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FOR IMMEDIATE RELEASE

Chai-Na-Ta Corp. Reports 2010 First Quarter Results

RICHMOND, BRITISH COLUMBIA – May 10, 2010 – Chai-Na-Ta Corp. (OTCBB: “CCCCFF”), one of the world’s largest suppliers of North American ginseng, today announced a first quarter 2010 net loss of \$142,000, or less than \$0.01 per basic share, compared to a net loss of \$0.7 million, or \$0.02 per basic share, in the same period last year.

Revenue decreased to \$825,000 in the first quarter of 2010 from \$2.9 million in the prior year period. The Company has a gross profit of 4.0% of sales revenue in the 2010 first quarter compared to a gross loss of 0.5% in the same period last year.

“We sold 8% of our 2009 harvest root by March 31, 2010 with 98% of the remaining root committed to customers,” said Derek Zen, Chairman of the Company, “Chai-Na-Ta’s average selling price increased to \$8.41 per pound in the first quarter of 2010 from \$7.67 per pound in the first quarter of 2009.

“While 2010 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 \$203,000 in the first quarter of 2010, a decrease of 17.8% from the same period last year.”

The working capital position as at March 31, 2010 was a surplus of \$8.6 million compared to a surplus of \$8.9 million at December 31, 2009.

Chai-Na-Ta Corp., based in Richmond, British Columbia, is one of the world’s largest suppliers 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, general business conditions, and other risks as outlined in the Company's periodic filings, Annual Financial Statements, and Form 20-F.

- 30 -

FOR FURTHER INFORMATION PLEASE CONTACT:

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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2010

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 7, 2010 and should be read in conjunction with the unaudited interim consolidated financial statements as at March 31, 2010 and for the three month period ended March 31, 2010 and 2009 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 2009 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 analysis 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. The forecasts and projections that make up the forward-looking information are based on assumptions, which include, but are not limited to, no significant operational disruptions or environmental liability as a result of a catastrophic event or environmental upset; the competitiveness of ginseng pricing; access to capital at borrowing rates acceptable to the Company; interest rates; exchange rates; and the ability to mitigate certain risks including no counterparties to derivative instruments failing to meet obligations. Actual results in each case could differ materially from those currently anticipated in such statements.

OVERVIEW

Chai-Na-Ta Corp. is one of the world's largest suppliers of North American ginseng and is headquartered in Richmond, British Columbia, Canada, with farming operations in Ontario. The Company completed the termination of its farming operations in British Columbia in 2009 after the last ginseng crops were harvested in 2008. The Company continues to maintain and harvest its ginseng crops in Ontario but has not planted ginseng crops since 2008 and currently has no plans to plant additional crops. 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.

The movement of inventory was slower than expected and as a result the Company recorded a gross margin of \$33,000 on revenue of \$825,000 for the three months ended March 31, 2010 compared to a gross loss of \$14,000 on revenue of \$2.9 million for the three months ended March 31, 2009. Due to the low volume of sales and minimal gross margin, the Company recorded a net loss of \$142,000 for the three months ended March 31, 2010. This compares to a loss of \$688,000 for the same period in the prior year.

OUTSTANDING SHARE DATA AS AT MAY 7, 2010:

<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 \$825,000 in the first quarter of 2010 from \$2.9 million in the first quarter of the previous year. The decrease in revenue was due to customers delaying the delivery of inventory from the 2009 harvest that they have contractually agreed to purchase. The Company sold 98,000 pounds of root for an average price of \$8.41 per pound in the first three months of 2010 compared to 379,000 pounds of root sold for an average price of \$7.67 per pound in the first three months of 2009. The low average sales price during the first three months of 2010 was due to the majority of the inventory sold being from the 2008 harvest in British Columbia which resulted in a lower sales price than the 2009 harvest inventory from Ontario. The Company expects that it will sell the remainder of its inventory from the 2008 and 2009 harvests at or above the current carrying value during the remainder of 2010.

