



For Immediate Release

Contact:

Yongye International, Inc.

Mr. Larry Gilmore-VP of Corporate Strategy

Phone: +86-10-8232-8866 x 8880

E-mail: larry.gilmore@yongyeintl.com

CCG Investor Relations, Inc.

Mr. Crocker Coulson, President

Phone: +1-646-213-1915

Email: crocker.coulson@ccgir.com

Athan Dounis, Account Manager

Phone: +1-646-213-1916

Email: athan.dounis@ccgir.com

<http://www.ccgirasia.com>

Yongye International Announces First Quarter 2010 Results

BEIJING, China, May 14, 2010 - Yongye International, Inc. (NASDAQ: YONG), (“Yongye” or the “Company”) a leading developer, manufacturer, and distributor of Shengmingsu brand plant and animal nutrient products in the People's Republic of China (“PRC”), today announced its financial results for the quarter ended March 31, 2010.

First Quarter 2010 Highlights

- Revenue increased 100.5% to \$24.9 million from the first quarter of 2009
- Gross profit increased 112.1% to \$13.9 million
- Gross margin increased 304 basis points to 55.6%
- Income from operations increased 71.3% to \$5.6 million

- Net income increased 32.2% to \$4.4 million, or \$0.10 per diluted share, compared to \$3.3 million, or \$0.12 per diluted share, in the first quarter of 2009
- Adjusted net income, which excludes the impact of the non-cash change in fair value of derivative liabilities of \$12,534, increased 40.7% to \$4.4 million, or \$0.10 per diluted share, compared to \$3.1 million, or \$0.12 per diluted share, in the same period last year*
- Cash flow from operations increased to \$0.5 million from negative \$1.7 million, while doubling revenue
- Signed an agreement to acquire the development rights for a lignite coal resource project in Inner Mongolia , PRC for \$35.1 million.

“Our strong first quarter growth was driven by our successful geographic expansion via our retail-oriented distribution model,” said Mr. Zishen Wu, Chairman and Chief Executive Officer. “We increased the number of independently-owned, Yongye branded stores in our distribution network by over 50% during the first three months of the year, pushing our geographic reach further into central and Southern China. In addition, our aggressive and integrated marketing strategy continues to yield positive results. Our rapid sales growth, rising brand recognition, and growing store network are a testament to the strength of our Shengmingsu brand, the uniqueness of our sales and marketing model, and the strong local support of our distribution partners. ”

First Quarter 2010 Results

Revenue for the three months ended March 31, 2010 was \$24.9 million compared to \$12.4 million for the same period in 2009, an increase of 100.5%. The increase in revenue was due to higher sales penetration in existing markets and the rapid expansion of the Company’s distribution network. As of March 31, 2009, Yongye had 13,880 branded stores in its network, compared to 9,110 stores at the end of 2009, and 1,125 stores at the end of 2008.

Gross profit was \$13.9 million for the three months ended March 31, 2010 compared to \$6.5 million for the three months ended March 31, 2009, an increase of 112.1%. Gross margin was 55.6% compared to 52.5% in the same period last year. The increase in gross margin was primarily the result of the Company transitioning its manufacturing process in house during the fourth quarter of last year and increasing economies of scale.

Selling, general and administrative expenses were \$8.1 million, or 32.6% of sales, in the first quarter of 2010, compared to \$3.0 million, or 23.8% of sales, in the same period last year. The increase in margin was primarily due to additional expenses related to advertising and promotional activities and, to a lesser extent, increases in freight expenses, salaries, professional fees and travel expenses. Operating income was \$5.6 million compared to \$3.3 million in the same period last year.

