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FOR IMMEDIATE RELEASE

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

LANGLEY, BRITISH COLUMBIA – August 15, 2002 – Chai-Na-Ta Corp. (TSX: "CC"; OTCBB: "CCCFF") today reported its financial results for the second quarter ended June 30, 2002.

Revenue decreased to \$3.1 million in the 2002 second quarter from \$5.3 million in the three months ended June 30, 2001. The net loss was \$193,000 in the second quarter of 2002 (\$0.01 per share) compared to a net loss of \$261,000 (\$0.02 per share) in the prior year period.

"We expect that our successful spring harvest and upcoming fall harvest will produce near breakeven operating results for 2002 as a whole. Moreover, we anticipate a return to profitability in 2003," said William Zen, Chairman and Chief Executive Officer. "Approximately 75% of the 2001 harvest root was sold by June 30 and we have commitments from purchasers to buy most of the remainder in the third quarter."

In the six months ended June 30, 2002, revenue rose 14% to \$8.9 million from \$7.8 million in the same period last year. The net loss was \$101,000 in the second half of 2002 (\$0.01 per share) compared to a net loss of \$95,000 (\$0.01 per share) in the prior year period.

The Company recorded a gross profit margin of 4% in the second quarter of 2002 compared to 19% in the 2001 second quarter. For the six months ended June 30, 2002 the gross margin was 7%, down from 22% in the same period last year. The decline was largely due to the impact of rust on the 2001 harvest in British Columbia. Rust is primarily an aesthetic problem that affects prices.

"Our industry association in British Columbia is currently focused on research initiatives to find methods of preventing and treating rust," said Mr. Zen. "In Ontario, our industry's principal concern is an unprecedented series of frosts in mid-May, which caused significant crop damage. However, it appears that Chai-Na-Ta experienced very little harm to seedlings; and while frost slowed the growth of our more mature gardens, they were not destroyed. We are optimistic that higher prices based on less crop availability will offset any decreased yield or increased costs as a result of the frost damage."



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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the six-month period ending June 30, 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

For the three months ended June 30, 2002, revenue decreased 41% to \$3.1 million from \$5.3 million for the same period last year. However, for the six months ended June 30, 2002, revenue increased 14% to \$8.9 million from \$7.8 million for the same period last year. Approximately 75% of the 2001 harvest root was sold as at June 30, 2002. The Company has commitments from purchasers to buy most of the remaining 2001 harvest in the third quarter.

The Company recorded a gross profit margin of 4% in the second quarter of 2002 compared to a gross margin of 19% in the second quarter of 2001. For the six months ended June 30, 2002 the Company recorded a gross margin of 7%, as compared to a gross margin of 22% for the six months ended June 30, 2001. The percentage decline in gross margin is mainly due to the 2001 harvest in British Columbia being hard hit by rust that reduced the prices of lower grade root.

For the three months ended June 30, 2002, selling, general and administrative expenses were \$0.5 million, or 15% of revenue, compared to \$1.2 million, or 22% of revenue, for the same period last year. Continuous effort has been made to keep expenses to a minimum. As a result, selling, general and administrative expenses were \$0.9 million, or 11% of revenue for the six months ended June 30, 2002, compared to \$1.7 million, or 21% of revenue for the same period last year.

Interest and financing charges for the six months ended June 30, 2002 were about 88% lower than that for the same period last year. The decline is directly related to the reduction in bank borrowings as a result of cash flow improvement.

Other income for the six months ended June 30, 2002 included a gain of \$0.02 million on the disposition of subsidiaries.

The net loss was \$0.2 million (\$0.01 per share) and \$0.1 million (\$0.01 per share) for the three months and six months ended June 30, 2002, respectively. In comparison, net loss was \$0.3 million (\$0.02 per share) and \$0.01 million (\$0.01 per share) for the corresponding period last year.

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.
- c) These interim consolidated financial statements follow the same accounting policies and methods of their application as the Company's most recent annual consolidated financial statements except for the changes in accounting principles for the valuation of goodwill and other intangible assets and stock-based compensation described below.

Goodwill and other intangible assets

Effective January 1, 2002, the Company adopted, on a prospective basis, the new recommendations of the Canadian Institute of Chartered Accountants (the "CICA") with respect to the valuation of goodwill and other intangible assets. Under the new recommendations, goodwill and intangible assets with an indefinite life will no longer be amortized, but will be tested for impairment at least on an annual basis. Intangible assets with definite lives will continue to be amortized over their useful lives and tested for impairment when conditions indicate the carrying value may not be recoverable in its entirety. For the six-month and three-month periods ended June 30, 2002, application of the new recommendations had no impact on net income.

1. Summary of significant accounting policies (cont.)

Stock-based compensation

The Company has adopted the recommendations of the CICA with respect to stock-based compensation and other stock-based payments effective January 1, 2002. This section establishes standards for recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. The standard requires that all stock-based awards made to non-employees be measured and recognized using a fair value based method. The standard encourages the use of a fair value based method for all awards granted to employees, but only requires application of specified accounting methods to direct awards of stock, stock appreciation rights and awards that call for settlement in cash or other assets. If an alternative other than the fair value based method is used, pro-forma fair value based information must be disclosed.

The Company does not have any plans which result in the direct award of stock, stock appreciation rights and awards that call for settlement in cash or other assets and will continue to use the intrinsic value based method to account for stock based transactions with employees. For the six-month and three-month period ended June 30, 2002, the Company's net income and loss per share would not have been significantly impacted had compensation cost for the Company's stock-based compensation plan been determined under the fair value based method of accounting. The Company has not included those options outstanding at the date of adoption in its assessment of the pro-forma impact of adopting this standard.

