

For Immediate Release

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Corporate confidence in Asia fuels strong hiring trends with bonuses and pay increases on the way for many in 2005

Hudson Releases Comprehensive Hudson Report for Quarter One 2005

HONG KONG – 20 JANUARY 2005 – Strong hiring trends are expected to continue in Hong Kong and Japan with increased levels of hiring from last quarter. Singapore and China are both facing their second consecutive quarters of lowered hiring trends, but their general trends remain quite positive when compared to the same time last year. After the tough times in 2003 and subsequent recovery in 2004, the positive news for employees in most of the surveyed countries is that year-end bonuses and increased salaries are being planned by many companies in the region.

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 net 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 nearly 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 Q1 2005

Despite a small decline in confidence compared to the previous two quarters, China has the largest proportion of companies expecting to increase headcount in the first quarter of 2005. A high level of optimism is evident in almost all sectors, with 56.9% of respondents intending to hire additional staff. Less than 1% of companies plan to downsize, which has increased slightly from

the 0.2% that said the same last quarter. Companies in the Consumer and Media/PR/Advertising sectors are the most aggressive recruiters: 65.1% and 60.9% respectively plan to hire new staff.

Hong Kong's permanent employment expectations continue a very positive trend with nearly 50% of companies plan to increase headcount, pointing to strong growth in the employment market in 2005. A further 46.8% of executives surveyed anticipate that employment will remain steady and only 3.7% forecast a decline in headcount, which is nearly equal to the 3.4% that said the same last quarter. The Legal sector leads Hong Kong's employment trends with 59.3% of companies planning to increase headcount. High growth in the Banking & Professional Services sector is expected, where 56.5% of respondents forecast increased headcount in the first of quarter of 2005.

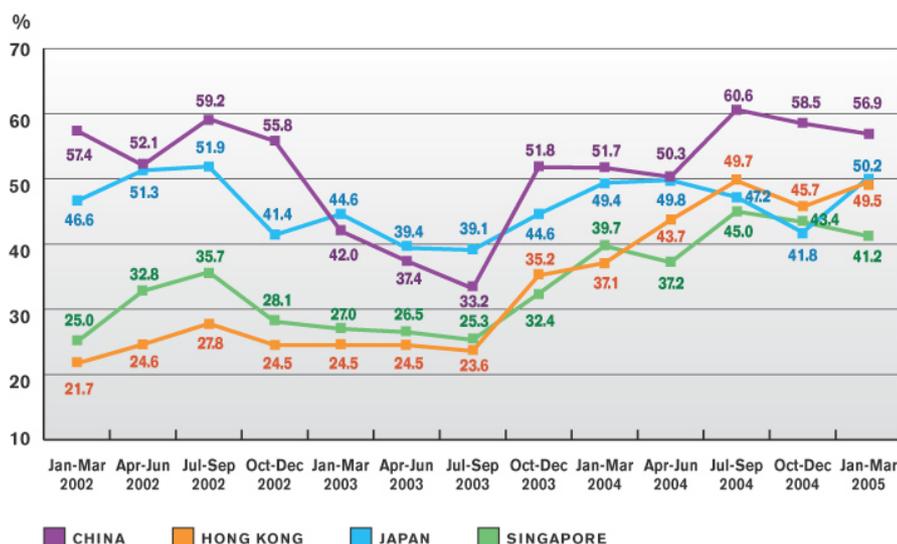
Optimism about employment prospects has received a greater boost in Japan than in any other market with 50.2% of companies planning to increase headcount in Q1, the highest level since Q3 2002. Demand for new staff is also high in the Banking & Professional Services sector, where 58.1% of employers are planning to increase hiring, due in part to expansion by overseas banks. Increased investment in infrastructure, mostly by manufacturing and financial companies, is boosting demand for IT & Telecommunications staff with 57.1% of employers in this sector expecting to add new staff.