Net income was \$4.4 million, or \$0.10 per diluted share, in the first quarter of 2010, compared to net income of \$3.3 million, or \$0.12 per diluted share, in the first quarter of 2009. The Company recorded a non-cash change in fair value of derivative liabilities of \$12,534 in the first quarter of 2010. Excluding the impact of this non-cash item, adjusted net income was \$4.4 million, or \$0.10 per diluted share, compared to adjusted net income of \$3.1 million, or \$0.12 per diluted share in the same period last year.*

*See the table following this press release for a reconciliation of net income and diluted EPS to exclude the non-cash change in fair value of derivative liabilities.

Financial Condition

As of March 31, 2010, the Company had \$51.0 million in cash, compared to \$65.5 million as of December 31, 2009. Working capital was \$98.9 million, compared to \$107.7 million at the end of 2009. As of year-end 2009, the Company had only \$0.5 million in long-term debt. Stockholders' equity totaled \$145.8 million as of March 31, 2010, compared to \$132.6 million at the end of 2009.

Recent Developments

- In May 2010, Yongye announced that the Company started the construction of a new production facility in Wuchuan County, Hohhot Municipal City, Inner Mongolia Autonomous Region.
- In March 2010, Yongye announced that both the Company's plant and animal nutrient products won the "Special Houji Award" at the 16th annual China Yangling Agricultural Hi-Tech Fair (the "CAF") in December 2009.
- In March 2010, Yongye signed an agreement to acquire the development rights for a lignite coal resource project in Inner Mongolia, PRC for \$35.1 million.

Business Outlook

From 2010 to 2012, Yongye expects to achieve at least a 50% annual growth rate in revenue. The Company also reaffirms its previously issued guidance. The Company expects 2010 annual revenues of between \$160 million and \$165 million, representing an increase of between 63% and 68% over last year's revenue of \$98.1 million. The Company expects adjusted net income, which excludes the impact of certain non-cash expenses such as the change in fair value of warrants and share-based compensation, of between \$42 million and \$45 million, representing an increase of between 60% and 72% over 2009 adjusted net income of \$26.2 million. The Company also reaffirms its previously announced estimate that the number of independently-owned, branded stores selling Yongye's Shengmingsu products will increase to at least 20,000 by the end of 2010, which represents a 120% increase over the 2009 year-end figure of 9,110.

The Company recently announced its intention to acquire development right of a lignite coal resource project and construct a new production facility nearby. Acquiring this mine is of great strategic importance as humic acid, which is extracted from lignite coal, accounts for the largest percentage of the Company's cost of goods sold and it is important for Yongye to secure this crucial resource at a cost effective price. This acquisition will help the Company ensure that its fast growing Shengmingsu business won't be subject to fluctuations in market price, quality or delivery of this key raw material.

The new production facility that the Company began construction recently will help the Yongye continue to meet the strong demand for its products in the domestic agricultural market in China. In addition, Yongye expects the new facility, once complete, to lead to significant cost savings as a result of the increasing vertical integration of the Company's business. Upon completion, the new facility will expand annual production capacity for Yongye's Shengmingsu plant nutrient product from 10,000 tons per annum currently to 30,000 tons per annum, and that for its Shengmingsu animal nutrient product from 1,000 tons per annum currently to 11,000 tons per annum. The new facility is expected to be operational by the end of the third quarter of 2010.

Capital expenditures for the new production facility are expected to be between \$15 million to \$20 million. The Company plans to use proceeds from its December 2009 financing towards the construction.

Mr. Wu added, "We expect to continue to see strong organic growth in our business driven by geographic expansion into new markets, increased penetration in existing

markets, additional marketing and brand building efforts, and expanded production capacity. We look forward to completing the construction of our new production facility in the third quarter and expect to increase gross and operating margins over time by pursuing this vertical integration strategy.”

Conference Call

The Company will host a conference call at 10:00 a.m. Eastern Time on May 14, 2010, to discuss its first quarter 2010 results.

To participate in the live conference call, please dial the following number five to ten minutes prior to the scheduled conference call time: (877) 407-5374. International callers should dial +1 (702) 894-2288. The conference pass code is 74617871.

