

For immediate release

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Hiring expectations drop in all markets except China

More than half intend to keep staffing levels steady

HONG KONG – 24 JULY 2008 – Hiring expectations for the third quarter (Q3) of 2008 have fallen in every market surveyed except in China, according to the most recent *Hudson Report*. Hong Kong and Japan have a steep fall in expectations. Hiring expectations fell from 57% to 42% in Hong Kong and from 55% to 46% in Japan. Expectations fell slightly in Singapore as well. China is the only optimistic market, with an increase in hiring expectations from 52% to 55%.

Despite the current economic environment, most respondents are not able to negotiate lower salaries for new hires.

Hudson (NASDAQ: HHGP), 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 represents 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 over 2,600 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 **Q3 2008 Hudson Report** are:

- China is the only country surveyed where expectations increased: 55% of respondents forecast headcount growth in Q3, an increase from 52% in Q2;
- Hong Kong reports the steepest fall in expectations with 42% planning to increase headcount, compared with 57% in Q2;
- Expectations to hire in Japan have fallen from 55% in Q2 to 46%;
- Expectations are falling less steeply in Singapore: 43% forecast increased hiring this quarter, compared with 49% in Q2;
- Across all the markets surveyed, fewer respondents believe that the current economic climate is allowing them to negotiate lower asking salaries for new managerial hires;
- Where lower salaries for new hires are being negotiated, the scope for reductions is limited.

Employers are cautious except in China

Expectations to hire have risen in China, with 55% of respondents planning to increase headcount, up from 52% in the previous quarter. The Banking sector has not been as affected by the sub-prime fall out and the economy is still buoyant in the lead up to the Olympics.

Whilst expectations have fallen in Hong Kong, Japan and Singapore, employers appear to be keeping their staff numbers stable and there has been no notable increase in the proportion of employers cutting staff.

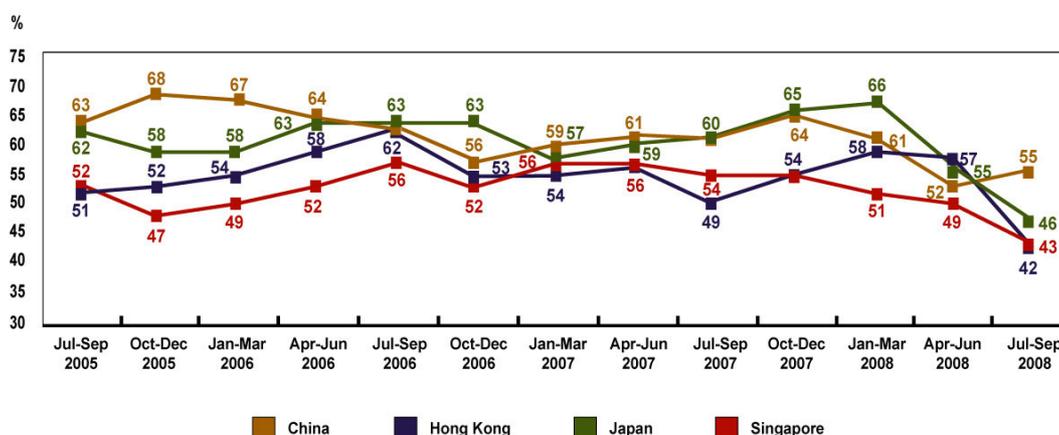
Hong Kong has the steepest fall in expectations among all markets since the last quarter, with predictions on increased hiring falling from 57% to 42%.

In Japan, hiring expectations have fallen, with 46% of the respondents anticipating increased hiring compared to 55% in Q2.

Following the trend in the last quarter, expectations have fallen slightly in Singapore, with 43% of the respondents planning to increase headcount in Q3, compared with 49% in the previous quarter.

Mike Game, CEO, Hudson Asia, comments, *“Hiring expectations have fallen in every market surveyed, except in China. There is still a shortage of talent in many areas and employers have little scope for reducing new hire salaries.”*

Regional permanent increased hiring expectations over time



Source: The Hudson Report – Asia, Q3 2008

Inflated salaries not affected by the economic downturn

Despite the economic environment, the majority of respondents are not able to negotiate lower salaries for new hires, and salary inflation is still an issue for employers. In every market the proportion of respondents who report reduced salary demands is low – between 8% and 13%.

