



YONGYE INTERNATIONAL, INC.

NASDAQ: YONG
 Price (5/28/2010): \$7.49
 52 Week Range: \$0.65 - \$12.00
 Market Capitalization: \$333.6 M
 Shares Outstanding: 44.5 M
 Revenue (TTM 3/31/2010): \$110.6M

Adjusted Net Income* (TTM 3/31/2010): \$27.1M
 Adjusted Earnings Per Share* (TTM 3/31/2010): \$0.61
 P/S (TTM 3/31/2010): 3.0X
 Adjusted P/E* (TTM 3/31/2010): 12.3X
 Fiscal Year: December 31



Company Description - Yongye International (“Yongye” or the “Company”) is a Chinese organic agricultural nutrient company headquartered in Beijing, with its production facilities located in Hohhot, Inner Mongolia, China. Yongye markets two lines of organic nutrient products: a liquid nutrient product which is sprayed on plants and a powder nutrient product which is added to animal feed. Yongye has an annual production capacity of 10,000 tons for liquid plant products and 1,000 tons for powder animal products. Both products are sold under the brand name “Shengmingsu”, which means “life essential” in Chinese. The Company sells its products to provincial or regional distributors, who then channel those products to a carefully selected network of over 13,800 independently-owned Yongye branded stores spanning 12 provinces in China.

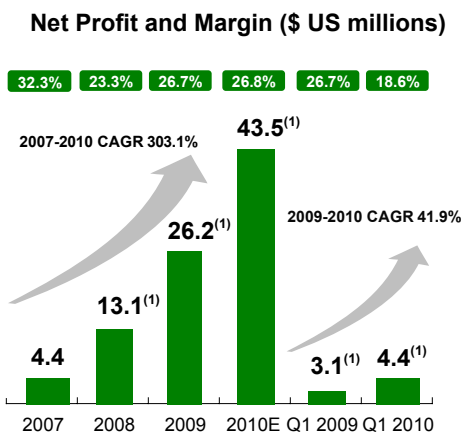
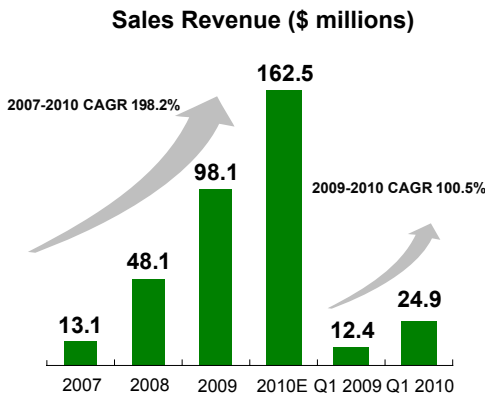
INVESTMENT HIGHLIGHTS

High value product with attractive return on investment for farmers - Yongye’s Shengmingsu products offer farmers a compelling return on investment. The Shengmingsu plant nutrient product increases crop yields by 10% to 35%, shortens harvest times by up to two weeks, and fosters stronger and larger leaves and root systems. Yongye’s internal estimates concluded that for every 1 RMB spent on Shengmingsu plant nutrient, a farmer will generate a 10 RMB payoff from a greater value garnered in the marketplace. The Shengmingsu animal nutrient product is a food supplement which is currently targeted towards dairy cows. This product has natural antibiotic-type properties that help to reduce mastitis, a widespread inflammation problem among dairy cows, and thus increase milk production.

Rising demand for organic fertilizers in large and rapidly growing China agriculture industry - China’s strong economic growth and increased household income is driving demand for more and better food. Meanwhile, continued urbanization, desertification, and pollution are leading to diminishing arable land in China, all of which contribute to the urgent need for efficient fertilizers for yield enhancement. In addition, because an over-reliance on chemical fertilizers has led to soil degradation and water pollution in China, the government is educating farmers on more balanced fertilizer applications and has adopted favorable policies to promote the increased use of organic fertilizers.

Name brand recognition supported by integrated marketing strategy - Yongye has developed a well known brand name for its Shengmingsu products in China. Yongye’s integrated marketing strategy includes TV and print advertising at both the national and local level, as well as village-level billboards and banners, training demos and seminars, and using independently owned Yongye branded retail stores. In exchange for marketing support, these independently owned stores agree to feature and prominently display Yongye’s products inside their stores as well as in storefront messaging visible from the street.