For those who are unable to participate on the live conference call, a replay will be available for fourteen days. To access the replay, please dial (800) 642-1687. International callers should dial +1 (706) 645-9291. The replay pass code is 74617871.

Use of Adjusted Financial Measures

GAAP results for the three months ended March 31, 2010 include a non-cash change in fair value of derivative liabilities. To supplement the Company’s condensed consolidated financial statements presented on a GAAP basis, the Company has provided adjusted financial information excluding the impact of this item in this release. It is a departure of U.S. GAAP; however, the Company’s management believes that this adjusted measure provides investors with a better understanding of how the results relate to the Company’s historical performance. A reconciliation of the adjustments to GAAP results appears in the table accompanying this press release. This additional adjusted information is not meant to be considered in isolation or as a substitute for GAAP financials. The adjusted financial information that the Company provides also may differ from the adjusted information provided by other companies.

About Yongye International, Inc.

Yongye International 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. Both products are

sold under the brand name "Shengmingsu," which means "life essential" in Chinese. 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. The Company sells its products to provincial or regional distributors, who then channel those products to a carefully selected network of independently-owned Yongye branded stores in 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.

– Financial Tables Follow –

YONGYE INTERNATIONAL, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

	For the Three Months Ended	
	March 31, 2010	March 31, 2009
Sales	\$ 24,934,716	\$ 12,435,775
Cost of sales	11,077,957	5,902,607
Gross profit	13,856,759	6,533,168
Selling expenses	6,288,003	2,620,298
Research & development expenses	100,565	288,572
General and administrative expenses	1,851,254	345,157
Income from operations	5,616,937	3,279,141
Other expenses/(income)		
Interest expense, net	7,458	5,958
Other expenses, net	48,783	441
Decrease in fair value of derivative liabilities	(12,534)	(208,011)
Total other expenses/(income), net	43,707	(201,612)
Earnings before income tax expense	5,573,230	3,480,753
Income tax expense	944,488	155,447
Net income	4,628,742	3,325,306
Less: Net income attributable to the noncontrolling interest	257,449	18,522

Net income attributable to Yongye International, Inc.		<u>4,371,293</u>		<u>3,306,784</u>
Earnings per share:				
Basic	\$	<u>0.10</u>	\$	<u>0.12</u>
Diluted	\$	<u>0.10</u>	\$	<u>0.12</u>
Weighted average shares used in computation:				
Basic		44,532,241		26,760,258
Diluted		44,696,427		26,760,258

YONGYE INTERNATIONAL, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED BALANCE SHEETS

	<u>March 31, 2010</u>		<u>December 31, 2009</u>
Current assets			
Cash	\$	50,989,166	\$ 65,518,181
Accounts receivable, net of allowance for doubtful accounts		8,774,317	6,161,796
Inventories		46,174,371	42,033,261
Prepayments		6,023,486	6,211,896
Prepaid expenses		343,106	112,879
Other receivables		<u>323,532</u>	<u>383,841</u>
Total Current Assets		112,627,978	120,421,854
Property, plant and, equipment, net		9,048,876	9,156,915
Intangible asset, net		82,414	85,058
Land use right, net		4,145,645	4,166,987
Deposits for assets acquisition		20,019,163	-
Other assets		4,426,209	2,029,012
Goodwill		<u>9,947,462</u>	<u>9,945,862</u>
Total Assets	\$	<u>160,297,747</u>	\$ <u>145,805,688</u>
Current liabilities			
Short-term bank loan	\$	-	\$ 2,925,174
Long-term loans and payables - current		431,041	331,693