Cost of goods sold was 96% of sales revenue in the first quarter of 2010, compared to 100% in the previous year period. The Company had a gross margin of 4% of sales in the first quarter of 2010 compared to a gross loss of less than 1% of sales in the first quarter of 2009. In the current period, the gross margin was a result of minimal sales of 2009 harvest inventory. In 2009, sales of inventory harvested in 2008 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, 2010, selling, general and administrative expenses decreased to \$203,000 from \$247,000 for the three months ended March 31, 2009. The reduction in expenses was primarily a result of management's decision to not produce an Annual Report for the year ended December 31, 2009. 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.

There was no interest on short-term debt in the first three months of 2010 compared to \$26,000 in the first quarter of 2009. The Company had sufficient cash resources throughout the first three months of 2010 so that it did not use its available short-term borrowing facilities.

Interest on long-term debt decreased to \$70,000 in the first quarter of 2010 from \$109,000 in the first quarter of 2009. The decrease in interest on long-term debt is primarily a result of a reduction in interest rates which were a result of a decrease in the Hong Kong Interbank Offered Rate ("HIBOR") and London Interbank Offered Rate ("LIBOR").

For the three months ended March 31, 2010, the Company incurred an operating loss of \$240,000 compared to the \$570,000 operating loss for the three months ended March 31, 2009. The decrease in the operating loss was due to the positive gross margin earned on sales from the 2009 harvest in the current period and due to the \$174,000 in expenses related to the termination of farming operations in British Columbia during the three months ended March 31, 2009.

The Company had other non-operating gains of \$98,000 for the three months ended March 31, 2010 compared to a loss of \$118,000 for the three months ended March 31, 2009. The increase in other non-operating income is primarily due to \$105,000 in foreign exchange gains in the first quarter of 2010 compared to foreign exchange losses of \$119,000 for the same period in the prior year.

For the three months ended March 31, 2010, the Company incurred a net loss of \$142,000, or less than \$0.01 per basic share, compared to \$688,000, or \$0.02 per basic share for the three months ended March 31, 2009. The net loss decreased primarily as a result of the \$105,000 in foreign exchange gains in 2010 compared to \$119,000 in foreign exchange losses in 2009 and due to the \$174,000 in expenses related to the termination of farming operations in British Columbia during the three months ended March 31, 2009.

The Company did not declare any dividends on any class of shares during the three months ended March 31, 2010 or for any period in the previous three fiscal years ended December 31, 2009.

QUARTERLY RESULTS OF OPERATIONS

The following table sets forth unaudited quarterly information for each of the eight quarters ended June 30, 2008 through March 31, 2010. 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)

	2010	2009				2008		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Total revenue	\$ 825	980	1,265	1,766	2,930	1,672	866	2,466
Write-downs	-	(14)	-	-	-	(1,498)	(1,500)	-
Operating loss	(240)	(354)	(402)	(84)	(570)	(1,664)	(1,807)	(368)
Net earnings (loss)	(142)	15	(136)	1,478	(688)	(2,084)	(1,952)	(168)
Net loss per share:								
Basic and diluted	\$ (0.00)	0.00	(0.00)	0.04	(0.02)	(0.06)	(0.00)	(0.01)

Ginseng crops are harvested in the fall of every year, revenue and earnings tend to be higher in the first two quarters of the following year when 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. Write-downs in the various quarters over the past two years on both inventory and ginseng crops result in significant variations in the reported results.

LIQUIDITY AND CAPITAL RESOURCES

Cash used in operations was \$16,000 for the three months ended March 31, 2010, compared with \$1.8 million in cash provided by operations for the same period in 2009. Cash used by operations for the three month period ended March 31, 2010 increased primarily due to a decrease in the amount of proceeds received from customers from the sale of inventory and due to a decrease in the proceeds from the settlement of foreign exchange contracts compared to the three month period ended March 31, 2009.

Crop cost expenditures before depreciation and interest totalled \$230,000 for the three months ended March 31, 2010 compared to \$326,000 for the same period in the prior year. The decrease in expenditures was due to a reduction in the number of acres under cultivation.

