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Contact: Tricia Stevenson
Hudson
(852) 2919 6153
tricia.stevenson@hudson.com

Strong Hiring Trends Expected to Continue in China, Japan and Singapore

Latest Hudson Report Provides Comprehensive Employment Outlook

HONG KONG – 26 APRIL 2005 – Strong hiring trends are expected to continue in China, Japan and Singapore with increased levels of hiring from last quarter, according to the latest release of the Hudson Report for Asia. Employment prospects are the most bullish in China, continuing a trend since Q2 2004 with a jump from 50% to 59%. Employment prospects in Hong Kong remain steady from the last quarter.

Hudson, one of the world's leading professional staffing, outsourcing and human capital solution providers and a division of Hudson Highland Group, Inc. (NASDAQ: HHGP), today released findings of its comprehensive quarterly Hudson Report for Asia. With a reputation as a key socio-economic indicator in the current marketplace since its Asia launch in 1995, the survey has been built on the premise that employers' expectations of an increase or decrease in staffing levels represent a significant indication of their optimism in the growth of their organisation and their industry as a whole. The Hudson Report represents the expectations of over 2,500 key employment decision makers from multinational organisations of all sizes in all major industry sectors. The four locations surveyed were China, Hong Kong, Singapore and Japan.

Asian hiring trends for Q2 2005

In China a high level of optimism is evident in almost all sectors, with 59% of respondents intending to hire additional staff and only 1% of companies planning to downsize. Companies in the Media/PR/Advertising and Healthcare & Pharmaceutical sectors are the most aggressive recruiters: 76% and 64% respectively plan to hire new staff.

Hong Kong's permanent employment expectations continue a very positive trend from the last quarter, with 50% of companies planning to increase headcount, pointing to strong growth

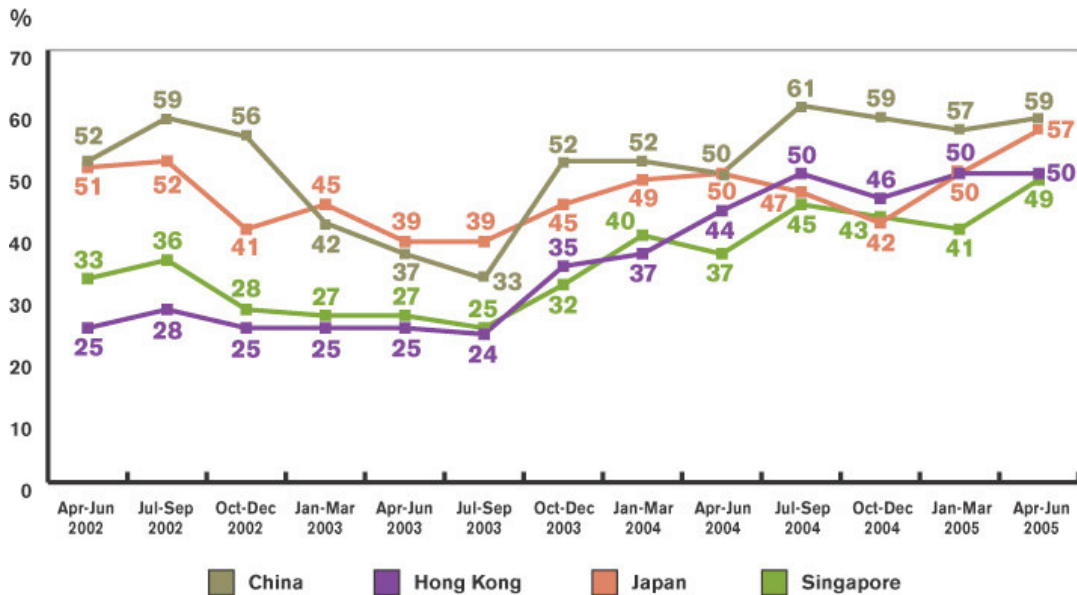
in the employment market in 2005. A further 48% of executives surveyed anticipate that employment will remain steady and only 2% forecast a decline in headcount, which is a reduction from the 3% that said the same last quarter. The Banking & Professional Services sector leads Hong Kong's employment trends with 55% of companies planning to increase headcount. High growth in the Consumer sector is expected, where 53% of respondents forecast increased headcount in the second quarter of 2005.

