

Yongye International Announces Acquisition of Customer List from Major Regional Distributor of Shengmingsu

BEIJING, June 21 /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 China, today announced that it has entered into an agreement to acquire the Shengmingsu distribution network from its provincial level distributor in Hebei Province which is solely comprised of a customer list. The Company will pay \$3.0 million in cash and issue 3.6 million shares of common stock to the seller to fund the transaction. The acquisition is expected to close on July 1, 2010.

The customer list is comprised of all of the county-level distributors who sell the Company's Shengmingsu plant and animal nutrient products to over 2,700 independently-owned Yongye branded stores located in Hebei Province, which is Yongye's largest regional market in China, representing approximately 30% of the Company's revenues in 2009. Previously, in Hebei Province, Yongye sold its products to its provincial-level distributor who then resold those products to lower level distributors and on to the independently-owned Yongye branded stores. After the acquisition of the customer list, Yongye will sell directly to its county-level distributors in Hebei Province and these distributors will sell directly to the retail network.

The Company expects to sell at least 350,000 cases of Shengmingsu product in Hebei Province in 2010. Over the next 12 months, the Company expects to generate approximately \$6.7 million of additional revenue (after eliminating inter-company transactions) and \$5 million of additional net income from the acquired customer list. In addition, the Company expects its gross margin in Hebei Province to increase to approximately 60% compared with approximately 53% in 2009 as a result of the acquisition.

"The acquisition of the Shengmingsu customer list from our largest distributor makes both strategic and financial sense for Yongye," said Mr. Zishen Wu, Chairman and Chief Executive Officer. "This acquisition is another step in our vertical integration strategy and provides us with increased visibility into our Shengmingsu business at the local level. It brings us closer to our branded stores and end users and, by eliminating one level of distribution, our branding initiatives and marketing programs will be implemented more directly, thus giving us more overall control. Furthermore, by acquiring the regional level distribution in our most important province by revenues, we reduce our customer concentration risk.

"From a financial perspective, we believe this is an attractive acquisition at a very reasonable valuation multiple given the strength and continued growth of our business in Hebei. Based on our recent stock price, we are making this acquisition for a total cash and stock consideration of approximately \$30 million which is a multiple of 6x expected net income from the customer list over the next 12 months. Our sales in Hebei grew 50% in 2009 and are growing at 45% thus far in 2010. The number of branded stores in Hebei Province at the end of May also more than doubled compared to last year. We are funding the deal with our existing cash resources and expect the acquisition to have a positive impact on our top and bottom lines as well as our per share earnings. Finally, this is a timely acquisition given that we expect the value of this customer list to increase in the future as our business continues to grow and as we introduce additional Shengmingsu products into the distribution channel."

About Yongye International, Inc.

Yongye International is a Chinese 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 primarily to provincial or regional level 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.

For more information, please contact:

Yongye International, Inc.

Mr. Larry Gilmore-VP of Corporate Strategy

Phone: +86-10-8232-8866 x8880

Email: 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

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