The Company's cash as at March 31, 2010 was \$2.0 million compared to a balance of \$2.5 million at December 31, 2009, a decrease of \$459,000. The decrease in cash was due to a \$448,000 repayment of long-term debt. The working capital position of the Company at March 31, 2010 was a surplus of \$8.6 million compared to a surplus of \$8.9 million at December 31, 2009. The reduction of the working capital is due to minimal additional sales proceeds received during the period while continuing to incur crop cost expenditures, operating expenses and interest costs.

As of March 31, 2010, the Company had received \$3.0 million in deposits from customers. These deposits are on orders that management expects will be fulfilled in the remaining three quarters of 2010.

The Company had available, subject to limitations based on the value of inventory, certain receivables and the estimated value of qualifying ginseng crops, a \$500,000 revolving demand operating loan with a Canadian chartered bank at a rate of prime plus 3.75% per annum. The loan availability was eliminated on March 31, 2010. The loan facility was not used for the three month period ended March 31, 2010 so the Company incurred no interest.

On September 1, 2009 the Company agreed to an extension of an existing HK\$51,500,000 loan facility. Under the terms of the extension, the Company is required to repay HK\$3,300,000 by August 31, 2010, which was repaid early on March 1, 2010, and HK\$16,700,000 (\$2,184,000) by August 31, 2011. The remaining amount (\$4,103,000) is to be repaid by August 31, 2012 in apportionments of HK\$1,250,000 and US\$3,878,000. The loan is unsecured and bears interest at 6.25%. During the three months ended March 31, 2010, the Company incurred interest of \$70,000 (2009 - \$109,000) which has been included in interest on long-term debt on the statement of operations and deficit.

The Company believes that its existing cash resources, together with the cash generated from future sales of inventory and the current 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 its long-term debt and continue as a going concern will be dependant on the continuing support of its principal shareholder and its creditors.

As at March 31, 2010, 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 1 Year	1 - 3 Years	3 - 5 Years	More Than 5 Years
Long-term debt (1)	\$ 7,559,000	\$ 728,000	\$ 6,831,000	\$ -	\$ -
Operating leases (2)	134,000	73,000	61,000	-	-
Agricultural land leases (3)	136,000	60,000	76,000	-	-
Total Contractual Obligations	\$ 7,829,000	\$ 861,000	\$ 6,968,000	\$ -	\$ -

- (1) Long-term debt includes the loan from a company formerly under common control at an interest rate of 6.25%. Long-term debt also includes accrued interest and estimated future interest payments on long-term debt
- (2) Operating leases comprise of the Company's long-term leases of equipment, office facilities and vehicles.
- (3) Agricultural land leases comprise of the Company's 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

The Company pays management fees to Wai Kee Holdings Limited ("Wai Kee") 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 \$21,000 (2009 - \$36,000) for the three months ended March 31, 2010 of which \$12,000 (2009 - \$21,000) 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 outcome than is estimated with respect to the recoverability of both inventory and ginseng crops.

CONVERSION TO NEW ACCOUNTING 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. Management initiated its IFRS changeover plan in 2009 but has now suspended its changeover to IFRS and intends to convert to United States Generally Accepted Accounting Principles (“US GAAP”) instead of IFRS on January 1, 2011. Management believes that the conversion to US GAAP will be much less onerous and costly as the Company already reconciles to US GAAP annually as part of its filings with the United States Securities Exchange Commission.

The Company has identified the following differences between Canadian GAAP and US GAAP which have a material impact on the financial statements of the Company.

Under Canadian GAAP, interest relating to expenditures on ginseng crop costs has been capitalized. The interest is included in inventory when the ginseng crops are harvested and cost of goods sold when the inventory is sold. Under US GAAP, the portion of interest relating to expenditures on ginseng crop costs would not be eligible for capitalization to ginseng crop costs. The amount would be expensed as period costs and accordingly, the carrying value of crop costs and inventory under US GAAP would be different. Similarly, interest that had been capitalized under Canadian GAAP and included in cost of sales would not have been reported as cost of sales for the period under US GAAP since such costs would have previously have been expensed as period costs.

Under Canadian GAAP, inventory and ginseng crops are recorded at the lower of cost or estimated net realizable value. Any write-down to estimated net realizable value can be reversed in subsequent periods if there is a change in circumstances which result in an increase in the estimated net realizable. Under US GAAP, inventory and ginseng crops are also recorded at the lower of cost or estimated net realizable value but there is no allowance to reverse a write-down to estimated net realizable value as there is under Canadian GAAP.

