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FOR IMMEDIATE RELEASE

Chai-Na-Ta Corp. Reports 2001 Second Quarter Results

LANGLEY, BRITISH COLUMBIA – August 27, 2001 – Chai-Na-Ta Corp. (TSE: "CC"; OTCBB: "CCCFF") today reported that revenue nearly doubled to \$5,280,000 in the second quarter ended June 30, 2001 from \$2,747,000 in the 2000 second quarter ended May 31, 2000.

The net loss was \$261,000 (\$0.02 per share) in the 2001 second quarter compared to net earnings of \$12,506,000 (\$1.64 per share) in the 2000 second quarter. Second quarter 2001 results included other loss of \$30,000. In the second quarter of fiscal 2000, other income of \$11,749,000 primarily comprised debt forgiveness net of restructuring costs, which was the major contributor to net earnings.

"As we have said previously, Chai-Na-Ta's gain on debt forgiveness in 2000 will distort bottom line financial comparisons for the next several years. We nonetheless continue to anticipate performance around the breakeven level in 2001 and a profitable year in 2002," said William Zen, Chai-Na-Ta's Chairman and Chief Executive Officer.

Revenue was \$7,796,000 in the six months ended June 30, 2001 compared to \$11,287,000 in the first half of fiscal 2000. The revenue decrease between periods resulted from Chai-Na-Ta's decision to change its sales strategy in 2001 by spreading its sales more evenly over the year. "In fact, nearly all of Chai-Na-Ta's crop sales in fiscal 2000 were completed by the end of May, whereas we expect meaningful sales volume in each of the final two quarters of this year," Mr. Zen commented.

Sales, general and administrative expenses in the six months ended June 30, 2001 were lower than in the first six months of fiscal 2000, principally due to the increasing efficiency of Chai-Na-Ta's operations.

The net loss in first six months of 2001 was \$95,000 (\$0.01 per share) compared to net earnings of \$10,219,000 (\$1.61 per share) in the first six months of fiscal 2000. First half 2001 results included other loss of \$17,000. In the comparable period of fiscal 2000, other income of \$11,711,000 primarily comprised income from debt forgiveness net of restructuring costs, which was the major contributor to net earnings.



CHAI·NA·TA
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CHAI-NA-TA CORP.

SECOND QUARTER REPORT

Ending June 30, 2001

FINANCIAL RESULTS AND MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION RESULTS

The second quarter of 2001 is for the three months ending June 30, 2001, compared with the second quarter of 2000 for the three months ending May 31, 2000.

Revenue increased 92% to \$5.3 million in the second quarter of 2001 from \$2.7 million in the second quarter of 2000. However, revenue decreased 31% to \$7.8 million for the six months ended June 30, 2001 from \$11.3 million for the six months ended May 31, 2000, a direct result of the Company's strategy of spreading its sales more evenly through the year. Approximately 54% of the 2000 harvest root was sold as at June 30, 2001. The Company recorded a gross margin of 19% in the second quarter of 2001, compared to a gross margin of 31% in the second quarter of 2000. For the six months ended June 30, 2001 the Company recorded a gross margin of 22%, as compared to a gross margin of 4% for the six months ended May 31, 2000.

Continuous effort has been made to keep expenses to a minimum. As a result, selling, general and administrative expenses were \$1.7 million for the six months ended June 30, 2001, a decrease of 14% over the six months ended May 31, 2000.

The Company recorded a net loss of \$0.1 million for the six months ended June 30, 2001 as compared to a net earnings of \$10.5 million for the six months ended May 31, 2000, which includes gains on financial restructuring and debt forgiveness of \$12.6 million.

FINANCIAL POSITION

The cash surplus from operations was \$2.7 million for the six months ended June 30, 2001 compared to a surplus of \$3.8 million for the six months ended May 31, 2000.