2. Earnings (loss) per common share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings (loss) 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 loss in thousands (numerator)	Number of shares in thousands (denominator)	Loss per share
	\$		\$
<u>June 30, 2002</u>			
Basic	(193)	14,265	(0.01)
Effect of common share equivalents	-	-	-
Diluted	(193)	14,265	(0.01)
<u>June 30, 2001</u>			
Basic	(261)	14,265	(0.02)
Effect of common share equivalents	-	-	-
Diluted	(261)	14,265	(0.02)

Unaudited Six months ended	Net loss in thousands (numerator)	Number of shares in thousands (denominator)	Loss per share
	\$		\$
<u>June 30, 2002</u>			
Basic	(101)	14,265	(0.01)
Effect of common share equivalents	-	-	-
Diluted	(101)	14,265	(0.01)
<u>June 30, 2001</u>			
Basic	(95)	14,265	(0.01)
Effect of common share equivalents	-	-	-
Diluted	(95)	14,265	(0.01)

At June 30, 2002 there were 20,399,149 convertible preferred shares and 10,000 stock options outstanding that could potentially dilute basic earnings per share in the future, but were not included in the computation of diluted earnings per share because the effects would have been anti-dilutive.

3. Share capital

Unaudited In thousands	Number of Shares	Amount
		\$
<u>Common Shares</u>		
Balance as at December 31, 2001 and June 30, 2002	14,265	24,321
<u>Preferred Shares</u>		
Balance as at December 31, 2001 and June 30, 2002	20,399	13,879
		38,200

4. Changes in non-cash operating items

Unaudited in thousands of Canadian dollars	Three months ended	
	June 30 2002	June 30 2001
	\$	\$
Accounts receivable	149	(58)
Inventory	1,277	4,553
Ginseng crops	1,144	(536)
Prepaid expenses and other assets	(27)	85
Accounts payable	148	(420)
Customer deposits	(286)	-
	2,405	3,624

Unaudited in thousands of Canadian dollars	Six months ended	
	June 30 2002	June 30 2001
Accounts receivable	186	(16)
Inventory	6,317	5,923
Ginseng crops	902	(765)
Prepaid expenses and other assets	30	96
Accounts payable	(135)	(140)
Customer deposits	(848)	-
	6,452	5,098

5. Reconciliation of earnings to U.S. GAAP

Unaudited in thousands of Canadian dollars	Three months ended	
	June 30 2002	June 30 2001
	\$	\$
Net loss under Canadian GAAP	(193)	(261)
Adjustments to reflect GAAP differences:		
Accounting for interest	66	364
Financial instruments	25	34
Net income (loss) per US GAAP	(102)	137
Basic earnings (loss) per share - US GAAP	(\$0.01)	\$0.01
Fully diluted earnings (loss) per share - US GAAP	(\$0.01)	\$0.00

Unaudited in thousands of Canadian dollars	Six months ended	
	June 30 2002	June 30 2001
	\$	\$
Net loss under Canadian GAAP	(101)	(95)
Adjustments to reflect GAAP differences:		
Accounting for interest	661	438
Financial instruments	68	65
Net income per US GAAP	628	408
Basic earnings per share - US GAAP	\$0.04	\$0.03
Fully diluted earnings per share - US GAAP	\$0.02	\$0.01

Basic earnings per share were diluted by the outstanding convertible preferred shares and stock options as at June 30, 2002, except where such a dilution would be anti-dilutive.

6. Disposition of subsidiaries

During the quarter ended June 30, 2002, the Company disposed of its subsidiary CNT International Wellness Pharmaceutical Limited, including its subsidiary Wuxi CNT Wellness Health Products Technology Ltd., for net cash proceeds of \$459,000. The disposition resulted in a gain of \$20,000, which is included in Other Income/(Loss) in the Consolidated Statements of Operations.

FINANCIAL POSITION AND LIQUIDITY

The cash surplus from operations was \$0.8 million for the three months ended June 30, 2002, compared to a surplus of \$1.9 million for the same period in 2001. The cash surplus from operations was \$4.1 million for the six months ended June 30, 2002, compared to a surplus of \$2.7 million for the same period in 2001.

The Company's cash and cash equivalents balance as at June 30, 2002 was \$1.2 million, compared to a balance of \$0.7 million as at June 30, 2001.

The Company's net cash position as at June 30, 2002 was \$1.2 million, compared to \$0.4 million as at December 31, 2001. This increase of \$0.8 million was mainly due to the net proceeds on the disposition of subsidiaries and the excess of revenue over the repayments of short-term borrowings and payments of operating activities.

The working capital position of the Company as at June 30, 2002 was a surplus of \$7.7 million, compared to a surplus of \$10.0 million as at December 31, 2001. The reduction was mainly used to finance the increase in non-current ginseng crops.

Current and non-current crop costs totaled \$22.1 million at June 30, 2002, an increase of \$2.3 million during the six months ended June 30, 2002 as compared to \$19.8 million 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. We anticipate that sales resulting from the spring harvest this year will improve our operating results and further strengthen our financial position in 2002.

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.

During the 2002 second quarter, selling, general and administrative expenses (SG&A) fell to \$468,000 (15% of revenue) from \$1.2 million (22% of revenue) in the prior year period. SG&A dropped to \$933,000 (11% of revenue) in the 2002 first half from \$1.7 million (21% of revenue) in the same period last year.

Interest and financing charges for the six months ended June 30, 2002 were about 88% below those of the prior year period. The decline was directly related to the lower bank borrowings as a result of cash flow improvement.

The Company's net cash position as at June 30, 2002 nearly tripled to \$1.2 million from \$437,000 as at December 31, 2001, due mainly to the proceeds from the disposition of subsidiaries, together with revenue in excess of short-term borrowings repayment and operating costs.

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 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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