Under Canadian GAAP, interest and finance charges are presented as operating expenses and are included in the calculation of operating income. Under US GAAP, interest and finance charges would be presented as non-operating expenses and would therefore be excluded from the calculation of operating income.

As a result of these differences, the balance sheet of the Company as at March 31, 2010 would change under US GAAP as follows:

(Stated in Canadian Dollars)	<u>Canadian GAAP</u>	<u>US GAAP</u>	<u>Increase (Decrease) in Shareholders' Equity</u>
Assets			
Inventory	\$ 5,895,000	\$ 5,441,000	\$ (454,000)
Short-term ginseng crops	4,039,000	4,035,000	(4,000)
	<u>\$ 9,934,000</u>	<u>\$ 9,476,000</u>	<u>\$ (458,000)</u>
Shareholders' Equity	<u>\$ 7,070,000</u>	<u>\$ 6,612,000</u>	<u>\$ (458,000)</u>

The statement of operations for the three month period ended March 31, 2010 would change under US GAAP as follows:

(Stated in Canadian Dollars)	Canadian GAAP	US GAAP	Increase (Decrease) in Earnings
Cost of goods sold	\$ 792,000	\$ 747,000	\$ (45,000)
Operating loss	\$ (240,000)	\$ (128,000)	\$ 112,000
Net loss	\$ (142,000)	\$ (97,000)	\$ 45,000

There was no change in interest expense during the three months ended March 31, 2010 as the Company did not capitalize any interest under Canadian GAAP.

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 and long-term debt. 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 Company also has financial instruments disclosed in Note 9 to the consolidated financial statements which comprise of foreign exchange forward contracts.

OUTLOOK

In the short-term, the Company will focus its attention on its farming operations to maximize the yield and quality of roots while it continues to maintain and harvest ginseng crops in Ontario. The Company decided not to plant new crops in Ontario in 2009 and currently has no plans to plant ginseng in the future as the ability of the Company to achieve operating income, generate positive cash flows and repay its creditors while continuing to plant at a sustainable level is very uncertain. The Company will continue to closely monitor the economic climate and attempt to identify viable business alternatives 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, 2010

(Unaudited – Prepared by Management)

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company disclosed that its auditors have not reviewed the unaudited financial statements for the three months ended March 31, 2010

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

In thousands of Canadian dollars	Note	March 31 2010	December 31 2009
ASSETS			
Current assets			
Cash		\$ 2,029	\$ 2,488
Accounts receivable and other assets		11	13
Inventory		5,895	6,668
Ginseng crops		4,039	3,898
Prepaid expenses		49	87
		12,023	13,154
Ginseng crops		2,320	2,154
Prepaid expenses		22	28
Property, plant and equipment		2,419	2,513
		\$ 16,784	\$ 17,849
LIABILITIES			
Current liabilities			
Bank indebtedness	3	\$ -	\$ -
Accounts payable and accrued liabilities		412	459
Customer deposits		3,015	3,301
Current portion of long-term debt	4	-	446
		3,427	4,206
Long-term debt	4	6,287	6,499
Total liabilities		9,714	10,705
SHAREHOLDERS' EQUITY			
Share capital	5	38,246	38,246
Contributed surplus		338	338
Accumulated other comprehensive income		874	806
Deficit		(32,388)	(32,246)
		(31,514)	(31,440)
Total equity		7,070	7,144
		\$ 16,784	\$ 17,849

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)	Note	Three months ended	
		March 31 2010	March 31 2009
Revenue		\$ 825	\$ 2,930
Cost of goods sold		792	2,944
		33	(14)
Selling, general and administrative expenses		203	247
Wind-up expenses of terminated operations	6	-	174
Interest on short-term debt	3	-	26
Interest on long-term debt	4	70	109
		273	556
Operating loss		(240)	(570)
Other income (loss)	7	98	(118)
NET LOSS FOR THE PERIOD		\$ (142)	\$ (688)
Deficit, beginning of period		(32,246)	(32,915)
DEFICIT, END OF PERIOD		\$ (32,388)	\$ (33,603)
Basic and diluted loss per share		\$ (0.00)	\$ (0.02)
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 (except per share amounts)	Three months ended	
	March 31 2010	March 31 2009
Net loss for the period	\$ (142)	\$ (688)
Other comprehensive income (loss):		
Adjustments as a result of foreign exchange translation of self-sustaining subsidiaries	68	(81)
Comprehensive loss	\$ (74)	\$ (769)

CHAI-NA-TA CORP.

