

Shuanghui May Increase Smithfield Offer to Match Other Bids
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By Bloomberg News

May 31 (Bloomberg) -- Shuanghui International Holdings Ltd., the Chinese company that agreed to pay \$4.7 billion for Smithfield Foods Inc., the world's biggest hog producer, may raise its offer to meet other bids.

"The price we paid isn't cheap," Chairman Wan Long said in an interview at his office in Luohe city in north central Henan province, 800 kilometers (500 miles) south of Beijing.

"Shuanghui may raise the price for Smithfield to match other offers if necessary."

Acquiring Smithfield would give China's biggest pork producer access to more advanced production technology as well as 460 farms that raise about 15.8 million hogs a year, according to Smithfield, Virginia-based Smithfield's website.

Valued at \$7.1 billion including debt, the deal would be the largest for a meat producer and the biggest Chinese takeover of a U.S. company, according to data compiled by Bloomberg.

Smithfield accepted Shuanghui's offer of \$34-a-share on May 29, priced at a 31 percent premium to the close the day before, the companies said that day in a statement. The U.S. producer has 30 days to continue talks with possible buyers Charoen Pokphand Foods Plc and JBS SA, people familiar said.

"Shuanghui doesn't oppose other companies entering the pursuit, but it has the advantage over other companies because its business is more compatible with Smithfield's than other suitors," Wan said. On possibly raising its bid, he said "Shuanghui will do so while keeping in mind about its costs."

The takeover will be financed through a combination of cash, the rollover of existing Smithfield debt, and additional debt that has been committed by Morgan Stanley and a group of banks, the companies said in the May 29 statement.

The deal needs approval from Smithfield shareholders and regulators including the Committee on Foreign Investment in the U.S., and is expected to close in the second half.

Wan said he's "fully confident" the deal will be approved.

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