



CHAI·NA·TA
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TSE: "CC" • OTCBB: "CCCFF"
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FOR IMMEDIATE RELEASE

Chai-Na-Ta Corp. Reports 2002 First Quarter Results

LANGLEY, BRITISH COLUMBIA – May 6, 2002 – Chai-Na-Ta Corp. (TSE: "CC"; OTCBB: "CCCFF") today reported its financial results for the first quarter ended March 31, 2002.

Revenue more than doubled to \$5.7 million in the 2002 first quarter from \$2.5 million in the quarter ended March 31, 2001. Net earnings were \$92,000 in the first quarter of 2002 (\$0.01 per basic share) compared to net earnings of \$166,000 (\$0.01 per basic share) in the prior year period.

"There are a number of positive signs for our Company going forward," said William Zen, Chai-Na-Ta's Chairman and Chief Executive Officer. "Highlights include a significant improvement in our net cash position, which rose to \$1.9 million at March 31, 2002 from \$437,000 at December 31, 2001. This was mainly due to repayment of our line of credit from revenue generated in the first quarter of the year. Sales, general and administrative expenses fell 4.5% from the year earlier period as a result of ongoing efforts to minimize overhead costs.

"In the wake of the industry-wide rust problem that affected ginseng crops across British Columbia last year, we sold nearly half of our 2001 harvest by March 31, 2002. We have commitments from purchasers for the rest of the crop and market demand remains firm. We expect that most of the 2001 harvest will be sold by the end of the second quarter," said Mr. Zen.

"Although rusty root is primarily an aesthetic problem, it affects prices. As a result, our gross profit margin was 8.7% in the 2002 first quarter – down from 28.1% in the prior year period. While the next couple of quarters will remain challenging, we anticipate that sales resulting from a spring harvest that is currently in progress, combined with our regular fall harvest, will enable us to achieve close to breakeven operating results for 2002 as a whole. Furthermore, we expect to return to profitability in 2003," Mr. Zen concluded.

Chai-Na-Ta Corp., based in Langley, 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 extract powder for the manufacture 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



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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three month period ending March 31, 2002

The following discussion and analysis should be read in conjunction with the unaudited interim consolidated financial statements of the Company and notes thereto. Amounts are expressed in Canadian dollars, unless otherwise specified.

OPERATING RESULTS

Revenue increased to \$5,725,000 in the first quarter of 2002 from \$2,516,000 in the previous year period. Approximately 48% of the 2001 harvest root was sold as at March 31, 2002. The Company recorded a gross profit margin of 8.7% in the first quarter of 2002 compared to a gross margin of 28.1% in the fiscal 2001 first quarter. This is mainly due to the 2001 harvest in British Columbia being hard hit by rust that reduced the prices of lower grade root.

Selling, general and administrative expenses were \$465,000 for the first quarter of 2002, a decrease of 4.5% compared with the same period in 2001 due to the Company's continuous effort to reduce overhead costs.

During the first quarter of 2002, interest and financing charges were \$9,000, substantially lower than interest and financing charges of \$66,000 in the first quarter of 2001 due to the repayment of the Company's line of credit.

The net earnings for the first quarter of 2002 were \$92,000 (\$0.01 per share) compared to net earnings of \$166,000 (\$0.01 per share) for the same period in 2001.

FINANCIAL POSITION AND LIQUIDITY

The cash surplus from operations was \$3,307,000 for the first quarter of 2002 compared to a surplus of \$810,000 for the same period in 2001. The Company's cash and cash equivalents balance as at March 31, 2002 was \$1,892,000 compared to a balance of \$2,155,000 for the same period ended in 2001.

The Company's net cash position as at March 31, 2002 was \$1,892,000, compared to \$437,000 as at December 31, 2001. This increase of \$1,455,000 was mainly due to repayment of the line of credit from revenue generated in the first quarter of 2002.

The working capital position of the Company as at March 31, 2002 was a surplus of \$9,080,000 compared to a surplus of \$10,013,000 as at December 31, 2001. The reduction was mainly used to finance the increase in non-current ginseng crops.

CHAI-NA-TA CORP.
Consolidated Balance Sheets

Unaudited in thousands of Canadian dollars	March 31 2002	December 31 2001 (Audited)
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	1,892	2,087
Accounts receivable	204	241
Inventory	5,593	10,746
Ginseng crops	8,482	8,099
Prepaid expenses and other assets	90	147
	16,261	21,320
Ginseng crops	12,977	11,713
Capital assets	7,722	8,095
	36,960	41,128
LIABILITIES		
Current liabilities		
Line of credit	-	1,650
Short-term borrowings	5,117	6,424
Accounts payable and accrued liabilities	1,021	1,304
Customer deposits	794	1,356
Current portion of long-term debt	249	573
	7,181	11,307
Long-term debt	125	147
Future income taxes	1,462	1,462
	8,768	12,916
SHAREHOLDERS' EQUITY		
Share capital	38,200	38,200
Cumulative translation adjustments	(169)	(57)
Deficit	(9,839)	(9,931)
	28,192	28,212
	36,960	41,128

On behalf of the Board:

"WILLIAM ZEN"

William Zen
 Director

"STEVEN HSIEH"

Steven T.M. Hsieh
 Director

CHAI-NA-TA CORP.
Consolidated Statements of Deficit

Unaudited in thousands of Canadian dollars	Three months ended	
	March 31 2002	March 31 2001
	\$	\$
Balance, beginning of period	(9,931)	(7,774)
Net income for the period	92	166
Balance, end of period	(9,839)	(7,608)

