

in thousands of Canadian dollars		March 31 2009	December 31 2008
		\$	\$
Land, building and related assets	(a)	1,162	1,162
Machinery, equipment, sunshade and vehicles	(b)	501	621
		1,663	1,783

- a) Since March 2007, the Company has made available for sale its property located near Kamloops, British Columbia and has reclassified the net book value of the land, buildings, pavement, dryers and related production assets. This facility has been used as the head office for the farms operations in British Columbia. The estimated selling price of these assets less estimated selling costs exceeds the amount reclassified as an asset held for sale so no impairment provision is required.
- b) After the completion of the final harvest in British Columbia in December 2008, the Company made available for sale all of its remaining operating assets including machinery, equipment, sunshade, and vehicles. The estimated selling price of these assets less estimated selling costs exceeds the amount reclassified as an asset held for sale so no impairment provision is required.

CHAI-NA-TA CORP.

Notes to the Interim Consolidated Financial Statements (Unaudited)

4. Bank indebtedness

in thousands of Canadian dollars		March 31 2009	December 31 2008
		\$	\$
Bank operating loan	(a)	490	1,060
Bank term loan	(b)	1,000	2,000
		1,490	3,060

- a) The Company has available, subject to limitations based on the value of inventory, certain receivables and the estimated value of qualifying ginseng crops, a \$2,500,000 revolving demand operating loan with a Canadian chartered bank at a rate of prime plus 1.625% per annum. The loan availability will reduce to \$2,000,000 effective June 1, 2009. For the three month period ended March 31, 2009, the Company incurred \$6,000 (2008 - \$45,000) of interest which has been included in interest on short-term debt on the statement of operations.
- b) On September 4, 2008, the Company secured a \$2,000,000 non-revolving term loan from a Canadian chartered bank with an interest rate of prime plus 1.875% per annum. The loan is due in full upon the earlier of receipt of the proceeds from the sale of the Company's property near Kamloops, British Columbia (see Note 3) or May 31, 2009. The loan is secured by the same property near Kamloops, British Columbia. For the three month period ended March 31, 2009, the Company incurred \$20,000 of interest which has been included in interest on short-term debt on the statement of operations.

5. Long-term debt

in thousands of Canadian dollars		March 31 2009	December 31 2008
		\$	\$
Term loan	(a)	8,867	8,587
Equipment purchase loans	(b)	68	74
		8,935	8,661
Less: current portion		38	42
		8,897	8,619

- a) On August 18, 2006, the Company established a four year term loan facility of HK\$54,700,000 from a company formerly under common control. The loan is unsecured and bears interest at 1.7% per annum over the HIBOR (Hong Kong Interbank Offered Rate) or LIBOR (London Interbank Offered Rate). For the three month period ended March 31, 2009, the Company incurred \$109,000 (2008 - \$124,000) of interest which has been included in interest on long-term debt on the statements of operations and deficit.
- b) The Company has entered into various equipment purchase loan agreements at interest rates of up to 8.75% per annum. The loans are repayable in installments maturing in various amounts to July 10, 2012 and are secured by specific assets of the Company. As at March 31, 2009, \$68,000 is outstanding of which \$38,000 will become due in the next twelve months.

CHAI-NA-TA CORP.
Notes to the Interim Consolidated Financial Statements
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6. Share capital

In thousands	Number of Shares	Amount \$
<u>Common Shares</u>		
Balance as at December 31, 2008 and March 31, 2009	34,698	38,246

7. Other loss

- a) Wind-up expenses of terminated operations includes all expenditures associated with closing the ginseng farm operations in British Columbia after the final harvest was completed in 2008.
- b) Other loss includes the following:

in thousands of Canadian dollars	Three months ended	
	March 31 2009	March 31 2008
	\$	\$
Foreign exchange losses	(119)	(164)
Gains on disposal of property, plant and equipment	-	12
Government supplements	-	69
Other non-operating income	1	2
	(118)	(81)

Foreign exchange losses include a \$82,000 gain (2008 - \$45,000 gain) on foreign exchange contracts.

Government supplements include funds received from Agriculture Canada as compensation for cost of production increases and reduced margins of the Company's farming operations in prior years net of program participation fees and related costs. There are no contingencies attached to the funds received.