Extensive, growing, and highly scalable national distribution network - Yongye’s large-scale distribution network is a key driver of the Company’s sales growth. Yongye has a strong presence in four northern China provinces and is expanding to new prov-



(1) Adjusted figures exclude the impact of certain non-cash expenses such as the change in fair value of warrants and share based compensation

inces to reach central and Southern China with 12 provinces overall experiencing strong sales. The Company works with over ten distributors and has over 13,800 independently-owned Yongye branded stores. Through years of building their sales and network, the Company has established a systematic approach to identify distributors based on various performance metrics, such as creditworthiness, market development capability, etc. Healthy relationships with distributors are maintained through competitive credit terms and financial incentives. In addition, the 100% markup in the distribution and retail channel creates a strong incentive for distributors to put Shengmingsu products on their priority selling list.

Competitive advantage in highly fragmented market - China's fertilizer market is highly fragmented with over 4,000 fertilizer products and 522 humic acid-based products in the market. Fulvic acid-based products are high growth products in China's agriculture market and Yongye has emerged as one of the leading companies in this sector as Shengmingsu is currently one of the best-selling brands in the fulvic acid class in China. Yongye's brand recognition, nationwide distribution, local market knowledge, high product quality and competitive pricing provides the Company with a sustainable competitive advantage.

Proprietary technology and strong R&D platform - Yongye owns a proprietary process that extracts fulvic acid from humic acid and creates the base fulvic acid compound used in both its plant and animal nutrient products. By owning the technology, the Company gains a competitive advantage over its peers in terms of manufacturing efficiency and cost control. Yongye currently operates six greenhouses, which it utilizes for open field testing and research, and has an in-house research lab with 29 research personnel. In addition, the Company has long-term partnerships with local universities and agricultural research institutes. Yongye is continuously investing in new product development and fulvic acid research and the Company has multiple pipeline products under development for plant and animal use.

Strong financial performance - Yongye has achieved rapid top and bottom line growth over the last four years. Revenue, gross profit, and net income have grown at CAGRs of 198.2%, 704.7%, and 303.1%, respectively, over this time period, driven by the Company's highly scalable distribution network. For 2010, the Company has provided the following guidance: expected annual revenues of between \$160 million and \$165 million, up 63% to 68% over last year and adjusted net income, which excludes the impact of certain non-cash expenses such as the change in fair value of warrants, of between \$42 million and \$45 million, up 60% to 72% over 2009 adjusted net income.

Compelling growth strategy - Yongye expects to continue to see strong organic growth in its business. From 2010 to 2012, the Company expects to achieve at least a 50% annual growth rate in revenue through geographic expansion into new markets, increased penetration in existing markets, additional marketing and brand building efforts, and expanded production capacity. In addition, the company expects to increase its gross and operating margins over time by pursuing a vertical integration strategy. The Company's growth strategy is outlined in further detail in the "Growth Strategy" section of this corporate profile.

Experienced management team - Yongye has a strong management team. Mr. Zishen Wu, Chief Executive Officer, is a leader in China's agriculture industry and successful serial entrepreneur. Mr. Sam Yu, Chief Financial Officer, has over 10 years of finance and management experience in both China and the U.S. Mr. Zhao Qiang, Vice President of Marketing, led marketing for several large companies and is one of the top marketing professionals in China. Mr. Baosheng Tong, Chief Scientist, has over 20 years of experience in China's agriculture industry. Mr. Larry Gilmore, Vice President of Corporate Strategy, has consulted with various Fortune 500 companies and has private equity experience in China.

Commitment to high corporate governance standards - In 2009, Yongye built an independent board of directors, appointed a well qualified English-speaking Chief Financial Officer, selected KPMG as its independent auditor, and listed its common shares on the NASDAQ Global Select Market.



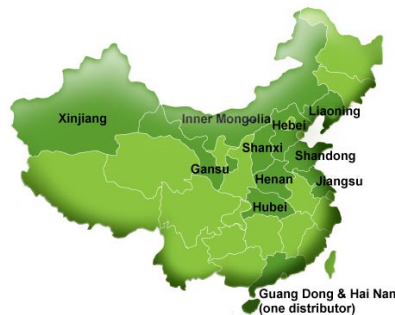
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■ GROWTH STRATEGY



Geographical expansion into new markets - Building on the successful branded store network that Yongye's distributors have developed, the Company plans to rapidly accelerate its expansion into new provinces, particularly those in central and southern China, beginning in 2010 with the goal of becoming a national presence by year end. Yongye also plans to continue to increase the number of branded stores in existing markets and expand its market penetration for Shengmingsu. Overall, the Company anticipates having more than 20,000 independent stores in its distribution network by the end of 2010.