Interim Consolidated Statements of Accumulated Other Comprehensive Income (Unaudited)

in thousands of Canadian dollars (except per share amounts)	Three months ended	
	March 31 2010	March 31 2009
Balance, beginning of period	\$ 806	\$ 442
Other comprehensive income (loss)	68	(81)
Balance, end of period	\$ 874	\$ 361

CHAI-NA-TA CORP.

Consolidated Statements of Cash Flows (Unaudited)

in thousands of Canadian dollars		Three months ended	
		March 31 2010	March 31 2009
	Note		
OPERATING ACTIVITIES			
Net loss for the period		\$ (142)	\$ (688)
Items included in net loss not affecting cash	10(a)	635	3,428
Changes in non-cash operating assets and liabilities	10(b)	(279)	(621)
Crop cost expenditures		(230)	(327)
		(16)	1,792
FINANCING ACTIVITIES			
Bank indebtedness		-	(1,570)
Repayment of long-term debt		(448)	(6)
		(448)	(1,576)
INVESTING ACTIVITIES			
Proceeds from disposition of property, plant and equipment		6	-
Proceeds from disposition of assets held for sale		-	115
		6	115
EFFECT OF EXCHANGE RATE CHANGES			
ON CASH AND CASH EQUIVALENTS		(1)	1
NET INCREASE (DECREASE) IN CASH		(459)	332
CASH, BEGINNING OF THE PERIOD		2,488	192
CASH, END OF THE PERIOD		\$ 2,029	\$ 524
SUPPLEMENTAL INFORMATION:			
Other cash flows:			
Interest paid		12	30

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 an operating loss of \$240,000 for the three months ended March 31, 2010 and has an accumulated deficit of \$32,388,000 as at March 31, 2010. The Company is closely monitoring cash resources and has received significant financing from a company formerly under common control.

The Company's ability to continue as a going concern is dependant on achieving ongoing profitable operations 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 (Canadian 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, 2009. 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, 2010.

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) Future changes in accounting policies

In April 2008, the Canadian Accounting Standards Board confirmed that on January 1, 2011 Canadian GAAP will be replaced by International Financial Reporting Standards ("IFRS") for publicly accountable enterprises. Management initiated its IFRS changeover plan in 2009 but has now suspended its changeover to IFRS and intends to convert to United States Generally Accepted Accounting Principles ("US GAAP") instead of IFRS. Management believes that the conversion to US GAAP will be much less onerous and costly as the Company already reconciles to US GAAP annually as part of its filings with the United States Securities Exchange Commission. The accounting standards that will materially affect the Company's reported financial position and results of operations are disclosed in Note 13.

CHAI-NA-TA CORP.
Notes to the Interim Consolidated Financial Statements
(Unaudited)

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. Bank indebtedness

The Company had available, subject to limitations based on the value of inventory, certain receivables and the estimated value of qualifying ginseng crops, a \$500,000 revolving demand operating loan with a Canadian chartered bank at a rate of prime plus 3.75% per annum. The loan availability was eliminated on March 31, 2010. The loan facility was not used for the three month period ended March 31, 2010 so the Company incurred no interest. The Company incurred \$6,000 of interest during the three month period ended March 31, 2009 which has been included in interest on short-term debt on the statement of operations and deficit.

In 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 which was fully repaid by the due date of May 31, 2009. The loan was secured by the Company's 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 deficit.