Working capital totaled \$8.8 million at June 30, 2001, down from \$14.0 million at December 31, 2000. This reduction is mainly due to the sale of inventory and increase in non-current crop cost expenditures during the first two quarters of 2001, as well as the repayment of term debt in the first quarter.

OUTLOOK

The Company currently has more than 1,300 acres under cultivation and expects to plant over 300 acres in 2001, ensuring a constant volume of the harvest in the forthcoming years. As a result of the previously depressed pricing for ginseng, some growers were forced to leave the industry. This industry-wide downturn in production will help apply upward pressure on the price of ginseng. In addition, China is expected to participate in the World Trade Organization in 2002 and the Company anticipates ginseng demand will increase. The Company is well positioned to take advantage of these opportunities to enhance the value of the Company.

ABOUT CHAI-NA-TA

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 quarterly report 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.

William Zen
Chairman & CEO

CHAI-NA-TA CORP.

Consolidated Interim Financial Statements

Balance Sheets

Unaudited in thousands of Canadian dollars	June 30 2001	Dec 31 2000
	\$	\$
CURRENT ASSETS		
Cash	657	609
Accounts Receivable	704	688
Inventory	5,620	11,507
Ginseng crops	10,251	9,290
Prepaid and other current assets	952	1,048
	18,184	23,142
Ginseng crops	14,738	11,625
Capital assets	8,692	9,535
Other assets	108	108
	41,722	44,410
CURRENT LIABILITIES		
Line of Credit	540	390
Short-term borrowings	6,141	5,910
Accounts payable and accrued liabilities	2,181	2,321
Current portion of term debt	525	534
	9,387	9,155
Term debt	289	3,153
Deferred gain	434	434
Future income taxes	1,462	1,462
	11,572	14,204
SHAREHOLDERS' EQUITY		
Share capital	38,200	38,200
Cumulative translation adjustment	(181)	(220)
Deficit	(7,869)	(7,774)
	30,150	30,206
	41,722	44,410

Statements of Earnings

Unaudited in thousands of Canadian dollars	Three months ended		Six months ended	
	June 30 2001	May 31 2000	June 30 2001	May 31 2000
Revenue	5,280	2,747	7,796	11,287
Cost of Sales	4,284	1,883	6,094	10,786
Gross Profit	996	864	1,702	501
Selling, general, and administrative expenses	1,184	828	1,671	1,934
Interest and financing charges	43	(721)	109	59
	1,227	107	1,780	1,993
Operating income (loss)	(231)	757	(78)	(1,492)
Other income (loss)	(30)	11,749	(17)	11,711
NET EARNINGS (LOSS) FOR THE PERIOD	(261)	12,506	(95)	10,219
Basic earnings(loss) per share	\$(0.02)	\$1.64	\$(0.01)	\$1.61
Fully diluted earnings (loss) per share	\$(0.02)	\$0.93	\$(0.01)	\$1.11
Weighted average number of shares used to calculate Basic earnings per share	14,264,508	7,637,279	14,264,508	6,339,049
Fully diluted earnings per share	34,663,657	13,402,256	34,663,657	9,237,289

Statements of Retained Earnings (Deficits)

Unaudited in thousands of Canadian dollars	Three months ended		Six months ended	
	June 30 2001	May 31 2000	June 30 2001	May 31 2000
Balance, beginning of period	(7,608)	(17,974)	(7,774)	(15,687)
Net income (loss) for the period	(261)	12,506	(95)	10,219
Balance, end of period	(7,869)	(5,468)	(7,869)	(5,468)