There has been a big jump in employment expectations in Japan with 57% of companies planning to increase headcount in Q2, a substantial increase from 50% in Q1 and just 42% in Q4 2004. Demand for new staff is also high in the Legal sector, where 70% of employers are planning to increase hiring, particularly in the area of Investment Banking. A large increase in new jobs is also apparent in the Consumer sector, where 54% of companies are recruiting compared with 35% in Q1.

Singapore is seeing a big rise in employment expectations with 49% of employers planning to increase headcount in Q2 2005. This is an increase from 41% the previous quarter and is the most positive forecast for in the last four years. The demand for new staff continues to be highest in Media/Advertising/PR, due to an increase in clients' marketing budgets as 59% of employers in this sector expect to recruit more staff. The Manufacturing sector is also actively recruiting, with 55% of organisations looking for staff.

“The employment outlook continues to be very positive across the region. Forecasts for headcount growth are much higher in all the markets surveyed by the Hudson Report than they were this time last year,” said Gary Lazzarotto, Chief Executive Officer, Asia, Hudson. “Companies in China are the most bullish about employment prospects and Singapore and Japan have witnessed the highest increase in the expectation to hire for over three years.”

Permanent increased hiring expectations over time in Asia



Source: The Hudson Report - Asia

Key HR Priorities across Asia

There is a high degree of consistency between the markets surveyed in terms of their HR priorities. In a candidate short market, staff development and retention is widely seen as the top priority, followed by the recruitment of suitable staff.

Companies in China place the strongest emphasis on staff development and retention, with 31% of respondents making this their top priority.

Retention is also very important in Hong Kong, where 29% of companies rank it as a top priority. It is particularly a focus in the Manufacturing and Media/PR/Advertising sectors.

Japan is the only market surveyed to see staff recruitment as a higher priority than retention. Twenty-nine percent of respondents say that attracting suitable staff is currently their top HR priority.

HR priorities are very consistent between the sectors in Singapore. Staff development and retention is the top priority for virtually every sector.

Economic recovery means longer working hours

Employees in China have the shortest working hours than those surveyed in Asia. Forty-one percent of respondents work more than 50 hours a week, with 7% working over 60 hours.

Media/PR/Advertising companies report the longest hours, with 63% of staff working over 50 hours a week. China is also witnessing the largest increase in working hours, with 58% of employees working longer hours than they did two years ago.

Hong Kong tends to have long working hours with the highest proportion of employees working over 50 hours a week, accounting for 70% of respondents. Twenty percent report that they work over 50 hours a week. In addition, 38% of employees have seen their hours increase over the last two years.

Long hours have traditionally been part of the culture in Japan but this appears to be changing. In general, employees are no longer expected to work such long hours. Sixty-three percent of respondents work more than 50 hours per week. On average, 37% of respondents are working more hours than two years ago.

Singapore also has a high percentage of employees working long hours. Sixty-four percent of respondents across all sectors work over 50 hours a week, with 19% doing more than 60 hours. Thirty-seven percent of respondents also report an increase in working hours over the last two years.

Companies Report Increased Burnout

Employees in China are seeing an increase in employee burnout. The biggest increase is in the Manufacturing sector, at 35%. This appears to reflect the increased workload generated by growing consumer demand for manufactured goods.

The average rise in Hong Kong is 34% but the rate varies significantly. Manufacturing has by far the greatest increase, 44%, and the IT&T and Consumer sectors are also seeing above average growth in staff burnout rates.

Nearly a quarter of employers in Japan report increased burnout, though this is the lowest rate amongst the markets surveyed.

The increase in employee burnout is relatively steep in Singapore, at 38%. The Legal sector reports the greatest increase, at 46%, largely because headcount growth has not kept pace with the increase in the volume of legal work generated by the economic recovery.

Growing Attention To Work-Life Balance

Forty-seven percent of companies in China have implemented a work-life balance policy. The Banking and Healthcare sectors have the highest proportion of employers with such a policy - 56% and 55% respectively.

Hong Kong has a lower percentage of companies with a work-life balance policy than any of the other markets surveyed – just 40%.

Companies in Japan have the highest awareness of the need for work-life balance - 52% have such a policy.

Forty-eight percent of companies in Singapore have introduced a work-life balance policy. The Banking and Legal sectors are the most likely to do so.

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