

For Immediate Release

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Strong Hiring Trends in China, Hong Kong, Japan and Singapore – Reach Highest Levels in Four Years

Comprehensive Hudson Report Released for Quarter Three 2005

HONG KONG – 21 JULY 2005 – Strong hiring trends are expected to continue in China, Hong Kong, Japan and Singapore with increased levels of hiring from last quarter and the highest figures in over four years, according to the latest release of the Hudson Report for Asia. Employment prospects are the most bullish in China, continuing a trend since Q3 2003 with a jump from 59% to 63% taking this to the highest figure since the survey started in China in 1998. Employment prospects in Hong Kong are at 51%.

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 2,200 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 Q3 2005

In China a high level of optimism is evident in almost all sectors, with 63% of respondents intending to hire additional staff and only 2% of companies planning to downsize. Companies in the Consumer and Healthcare & Pharmaceutical sectors are the most aggressive recruiters: 69% and 76% respectively plan to hire new staff.

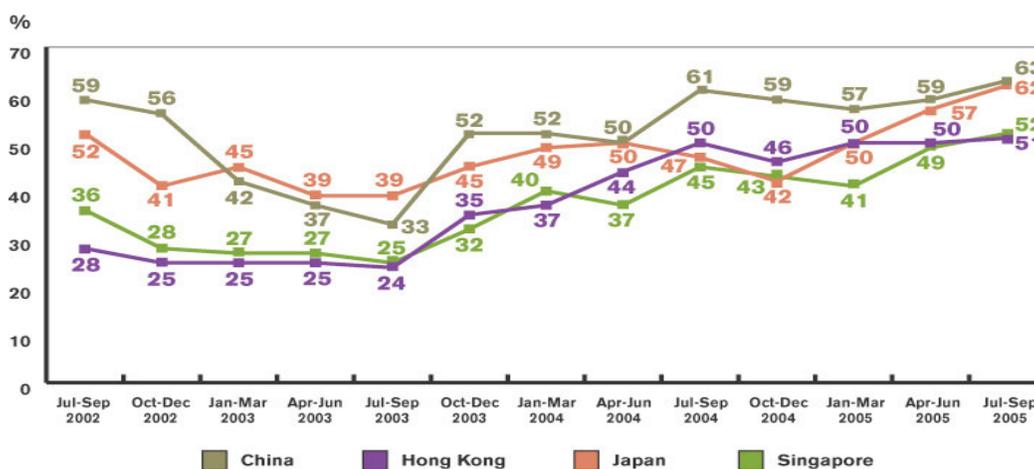
Hong Kong's permanent employment expectations continue a very positive trend from the last quarter, with 51% of companies planning to increase headcount, pointing to strong growth in the employment market in 2005. A further 46% of executives surveyed anticipate that employment will remain steady and only 3% forecast a decline in headcount. The Legal sector leads Hong Kong's employment trends with 64% of companies planning to increase headcount. High growth in the Banking & Professional Services sector is expected, where 59% of respondents forecast increased headcount in the third quarter of 2005.

There has been a big jump in employment expectations in Japan with 62% of companies planning to increase headcount in Q3, a substantial increase from 57% in Q2 and just 42% in Q4 2004. Demand for new staff is also high in the Legal and Banking sectors, where 65% of employers are planning to increase hiring.

Singapore is seeing a big rise in employment expectations with 52% of employers planning to increase headcount in Q3 2005. This is an increase from 49% the previous quarter and is the most positive forecast in the last four years. The demand for new staff in the Banking & Professional Services sectors has increased the most from the last quarter, leaping from 48% to 61%. The intention to hire continues to be high in Media/Advertising/PR.

"The employment outlook continues to be very positive across the region. Forecasts for headcount growth are at their highest levels in over four years in all the markets surveyed by the Hudson Report," 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 four years."