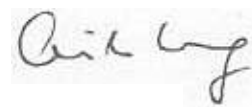
Consolidated Statements of Cash Flows

Unaudited in thousands of Canadian dollars	Three months ended		Six months ended	
	June 30 2001	May 31 2000	June 30 2001	May 31 2000
OPERATING ACTIVITIES				
Net earnings (loss) for the period	(261)	12,506	(95)	10,219
Items not affecting cash				
Depreciation and amortization	20	123	47	246
Gain on forgiveness of debt	-	(12,624)	-	(12,624)
Net earnings after items not affecting cash	(241)	5	(48)	(2,159)
Changes in non-cash operating assets and liabilities (Note 2)	3,505	1,905	5,062	7,976
Changes in non-current cash crop costs	(1,495)	(564)	(2,352)	(1,975)
	1,769	1,346	2,662	3,842
FINANCING ACTIVITIES				
Line of credit	(2,430)	(2,566)	150	(4,917)
Short-term borrowing	(860)	10	231	5
Issuance of share capital	-	5,000	-	5,000
Issuance (repayment) of long term debt	(34)	93	(2,873)	(42)
Joint venture capital returned to co-venturer	-	-	-	(390)
	(3,324)	2,537	(2,492)	(344)
INVESTING ACTIVITIES				
Investments	-	(544)	-	(544)
Purchase of capital assets, net	(54)	(104)	(161)	(26)
Decrease in other assets	-	550	-	452
Deferred translation gain (loss)	111	(303)	39	(86)
	57	(401)	(122)	(204)
NET CASH INFLOW (OUTFLOW)	(1,498)	3,482	48	3,294
CASH AND CASH EQUIVALENTS BEGINNING OF THE PERIOD	2,155	446	609	634
CASH AND CASH EQUIVALENTS END OF PERIOD	657	3,928	657	3,928

On behalf of the Board:



William Zen
Director



Anita Wong
Director

Notes to the Interim Consolidated Financial Statements

1. Summary of Significant Accounting Policies

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 period ended December 31, 2000. These interim consolidated financial statements are not necessarily indicative of the results to be expected for the year ending December 31, 2001.

2. Changes in Non-Cash Operating Assets and Liabilities

Unaudited in thousands of Canadian dollars	Three months ended		Six months ended	
	June 30 2001	May 31 2000	June 31 2001	May 31 2000
Accounts receivable	(58)	1,714	(16)	892
Inventory	4,434	2,155	5,887	9,538
Ginseng Crops	(536)	(909)	(765)	(909)
Prepaid and other current assets	85	(169)	96	(396)
Accounts Payable	(420)	(886)	(140)	(1,149)
	3,505	1,905	5,062	7,976

3. Reconciliation of Earnings to U.S. GAAP

Unaudited in thousands of Canadian dollars	Three months ended		Six months ended	
	June 30 2001	May 31 2000	June 31 2001	May 31 2000
Net Earnings (loss) under Canadian GAAP	(261)	12,506	(95)	10,219
Adjustments to reflect GAAP differences:				
Accounting for interest	364	290	438	-
Financial instruments	34	27	65	67
Net earnings per US GAAP	137	12,823	408	10,286
Basic earnings per share - US GAAP	\$0.01	\$1.68	\$0.03	\$1.62
Fully diluted earnings per share - US GAAP	\$ -	\$0.96	\$0.01	\$1.11

Working capital decreased to \$8,797,000 million at the end of the 2001 second quarter from \$13,987,000 at December 31, 2000. This was mainly due to inventory sales and increases in non-current crop expenditures in the latest six-month period, as well as the repayment of term debt in the 2001 first quarter.

“We have reduced our debt and achieved attractive levels of working capital. Chai-Na-Ta’s financial position is strong,” Mr. Zen said. “Prices are averaging about the mid-teen levels and should increase following the harvest season in October. As a result of unfavorable weather conditions in Ontario and Wisconsin, and the exit of a number of smaller growers from the industry, overall industry production in 2001 will be below last year’s level, which is positive for the pricing outlook.

“In order to ensure the strongest foundation for pursuing our long-range goals, we place strong emphasis on enhancing our market leadership in our core business of ginseng farming,” said Mr. Zen. “We currently have in excess of 1,300 acres under cultivation. Despite cutting costs, during each of the last several years we continued to maintain an acreage that will produce an average yield of about one million pounds per year.”

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- 30 -

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