Companies in Singapore are in the second quarter of declining hiring levels with 41.2% of employers planning to increase headcount in Q1 2005. This is down from 45% on Q3 of 2004 and down further from 43.4% in Q4 of 2004. The demand for new staff is highest in Media/Advertising/PR, due to an increase in clients' marketing budgets as 50.4% of employers in this sector expect to recruit more staff. The Legal sector is also actively recruiting, with 50% of firms looking for staff, especially lawyers with experience in banking, IPOs and debt restructuring.

“Companies in the region have been trending upwards for some time despite slight dips in a few markets over the past two quarters, which is to be expected after a year of considerable growth in 2004,” said Gary Lazzarotto, CEO, Asia, Hudson. “Most companies are looking to

hire across the region, especially in sales or marketing functions to drive business development and increase revenues.”

Permanent Employment Expectations – Asia



Company performance expectations for Asia

Companies in China are the most optimistic about the first half of 2005, with 85% of companies in all sectors forecasting good or excellent performance. Confidence is still rising as the economic boom continues as 25.3% of companies expect excellent performance, compared to 3.9% in the first half of 2004. The Consumer sector is the most optimistic with 37.3% expecting excellent performance.

There is a notable increase in confidence in Hong Kong. The proportion of companies expecting excellent or good performance has risen from 62.7% in the first half of 2004 to 79.9% this quarter. The most buoyant sectors in Hong Kong are Legal, with 88.9% of respondents expecting excellent or good performance, and Banking & Professional Services, where the corresponding figure is 84.7%.

Confidence is slightly lower in Japan than in the other markets but expectations are still significantly higher than in the first half of 2004. The proportion of companies forecasting excellent or good performance is encouraging at 63.8%. Only 3.7% of companies anticipate poor performance, compared with 2.4% a year earlier. The Legal sector has the highest

expectations, with 9.5% saying performance will be excellent and a substantial 81% expecting it to be good.

Singapore shows a marked improvement in business sentiment, with 79.2% of companies expecting excellent or good performance, up from 68% a year earlier. The highest levels of confidence are seen in the Media/PR/Advertising, Banking & Professional Services and Legal sectors, with over 80% expecting excellent or good performance.

“The high level of corporate confidence across the region for the first half of the year will drive increasing hiring trends through the first half of 2005,” said Lazzarotto. “The strong growth and corporate optimism is fueling companies’ plans to provide more year-end bonuses and also increase salaries to retain their best staff.”

Bonuses are back and salaries on the rise

Employers in China are taking the most generous approach to bonuses. Only 6.8% of employers are not planning to pay a bonus at all. After a strong performance in 2004, the Healthcare & Pharmaceutical sector is making the highest bonus payments with 54.2% of companies planning to pay bonuses of 11-20%. Companies are increasing salaries to keep staff as well with 33.2% of employers expect to pay 6-10% more, 23.9% think rises will be in the 11-20% range and a substantial 15.8% expect that they will have to increase pay by 21% or more.

In Hong Kong, companies’ growing optimism about their prospects is reflected in their bonus payments. 86.5% of companies surveyed are planning to pay bonuses. Bonuses in the Banking & Professional Services sector are likely to be relatively high, with 23.3% of employers expecting to pay 11-20%. In order to attract new managerial staff, 75.8% of Hong Kong companies anticipate having to increase pay in conducting their recruitment efforts.

Employers in Japan are taking a less generous approach to bonuses as 27.5% do not plan to pay year-end bonuses to staff. However, large bonuses are expected in certain sectors with top performing Banking & Professional Services personnel are the most likely to receive big bonuses, with 17.7% of firms planning to pay bonuses of 21-30% and 18.5% expecting to pay more than

40%. Salary inflation is lower in Japan than in any of the other markets surveyed as 34% of companies do not expect to increase pay for new managerial hires.

Business confidence in Singapore is also reflected in higher bonuses. Only 14.2% of employers say they will not pay a bonus and some companies expect to make relatively high payments. 20.3% of employers expect to pay bonuses in the 11-20% range. More employers in Singapore expect to have to increase pay than in any other market with 89.5% of all respondents plan to increase staff salaries. Forecast increases are relatively high for new staff as well with 29.8% of companies expecting to pay 11-20% more to new managers.

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