

Yongye International Announces 2010-2012 Strategic Plan

BEIJING, China, Oct. 2, 2009 (PRNewswire-Asia-FirstCall) -- Yongye International, Inc. (Nasdaq: YONG), ("Yongye or "the Company") a leading manufacturer, developer and distributor of Shengmingsu brand plant and animal nutrient products in the People's Republic of China (PRC), today announced its 2010- 2012 strategic plan.

Following the Company's rapid business expansion in 2008 and thus far in 2009, Yongye expects to achieve at least 50% growth in revenue during each of the next three years through a strategy focused on geographic expansion into new markets, increased penetration in existing markets, additional marketing and brand-building efforts, and expanded production capacity. The Company also intends to improve its cost structure and gain greater control of its supply and distribution through vertical integration so as to enhance its profit margins.

Geographic Expansion

Building on the Company's success with its "branded store" network over the past two years, during which revenue nearly doubled from \$48.1 million in 2008 to an anticipated level of \$89-\$90 million in 2009, Yongye plans to rapidly accelerate its expansion into new provinces, particularly those in southern China, beginning in 2010. The Company expects continued successful replication of the "branded store" model implemented by its distributors, which involves adding stores to its network and providing them with technical product training, sales leadership training, and integrated marketing campaigns.

In conjunction with its new market expansion strategy, Yongye also expects to see continued increases in the number of branded stores in existing markets and market penetration for Shengmingsu.

Marketing and Advertising

Yongye will continue to invest significantly in its highly effective channel development activities to support its planned geographic expansion. The Company will strengthen and expand the brand recognition of Shengmingsu through advertising on top-tier national and local media outlets, such as CCTV, 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 receive the Company's branding message that Shengmingsu reliably increases crop yields' quantity and quality.

Production Capacity

Yongye plans to increase its production capacity to ensure that the Company has sufficient capacity for sustainable long-term growth. Currently, Yongye has annual production capacity of 10,000 tons of Shengmingsu branded nutrient products. The Company's current highly automated and cost effective facility operates at almost full capacity to meet peak season demand and inventory requirements. Yongye will announce detailed expansion plans by the end of fourth quarter of 2009.

Vertical Business Integration

Yongye intends to increase its profitability through upstream and downstream business integration. Yongye plans to acquire a lignite coal mine in order to directly secure the raw materials that drive the largest percentage of its cost of sales. This acquisition will enable Yongye to tightly integrate the production of its humic acid with its fulvic acid extraction processes. The Company expects to reduce costs and ensure control over the quality of the humic acid produced once the acquisition is fully integrated. This is expected to enable Yongye to significantly increase its gross margin.

In addition, Yongye plans to acquire the Shengmingsu distribution channel from certain distributors that have strong, established branded store networks. This initiative would enable Yongye to establish more direct control over sales to end customers, improve its profit margin, and decrease the risk of high customer concentration. Management anticipates that this acquisition will only have a minor impact on Yongye's working capital requirements, since the Company currently issues 3-6 month credit terms to its mature distributors.

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.

"Over the past two years, we have seen dramatic growth in Yongye's business and brand recognition for Shengmingsu. We believe our comprehensive development strategy for the next three years will enable us to achieve stronger profit margins while growing revenue at least 50% annually," commented Mr. Zishen Wu, Chairman and Chief Executive Officer of Yongye International, Inc. "By integrating our business vertically, upgrading our production capacity, and leveraging our branded store model with our unique sales and marketing strategies, we aim to expand our geographic footprint in new markets and our penetration in existing markets. We look forward to successfully executing our development strategy and creating long-term value for our shareholders."

About Yongye International, Inc.

Yongye International, Inc., headquartered in Beijing, is engaged in the development, distribution and sales of Shengmingsu brand plant and animal nutrient products. The

Company's patented and patent pending formulas and proprietary extraction processes allow it to create products that increase crop yields and improve the health of livestock. Its sole operating subsidiary, Inner Mongolia Yongye Nongfeng Biotechnology Co., Ltd., is headquartered in Beijing with administrative and sales offices located in Inner Mongolia, People's Republic of China. For more information, please visit the Company's website at <http://www.yongyeintl.com>.

Safe Harbor Statement

This press release contains certain statements that may include "forward- looking statements." All statements other than statements of historical fact included herein are "forward-looking statements." These forward-looking statements are often identified by the use of forward-looking terminology such as "believes," "expects" or similar expressions, involving known and unknown risks and uncertainties. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, they do involve assumptions, risks and uncertainties, and these expectations may prove to be incorrect. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this press release. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of a variety of factors, including the risk factors discussed in the Company's periodic reports that are filed with the Securities and Exchange Commission and available on the SEC's website (<http://www.sec.gov>). All forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these risk factors. Other than as required under the securities laws, the Company does not assume a duty to update these forward-looking statements.

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