portion		
Accounts payable - related party	880,167	880,026
Accounts payable - third parties	4,033,650	344,774
Income tax payable	4,901,251	4,082,424
Advance from customers	31,311	29,157
Accrued expenses	894,985	479,609
Due to a related party	785,765	1,663,191
Other payables	411,182	553,286
Derivative liabilities – fair value of warrants	<u>1,367,671</u>	<u>1,380,205</u>
Total Current Liabilities	13,737,023	12,669,539
Long-term loans and payables	<u>769,737</u>	<u>545,327</u>
Total Liabilities	14,506,760	13,214,866
Equity		
Yongye International, Inc. shareholders' equity:		
Common stock: par value \$.001; 75,000,000 shares authorized; 44,532,241 shares issued and outstanding at March 31, 2010 and December 31, 2009	44,532	44,532
Additional paid-in capital	118,583,308	118,583,308
Subscription receivable	-	(8,550,000)
Retained earnings	19,877,738	15,506,445
Accumulated other comprehensive income	<u>349,491</u>	<u>329,139</u>
Total Yongye International, Inc. shareholders' equity	138,855,069	125,913,424
Noncontrolling interest	<u>6,935,918</u>	<u>6,677,398</u>
Total Equity	145,790,987	132,590,822
Total Liabilities and Equity	\$ <u>160,297,747</u>	\$ <u>145,805,688</u>

YONGYE INTERNATIONAL, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Three Months Ended	
	March 31, 2010	March 31, 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 4,628,742	\$ 3,325,306
Adjustments to reconcile net income to net cash provided by / (used in) operating activities:		
Depreciation and amortization	357,170	107,236
Reversal of bad debt provision	-	(73,701)
Decrease in fair value of derivative liabilities	(12,534)	(208,011)
Changes in operating assets and liabilities:		
Accounts receivable	(2,611,556)	(3,302,662)
Inventories	(4,134,389)	(1,466,830)
Prepayments	132,734	(18,828)
Due from a related party	-	(72,763)
Prepaid expenses	(230,217)	97,734
Other receivables	60,371	424,992
Other assets	(2,563,580)	-
Accounts payable- related party	-	43,366
Accounts payable- third parties	3,688,858	-
Income tax payable	818,179	140,799
Advance from customers	2,149	(1,789,453)
Accrued expenses	415,120	1,051,410
Other payables	(38,885)	70,298
Net Cash Provided by / (Used in) Operating Activities	512,162	(1,671,107)
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposits made for assets acquisition	(20,019,368)	-
Proceeds from sale of property, plant and equipment	92,629	-
Purchase of property, plant and equipment	(1,068,030)	(1,446,782)
Net Cash Used in Investing Activities	(20,994,769)	(1,446,782)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term loans and payables	400,280	89,534
Repayment of long-term loans and payables	(81,665)	(29,870)
Repayment of short-term loans	(2,925,675)	-
Proceeds from common stock issued	8,550,000	-
Net Cash Provided by Financing Activities	5,942,940	59,664
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH	10,652	5,016
NET DECREASE IN CASH	(14,529,015)	(3,053,209)
Cash and cash equivalent at beginning of year	65,518,181	4,477,477
Cash and cash equivalent at end of year	\$ 50,989,166	\$ 1,424,268
Supplemental cash flow information:		
Cash paid for income taxes	126,310	22,464
Cash paid for interest expense	34,962	9,833

YONGYE INTERNATIONAL, INC. AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP FINANCIAL DATA

FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009

	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	

*Diluted EPS calculation in accordance with GAAP (FASB No. 128) requires the reversal of gain or loss from the change in fair value of derivative liabilities in the numerator, and an increase in the number of common shares of ordinary shares equivalents outstanding in the denominator (See March 31, 2010 and 2009 Financial Statements). Therefore, the change in fair value of derivative liabilities is not reversed again when calculating Non-GAAP diluted EPS for three months ended March 31, 2010 and 2009.

In the diluted EPS calculation in accordance with GAAP for three months ended March 31, 2010 and 2009, the gain or loss from the change in fair value of derivative liabilities in the numerator was not reversed, as this effect would have been anti-dilutive. Therefore, the change in fair value of derivative liabilities is reversed when calculating Non-GAAP diluted EPS for three months ended March 31, 2010 and 2009.

###