4. Long-term debt

in thousands of Canadian dollars	March 31 2010	December 31 2009
Term loan	\$ 6,287	\$ 6,945
Less: current portion	-	446
	\$ 6,287	\$ 6,499

On September 1, 2009 the Company agreed to a three year extension of an existing loan facility of HK\$51,500,000 from a company formerly under common control. The loan is unsecured and bears interest at 6.25%. The Company repaid HK\$3,300,000 (\$448,000) on March 1, 2010 ahead of the new scheduled repayment date of September 1, 2010. For the three month period ended March 31, 2010, the Company incurred \$70,000 (2009 - \$109,000) of interest which has been included in interest on long-term debt on the statements of operations and deficit.

CHAI-NA-TA CORP.

Notes to the Interim Consolidated Financial Statements (Unaudited)

The term loan is scheduled to be repaid over the next three years as follows (all amounts in thousands of dollars of the respective currencies):

Year	Scheduled repayments		Canadian dollar equivalents
	HK\$	US\$	
2010	\$ -	\$ -	\$ -
2011	16,700	-	2,184
2012	1,250	3,878	4,103
	\$ 17,950	\$ 3,878	\$ 6,287

The Canadian dollar equivalents are calculated using foreign exchange rates as of March 31, 2010.

5. Share capital

In thousands	Number of Shares	Amount
<u>Common Shares</u>		
Balance as at December 31, 2009 and March 31, 2010	34,698	\$ 38,246

6. Wind-up expenses of terminated operations

Wind-up expenses of terminated operations include all expenditures associated with closing the ginseng farm operations in British Columbia after the final harvest was completed in 2008.

7. Other income (loss)

in thousands of Canadian dollars	Three months ended	
	March 31 2010	March 31 2009
Foreign exchange gains (losses)	\$ 105	\$ (119)
Loss on disposal of property, plant and equipment	(8)	-
Other non-operating income	1	1
	\$ 98	\$ (118)

Foreign exchange gains (losses) include a \$43,000 loss (2009 - \$82,000 gain) on foreign exchange forward contracts.

CHAI-NA-TA CORP.

Notes to the Interim Consolidated Financial Statements (Unaudited)

8. Commitments, contingencies and guarantees

- a) The Company has entered into a forward contract with a Canadian bank to purchase US\$1,400,000 on September 22, 2010 to partially hedge against the term loan detailed in Note 4. If the spot Canadian/US dollar exchange rate is less than or equal to \$1.0000 on the contract date, the exchange rate of the purchase will be \$1.0000. If the exchange rate is greater than or equal to \$1.0535 on the contract date, the exchange rate of the purchase will be \$1.0535. If the exchange rate is between \$1.0000 and \$1.0535 on the contract date, the contract will expire and a purchase obligation will not take place. At March 31, 2010, the closing exchange rate of \$1.0158 resulted in the contract having a fair market value of \$NIL.
- 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 forward contract

The Company has a term loan denominated in Hong Kong dollars as detailed in Note 4 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, 2010, the Company received proceeds of \$59,000 as a result of foreign exchange contracts of which \$43,000 is included in other income (loss) on the statement of operations and deficit for the three months ended March 31, 2010 and \$16,000 was included in other income (loss) on the statement of operations and deficit for the year ended December 31, 2009. 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 (loss) 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 year ended December 31, 2008. At period-end exchange rates, the Company would neither receive nor pay any funds 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 2010	March 31 2009
Depreciation and amortization	\$ 2	\$ 2
Loss on disposal of property, plant and equipment	8	-
Cost of ginseng crops sold	781	2,885
Non-cash realized foreign exchange (gains) losses	(156)	541
	\$ 635	\$ 3,428

CHAI-NA-TA CORP.
Notes to the Interim Consolidated Financial Statements
(Unaudited)

b) Changes in non-cash operating assets and liabilities

in thousands of Canadian dollars	Three months ended	
	March 31 2010	March 31 2009
Accounts receivable and other assets	\$ 2	\$ 116
Inventory	(8)	17
Prepaid expenses	44	41
Accounts payable and accrued liabilities	(31)	(77)
Customer deposits	(286)	(718)
	\$ (279)	\$ (621)

11. Segmented information

The Company operates in one industry segment and two geographic regions. The geographic region that the revenue is derived from is determined by the residency of the customer. Intersegment revenue is determined by the residency of the subsidiary selling the product.