On behalf of the Board:

CHAI-NA-TA CORP.
Consolidated Statements of Operations

Unaudited in thousands of Canadian dollars	Three months ended	
	March 31 2002	March 31 2001
	\$	\$
Revenue	5,725	2,516
Cost of goods sold	5,225	1,810
	500	706
Selling, general, and administrative expenses	465	487
Interest on short-term debt	9	66
	474	553
Operating income	26	153
Other income	66	13
NET EARNINGS FOR THE PERIOD	92	166
Basic earnings per share	\$ 0.01	\$ 0.01
Fully diluted earnings per share	\$ -	\$ -
Weighted average number of shares used to calculate basic earnings per share	14,264,508	14,264,508
Weighted average number of shares used to calculate fully diluted earnings per share	34,663,657	34,663,657

On behalf of the Board:

CHAI-NA-TA CORP.
Consolidated Statements of Cash Flows

Unaudited in thousand of Canadian dollars	Three months ended	
	March 31 2002	March 31 2001
	\$	\$
OPERATING ACTIVITIES		
Net earnings for the period	92	166
Items not affecting cash		
Depreciation and amortization	20	27
Net earnings after items not affecting cash	112	193
Changes in non-cash operating assets and liabilities (Note 4)	4,047	1,474
Changes in non-current cash crop costs	(852)	(857)
	3,307	810
FINANCING ACTIVITIES		
Line of credit	(1,650)	2,580
Short-term borrowings	(1,370)	1,091
Repayment of long term debt	(346)	(2,839)
	(3,366)	832
INVESTING ACTIVITIES		
Purchase of capital assets, net	(137)	(107)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	1	11
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(195)	1,546
CASH AND CASH EQUIVALENTS BEGINNING OF THE PERIOD	2,087	609
CASH AND CASH EQUIVALENTS END OF THE PERIOD	1,892	2,155
Represented by:		
Cash	1,132	1,895
Term deposits	760	260
	1,892	2,155

On behalf of the Board:

CHAI-NA-TA CORP.

Notes to the Interim Consolidated Financial Statements

1. Summary of significant accounting policies

a) Interim financial statements

These consolidated financial statements have been prepared in accordance with the Canadian Institute of Chartered Accountants' ("CICA") recommendations for the preparation of interim financial statements. Certain information and note disclosures normally included in the Company's annual consolidated financial statements are not 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, 2001. These interim consolidated financial statements are not necessarily indicative of the results to be expected for the year ending December 31, 2002.

b) 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 assets, future income taxes and contingencies. Actual results may differ from those estimates.

2. Earnings per common share

Basic earnings per share is computed by dividing net earnings available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution of common shares by including other common shares equivalents in the weighted average number of common shares outstanding for a period, if dilutive. Common share equivalents consist of convertible preferred shares and the incremental number of shares issuable upon the exercise of stock options and share purchase warrants.

Unaudited Three months ended	Net earnings in thousands (numerator)	Number of shares in thousands (denominator)	Earnings per share
	\$		\$
March 31, 2002			
Basic	92	14,265	0.01
Effect of common share equivalents	-	20,399	(0.01)
Diluted	92	34,664	0.00
March 31, 2001			
Basic	166	14,265	0.01
Effect of common share equivalents	-	20,399	(0.01)
Diluted	166	34,664	0.00

3. Share capital

Unaudited In thousands	Number of Shares	Amount \$
<u>Common Shares</u>		
Balance as at December 31, 2001 and March 31, 2002	14,265	24,321
<u>Preferred Shares</u>		
Balance as at December 31, 2001 and March 31, 2002	20,399	13,879
		38,200

4. Changes in non-cash operating items

Unaudited in thousands of Canadian dollars	Three months ended	
	March 31 2002	March 31 2001
On behalf of the Board:	\$	\$
Accounts receivable	37	42
Inventory	5,040	1,370
	(242)	(229)
Prepaid expenses and other assets	57	11
Accounts payable	(283)	280
Customer deposits	(562)	-
	4,047	1,474

5. Reconciliation of earnings to U.S. GAAP

Unaudited in thousands of Canadian dollars	Three months ended	
	March 31 2002	March 31 2001
	\$	\$
Net income under Canadian GAAP	92	166
Adjustments to reflect GAAP differences:		
Accounting for interest	595	74
Financial instruments	43	31
Net income per US GAAP	730	271
Basic earnings per share - US GAAP	\$ 0.05	\$ 0.02
Fully diluted earnings per share - US GAAP	\$ 0.02	\$ 0.01

Current and non-current crop costs totaled \$21,459,000 at March 31, 2002, an increase of \$1,647,000 during the first quarter of 2002 as compared to \$19,812,000 at December 31, 2001.

RISKS AND UNCERTAINTIES

The Company has not had any significant changes to its risks and uncertainties from those that were disclosed in the Company's fiscal 2001 Management's Discussion and Analysis.

OUTLOOK

With 1,339 acres currently under cultivation, the Company remains the market leader in ginseng farming and will continue its target in terms of reducing costs, increasing efficiency and maximizing production. As a result of China's accession into the World Trade Organization, tariff reductions will make the dominant Mainland Chinese markets for ginseng more accessible. The Company is well positioned to take advantage of these opportunities and an improvement in its financial position is anticipated during the next two years.

FORWARD-LOOKING STATEMENTS

As a cautionary note, this MD&A contains forward-looking statements that reflect the Company's expectations regarding future events. 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, by reasons of factors such as future changes in root prices.

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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