

For immediate release

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Expectations to hire have risen in all markets but remained steady in Singapore

Research also finds a third of employees leave within two years

HONG KONG – 18 OCTOBER 2007 – Expectations for permanent employment for the fourth quarter (Q4) of 2007 continue to increase in all markets surveyed, except in Singapore where they remained steady. Japan has the highest expectations and is at the highest level in over six years. In Hong Kong, expectations have risen from 54% from 49% in Q3, and in China, expectations have risen from 60% in the previous quarter to 64% in Q4.

Hudson, a leading provider of permanent recruitment, contract professionals and talent management services worldwide, 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 1998, the survey on 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 surveys 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.

Significant findings in the **Q4 2007 Hudson Report** are:

- Japan reports the highest expectations: 65% expect recruitment to increase, up from 60% in Q3;
- In China, 64% of respondents forecast headcount growth in Q4, up from 60% the previous quarter;
- Expectations have also risen in Hong Kong, where 54% plan to hire more staff, compared with 49% in Q3;
- Expectations remain steady in Singapore, with 54% planning to increase headcount;
- Low average employee tenure is an issue: in China, Hong Kong and Singapore, more than one-third of all employees leave within two years;
- In the current candidate-short market, more than two-thirds of employers in China, Hong and Singapore are making counter offers to try to retain valued employees;
- 30% of candidates in China are demanding salaries of more than 20% above what employers are willing to pay.

Expectations remain at high levels

China has the second highest level of expectations with 64% of respondents planning to increase headcount, an increase from 60% in the previous quarter.

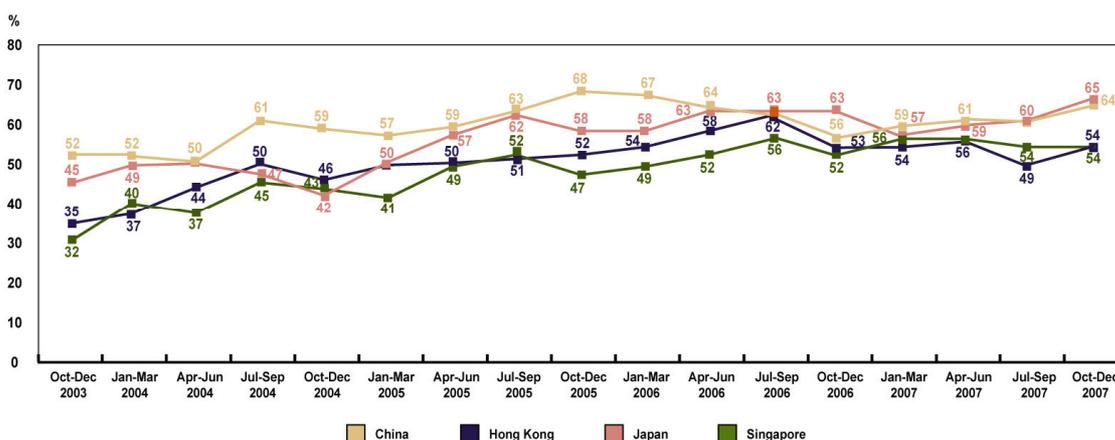
In Hong Kong, hiring expectations have risen, with 54% of the respondents anticipating increased recruitment this quarter. This compares to 49% in Q3.

Japan has the highest level of expectations among all markets this quarter. Also, the country's hiring expectations are now higher than at any time since *The Hudson Report* was first published in Q4 2001. Overall, 65% of the respondents predict an increase in recruitment, a rise from 60% in Q3.

Expectations have remained steady in Singapore for the last two quarters, with 54% of the respondents planning to increase headcount in Q4.

Gina McLellan, Hong Kong Country Manager, Hudson, comments, *"Expectations across most markets are fairly steady and remain at a high level. But a widespread skills shortage is a major challenge for many employers. In a candidate-short market, companies are using higher salaries and comprehensive training programmes to attract the talent they need."*

Regional permanent increased hiring expectations over time



Source: The Hudson Report – Asia, Q4 2007

Low average tenure a problem in most markets

Low average employee tenure rates are a serious issue in most of the markets surveyed. In China, Hong Kong and Singapore, more than one-third of all employees leave within two years.