in thousands of Canadian dollars	Three months ended	
	March 31 2010	March 31 2009
Revenue from operations located in:		
Canada	\$ 43	\$ 183
Far East	782	2,747
	\$ 825	\$ 2,930
Intersegment revenue from operations located in:		
Canada	\$ 836	\$ 1,888
Far East	-	-
	\$ 836	\$ 1,888
Net (loss) earnings from operations located in:		
Canada	\$ (122)	\$ (624)
Far East	(20)	(64)
	\$ (142)	\$ (688)

CHAI-NA-TA CORP.
Notes to the Interim Consolidated Financial Statements
(Unaudited)

Long-lived assets comprise of non-current ginseng crops and property, plant and equipment.

in thousands of Canadian dollars	March 31 2010	March 31 2009
Long-lived assets from operations located in:		
Canada	\$ 4,739	\$ 7,660
Far East	-	-
	\$ 4,739	\$ 7,660

Major customers:

For the three months ended March 31, 2010, revenue included sales to two major customers which accounted for \$434,000 and \$348,000, respectively, from the Far East Geographic region (March 31, 2009 - three customers from the Far East geographic region which accounted for \$1,460,000, \$742,000 and \$545,000, respectively). Major customers include all customers with whom the Company has derived revenue greater than 10% of its total revenue within the reporting period.

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 \$21,000 (2009 - \$36,000) for the three months ended March 31, 2010 of which \$12,000 (2009 - \$21,000) remains outstanding and is included in accounts payable and accrued liabilities on the consolidated balance sheet. This transaction is measured at the exchange value.

13. Differences between Canadian GAAP and US GAAP

The Company has identified the following differences between Canadian GAAP and US GAAP which have a material impact on the financial statements of the Company.

Under Canadian GAAP, interest relating to expenditures on ginseng crop costs has been capitalized. The interest is included in inventory when the ginseng crops are harvested and cost of goods sold when the inventory is sold. Under US GAAP, the portion of interest relating to expenditures on ginseng crop costs would not be eligible for capitalization to ginseng crop costs. The amount would be expensed as period costs and accordingly, the carrying value of crop costs and inventory under US GAAP would be different. Similarly, interest that had been capitalized under Canadian GAAP and included in cost of sales would not have been reported as cost of sales for the period under US GAAP since such costs would have previously have been expensed as period costs.

CHAI-NA-TA CORP.

Notes to the Interim Consolidated Financial Statements (Unaudited)

Under Canadian GAAP, inventory and ginseng crops are recorded at the lower of cost or estimated net realizable value. Any write-down to estimated net realizable value can be reversed in subsequent periods if there is a change in circumstances which result in an increase in the estimated net realizable. Under US GAAP, inventory and ginseng crops are also recorded at the lower of cost or estimated net realizable value but there is no allowance to reverse a write-down to estimated net realizable value as there is under Canadian GAAP.

Under Canadian GAAP, interest and finance charges are presented as operating expenses and are included in the calculation of operating income. Under US GAAP, interest and finance charges would be presented as non-operating expenses and would therefore be excluded from the calculation of operating income.

As a result of these differences, the balance sheet of the Company as at March 31, 2010 would change under US GAAP as follows:

in thousands of Canadian dollars	Canadian GAAP	US GAAP	Increase (Decrease) in Shareholders' Equity
Assets			
Inventory	\$ 5,895	\$ 5,441	\$ (454)
Short-term ginseng crops	4,039	4,035	(4)
	\$ 9,934	\$ 9,476	\$ (458)
Shareholders' Equity	\$ 7,070	\$ 6,612	\$ (458)

The statement of operations for the three month period ended March 31, 2010 would change under US GAAP as follows:

in thousands of Canadian dollars	Canadian GAAP	US GAAP	Increase (Decrease) in Earnings
Cost of goods sold	\$ 792	\$ 747	\$ 45
Operating loss	\$ (240)	\$ (128)	\$ 112
Net loss	\$ (142)	\$ (97)	\$ 45

There was no change in interest expense during the three months ended March 31, 2010 as the Company did not capitalize any interest under Canadian GAAP.