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HSBC, Chinese Bank in Race to Bid for Lehman, Chosun Reports  
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By Bomi Lim and Heejin Koo

Sept. 3 (Bloomberg) -- HSBC Holdings Plc is interested in buying a stake in Lehman Brothers Holdings Inc., South Korea's Chosun Ilbo newspaper reported, citing finance industry officials it didn't identify.

London-based HSBC, a Chinese bank and U.S. hedge funds are competing separately with Korea Development Bank for a stake in Lehman, the fourth-biggest U.S. securities firm, the Korean-language report said. Seoul-based Korea Development Bank has offered to buy a 25 percent stake for as much as 6 trillion won (\$5.2 billion), it said.

Korea Development is in talks with local lenders including Woori Finance Holdings Co. and Shinhan Financial Group Co. to bid jointly for the Lehman stake, the report said. Korea Development is also seeking to increase its holding in Lehman to just below 50 percent after the initial purchase of a 25 percent stake, according to the report.

"We have been reviewing acquiring an overseas investment bank, including Lehman Brothers, or an asset management company, but nothing specific has been determined including whether such a deal will succeed," Korea Development said today in an e-mailed statement.

HSBC's Hong Kong-based spokesman David Hall declined to comment on the report, as did Matthew Russell, a spokesman at Lehman in Hong Kong.

Woori and Shinhan, both based in Seoul, denied they were in discussions with Korea Development over a possible Lehman stake.

Korea Development's Chief Executive Officer Min Euoo Sung confirmed yesterday the bank was in talks with Lehman over a stake purchase, adding discussions have been difficult because of differences over price.

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