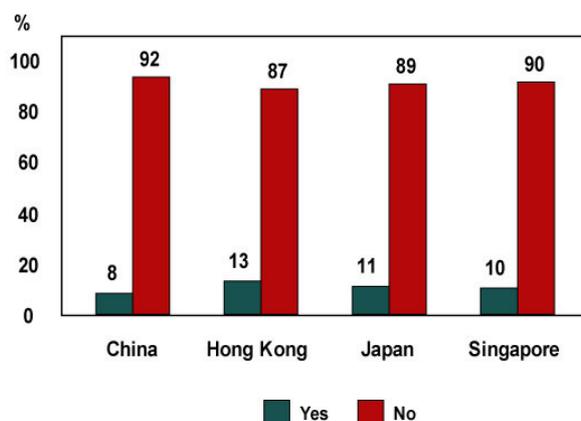
Employers in China are the least likely to be able to negotiate lower salaries, with just 8% reporting success. This is consistent with China recording the highest hiring expectations.

Hong Kong has the highest proportion of respondents negotiating lower salaries, but at 13% the figure

is still low.

Across all sectors in Japan, 11% say they can negotiate lower salaries for new hires. In Singapore, just 10% of respondents are able to negotiate reductions in salaries.

Negotiating lower salaries for new hires



Source: The Hudson Report – Asia, Q3 2008

Salary reductions are limited

Where employers have been able to negotiate down salaries for new managerial hires, they have been limited. In China, 13% report that they can negotiate salaries for new hires down by 10% or more.

Employers in Hong Kong have the greatest scope for reducing salaries for new hires: 23% of respondents report that they can negotiate new hire salaries down by 10% or more, the highest figure of the countries surveyed.

The ability to reduce salaries is relatively low in Japan. Only 10% of respondents state that they can reduce salaries for new hires by more than 10%, the lowest figure out of the countries surveyed.

Employers in Singapore are in a similar position to those in Japan, with only 11% being able to negotiate salaries down by 10% or more.

Gap between salary expectation and offer

Industry	1-5%	6-10%	11-20%	21-30%
China	35%	52%	13%	n/a
Hong Kong	28%	49%	23%	n/a
Japan	44%	46%	4%	6%
Singapore	47%	42%	11%	n/a

Source: The Hudson Report – Asia, Q3 2008

Staff turnover rates are not falling by a substantial amount

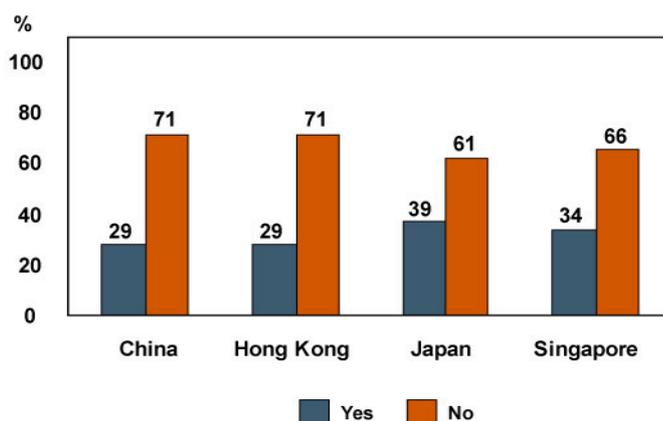
With the recent economic downturn, the high turnover experienced by employers in the last few years has not fallen substantially, with approximately a third reporting turnover rates falling.

In China, 29% of respondents report a reduction in turnover in the last year, suggesting that employees are still confident about finding new jobs. The response is the same in Hong Kong.

At 39%, Japan has a higher proportion of respondents stating that turnover has fallen.

In Singapore, 34% of respondents state that turnover has fallen over the past year.

Decrease in staff turnover rates



Source: The Hudson Report – Asia, Q3 2008

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