Increase sales penetration via aggressive marketing and brand building efforts - Yongye will continue to invest significantly in its highly effective channel development activities to support its business. The Company will strengthen and expand the brand recognition of Shengmingsu through advertising on top-tier national and local media outlets, such as China Central Television, that serve rural farmers and agriculture product store owners and distributors. Integrated advertising and promotion campaigns at the national, provincial and village level will ensure that rural farmers better understand the Company's branding message that Shengmingsu gives them the best value proposition for their plant and animal nutrient needs. Also, following its increased investment in research and development, Yongye also plans to launch new products and extensions of existing products, which would substantially increase the value of the distribution channel and deliver new revenue opportunities.



Expanded production capacity - Currently, the Company's manufacturing facility is operating at near full capacity in order to meet peak season demand and inventory requirements. Yongye has started the construction of a new production facility near the lignite coal resources it acquired in March 2010. This new manufacturing facility is expected to be capable of extracting humic acid from coal and producing 20,000 tons per year of the Company's liquid plant product and 10,000 tons per year of its powder animal product. Upon completion and becoming operational by the end of third quarter of 2010, Yongye's overall production capacity will expand approximately fourfold from 10,000 tons per annum currently to 40,000 tons per annum.

Upstream integration to drive margin improvement - Yongye plans to improve its cost structure and enhance its profitability by gaining greater control over its procurement process. In March 2010, Yongye announced an acquisition of an undeveloped lignite coal resources project in Inner Mongolia for RMB 240 million (approximately \$35.1 million). Humic Acid, which is extracted from lignite coal, accounts for the largest percentage of Yongye's cost of goods sold and it is important for Yongye to secure this crucial resource at a cost effective price. In addition, this acquisition will help ensure that the Company's fast growing Shengmingsu business won't be subject to the market price fluctuations of this key raw material.

Strategic acquisitions to protect brand and improve cost structure: Yongye plans to acquire certain of its strongest distributors. This initiative would enable Yongye to establish more direct control over its brand and sales to end customers, decrease the risk of high customer concentration, and improve the Company's profit margin.





SUMMARY FINANCIAL DATA

Income Statement	For the Three Months Ended		For the Twelve Months Ended	
	31-Mar-10	31-Mar-09	31-Dec-09	31-Dec-08
Sales	24,934,716	12,435,775	98,092,842	17,598,671
Gross Profit	13,856,759	6,533,168	52,103,456	9,602,150
SG&A	8,239,822	3,254,027	20,700,393	1,231,709
Income From Operations	5,616,937	3,279,141	31,403,063	8,370,441
Adjusted Net Income *	4,358,759	3,098,773	26,205,453	11,191,961
Adjusted Diluted Net Income Per Share *	\$0.10	\$0.12	\$0.83	\$0.56
Weighted Average Diluted Shares	44,696,427	26,760,258	31,461,397	20,106,433

Balance Sheet	31-Mar-10	31-Dec-09	31-Dec-08
	Cash and Cash Equivalents	50,989,166	65,518,181
Current Assets	112,627,978	120,421,854	29,040,734
Total Assets	160,297,747	145,805,688	34,504,261
Current Liabilities	13,737,023	12,669,539	5,769,494
Long Term Loans	769,737	545,327	230,121
Total Stockholders' Equity	145,790,987	132,590,822	28,504,646

*See the table following this corporate profile for a reconciliation of net income and EPS to exclude non-cash charges related to the change in fair value of derivative liability.

Non-GAAP Reconciliation Table				
	Three Months Ended March 31, 2010		Three Months Ended March 31, 2009	
	Net Income	Diluted EPS	Net Income	Diluted EPS
Adjusted Amount	\$4,358,759	\$0.10	\$3,098,773	\$0.12
Change in fair value of derivative liabilities	(\$12,534)	\$0.00	(\$208,011)	\$0.00
GAAP amount per consolidated statement of income	\$4,371,293	\$0.10	\$3,306,784	\$0.12
Weighted average number of shares - diluted	44,696,427		26,760,258	

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