China has the lowest average employee tenure by a large margin. Across all sectors, 52% of staff stay with their companies for two years or less. Only 7% stay for more than four years, a much lower figure than any other market.

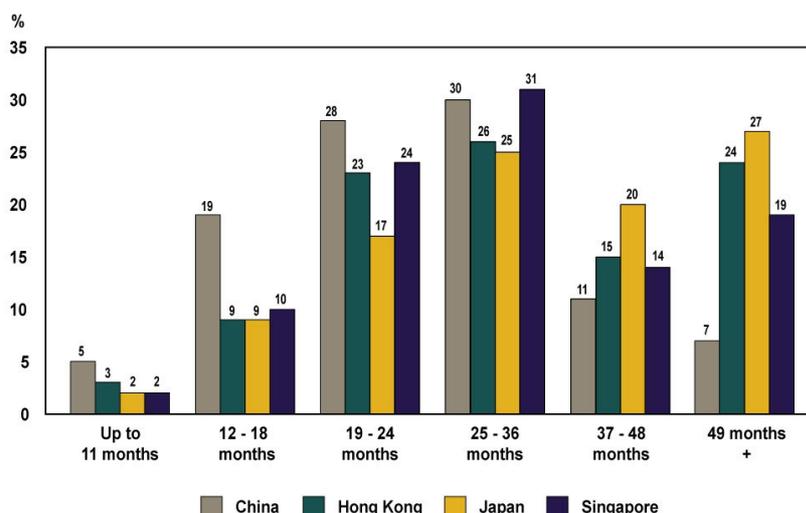
In Hong Kong, 35% of staff stay in their jobs for two years or less. The Banking & Financial Services

sector has the lowest average tenure: 40% of staff leave within two years.

Employees in Japan are likely to remain with their companies longer than those in the other markets surveyed. Across all sectors, 28% of staff leave within two years and a relatively high 27% stay for more than four years.

Low average tenure is a major issue in Singapore, where 36% of employees leave within two years. Just 19% stay in place for more than four years.

Average tenure in a company



Source: The Hudson Report – Asia, Q4 2007

Many employers are making counter offers

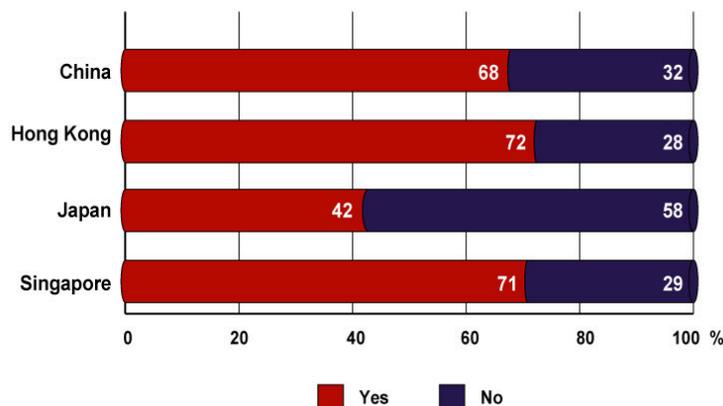
Across all sectors in China, 68% of respondents say their company will make counter offers to help retention.

Companies in Hong Kong are the most likely to use counter offers to retain employees. Across all sectors, 72% say their company does so.

Japan has by far the lowest proportion of companies making counter offers: just 42% of respondents say their company will do so.