8. Commitments, contingencies and guarantees

- a) The Company has entered into a contract with a Canadian bank to purchase US\$2,500,000 on September 21, 2009 to partially hedge against the term loan detailed in Note 5(a). If the spot Canadian/US dollar exchange rate is less than or equal to \$1.2250 on the contract date, the exchange rate of the purchase will be \$1.2250. If the exchange rate is greater than or equal to \$1.2400 on the contract date, the exchange rate of the purchase will be \$1.2400. If the exchange rate is between \$1.2250 and \$1.2400 on the contract date, the contract will expire and a purchase obligation will not take place. At March 31, 2009, the closing exchange rate of \$1.2613 resulted in a fair market value of this contract being \$53,000 which is included in accounts receivable and other assets.

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Notes to the Interim Consolidated Financial Statements (Unaudited)

- b) The Company has become involved in a legal proceeding as a result of an automobile accident. The Company believes that existing insurance will be sufficient to cover any claim from this matter. While the outcome of this proceeding cannot be determined at this time, no provision has been recorded as the Company believes that the resolution of this proceeding will not have a material impact on the financial condition, earnings or cash flows of the Company.

9. Foreign exchange contract

The Company has a term loan denominated in Hong Kong dollars as detailed in Note 5(a) and as a result is exposed to foreign exchange risks. The Company uses foreign exchange contracts to partially hedge against the loan. For the three month period ended March 31, 2009, the Company received proceeds of \$424,000 as a result of foreign exchange contracts of which \$29,000 is included in other income on the statement of operations and deficit for the three months ended March 31, 2009 and \$395,000 was included in other income on the statement of operations and deficit for the three months ended December 31, 2008. For the three month period ended March 31, 2008, the Company received proceeds of \$45,000 as a result of foreign exchange contracts which is included in other income on the statement of operations and deficit for the three months ended March 31, 2008. At period-end exchange rates, the Company would receive \$53,000 to settle its existing foreign exchange contract as described in Note 8(a).

10. Cash flow information

- a) Items included in net loss not affecting cash

in thousands of Canadian dollars	Three months ended	
	March 31 2009	March 31 2008
	\$	\$
Depreciation and amortization	2	2
Gain on disposal of property, plant and equipment	-	(11)
Cost of ginseng crops sold	2,885	4,154
Non-cash realized foreign exchange losses	541	215
	3,428	4,360

- b) Changes in non-cash operating assets and liabilities

in thousands of Canadian dollars	Three months ended	
	March 31 2009	March 31 2008
	\$	\$
Accounts receivable and other assets	116	15
Inventory	17	4
Prepaid expenses	41	6
Accounts payable and accrued liabilities	(77)	(970)
Customer deposits	(718)	(738)
	(621)	(1,683)

CHAI-NA-TA CORP.
Notes to the Interim Consolidated Financial Statements
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11. Segmented information

The Company operates in one industry segment and two geographic regions.

in thousands of Canadian dollars	Three months ended	
	March 31 2009	March 31 2008
Revenue from operations located in:	\$	\$
Canada	183	123
Far East	2,747	4,105
	2,930	4,228
Intersegment revenue from operations located in:	\$	\$
Canada	1,888	3,036
Far East	-	-
	1,888	3,036
Net (loss) earnings from operations located in:	\$	\$
Canada	(624)	(479)
Far East	(64)	13
	(688)	(466)

Long-lived assets comprise of all assets not classified as current assets or assets held for sale.

in thousands of Canadian dollars	March 31	
	2009	March 31 2008
Long-lived assets from operations located in:	\$	\$
Canada	7,660	9,659
Far East	-	-
	7,660	9,659

Major customers:

For the three months ended March 31, 2009, revenue included sales to three major customers which accounted for \$1,460,000, \$742,000 and \$545,000, respectively, from the Far East Geographic region (March 31, 2008 - three customers from the Far East geographic region which accounted for \$1,778,000, \$1,757,000 and \$586,000, respectively).

12. Related party transactions

In the normal course of business, the Company pays management fees to Wai Kee for performing sales, accounting and administrative services for CNT Trading (Hong Kong) Limited. Wai Kee is a Hong Kong based publicly traded company which owns 38% of the shares of the Company and has a director in common with the Company. The Company paid management fees of \$36,000 for the three months ended March 31, 2009 of which \$21,000 remains outstanding and is included in accounts payable and accrued liabilities on the consolidated balance sheet.

In 2006, the Company established a term loan facility with a company formerly under common control as described in Note 5(a).

Both of these related party transactions are measured at the exchange value.