Permanent hiring expectations over time in Asia



Source: The Hudson Report – Asia, Q3 2005

Strong company performance anticipated

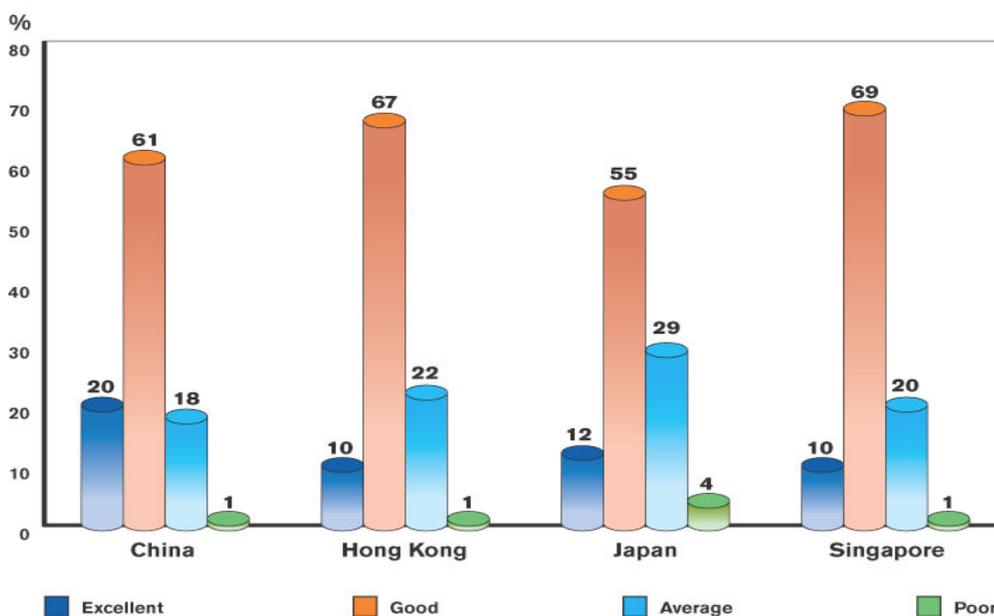
Companies in all the markets surveyed are very positive about their likely performance in the second half of 2005.

Respondents in China anticipate the best performance in the next six months. A high 81% of companies anticipate excellent or good performance. The Media/PR/Advertising sector is the most confident, with 73% expecting performance to be good and a further 19% excellent. Confidence also remains very high in Hong Kong. Seventy-seven percent of companies across all sectors anticipate excellent or good performance. The Legal sector shows the highest level of confidence, with 72% seeing the outlook as good and a further 14% as excellent.

Most of the companies surveyed in Japan are very positive: overall, 67% forecast that their performance in the second half will be excellent or good. More than 50% of respondents in all sectors express this level of confidence.

The confidence expressed by companies in Singapore is the second highest among the markets surveyed, after China. Seventy-nine percent of respondents anticipate excellent or good performance. Banking & Professional Services are particularly optimistic, with 91% forecasting an excellent or good second half of the year.

Anticipated company performance for the second half of 2005



Source: The Hudson Report – Asia, Q3 2005

Companies experiencing difficulties in filling job vacancies across the board

The booming economy in China means that companies there have the greatest difficulty in finding the staff they need. Eighty-five percent of all companies surveyed often or sometimes have problems filling vacancies. Healthcare & Pharmaceutical companies find it particularly difficult to recruit the staff they need, with 91% reporting problems.

Seventy percent of employers in Hong Kong are having problems finding the talent they want. This is particularly acute for Legal firms, partly due to a shortage of Mandarin-speaking qualified lawyers. Eighty-six percent of firms report recruiting difficulties.

Companies in Japan also have severe difficulties: 81% report that they sometimes or often have problems in filling vacancies. The Healthcare and Pharmaceutical sectors report the highest overall level of difficulty, with 31% and 59% respectively often or sometimes having problems. Employers in Banking and IT appear to find it difficult to find staff with specific skills and experience.

In many companies in Singapore, the recruitment problem is acute. Seventy-six percent of companies report often or sometimes experiencing difficulties. The Banking sector is experiencing the most difficulties, with 81% of respondents saying they cannot find the talent they want.

Candidates' responses to job offers

In a candidate-short market, rejections are an increasingly common experience for employers trying to fill vacancies.

Employers in China have the greatest difficulties in filling vacancies and they also report most candidates declining jobs. Sixty-three percent have recently had job offers rejected.

The average proportion of Hong Kong companies receiving rejections is 45% in all sectors. Banking is the most affected, with 53% often or sometimes receiving rejections.

Fifty-three percent of employers in Japan report that they have recently had offers declined often or sometimes. In some sectors the problem is very much more severe.

Nearly half of the companies surveyed in Singapore report potential employees have declined job offers in the last six months, with 42% sometimes and a further 5% often.

In China higher salary expectations are the reason most often given for declining a job. The Banking, Manufacturing and Media/PR/Advertising sectors all regard salary as a significant cause of declines. Alternative job offers are the next most likely cause.

Taken together, other job offers and counter-offers constitute important reasons for refusing an offer in Hong Kong. At 28% and 22% respectively, they account for half of all declines. Taking another offer is the common reason for candidates declining jobs in Japan. Overall, this accounts for 29% of declines.

Higher salary expectations are the most significant reason in Singapore, at 29% across all sectors. The figure is higher in IT and Banking.

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