The proportion of companies making counter offers in Singapore is also high – 71% across all sectors

Policy on counter offers



Source: The Hudson Report – Asia, Q4 2007

Large gap between salaries being offered and salaries demanded

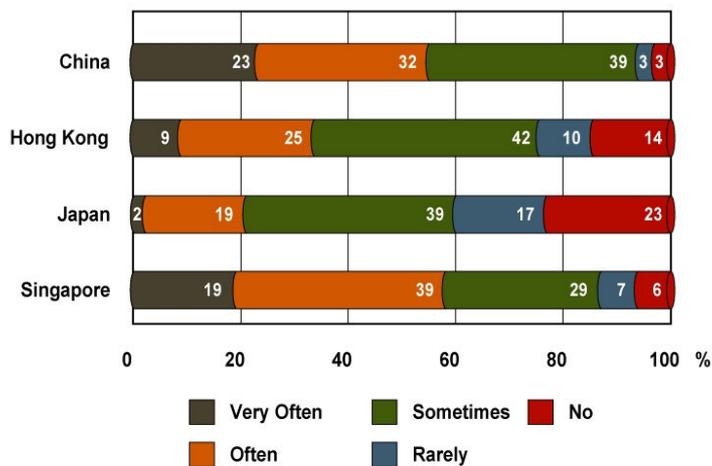
Across all sectors in China, 32% say that candidates are ‘often’ demanding salaries higher than they are prepared to pay, while 23% say it is happening ‘very often.’

Hong Kong reports fewer high salary demands than China or Singapore. Across all sectors, 25% of respondents say that they ‘often’ receive demands for salaries higher than they are willing to pay and a further 9% ‘very often’.

Companies in Japan are by far the least likely to receive demands for salaries higher than they are willing to pay. Overall, just 21% of respondents say that they ‘often’ or ‘very often’ receive such demands.

At 58%, Singapore has the highest proportion of respondents who report that they ‘often’ or ‘very often’ receive demands for higher salaries than they are willing to pay.

Frequency of candidates demanding higher salaries



Source: The Hudson Report – Asia, Q4 2007

Large variations in salary gaps across the region

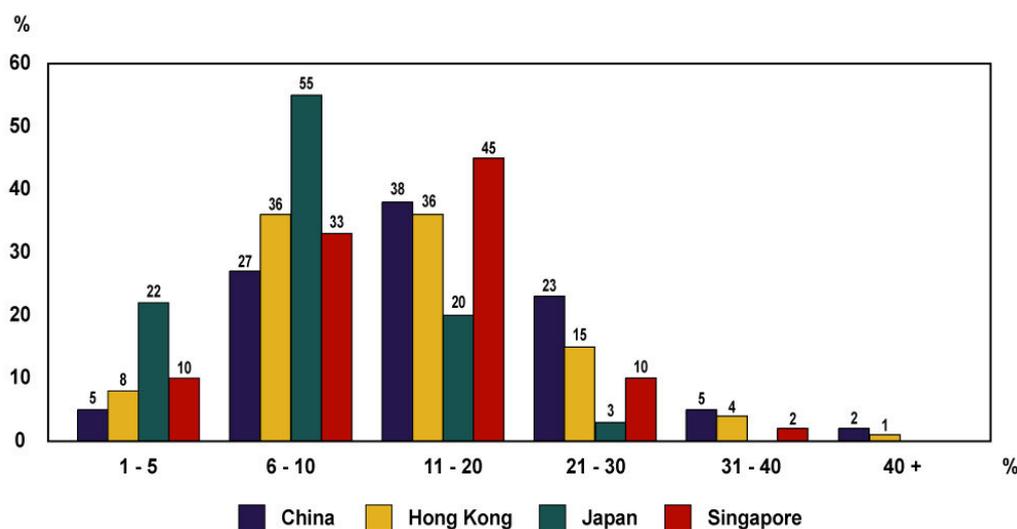
In China 30% of respondents say that they are receiving salary demands of more than 20% above what they are willing to pay. Of these, 7% are asking for more than 30%. These are the highest figures for all the markets surveyed in Asia.

The gap in salary expectations is also relatively high in Hong Kong. Across all sectors, 20% of candidates are demanding more than 20% above the increases that employers are willing to pay.

The gap in salary expectations between employers and candidates is relatively low in Japan. Only 3% of respondents report that candidates are demanding more than 20% above what they are willing to offer.

The gap in expectations in Singapore is smaller than in China and Hong Kong with 12% of candidates are demanding more than 20% above the increases that employers are offering.

Amount of salary gap



Source: The Hudson Report – Asia, Q4 2007

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