

For immediate release

Contact: Manisha Ramchandani
Hudson
(852) 2919 6161
manisha.ramchandani@hudson.com

Employers in Asia becoming more positive about hiring prospects in Q3 2009

Motivation and retention are critical issues in the next twelve months

HONG KONG – 9 July 2009 – Hudson (NASDAQ: HHGP), a leading provider of permanent recruitment, contract professionals and talent management services worldwide, today released findings of its comprehensive quarterly *The Hudson Report* for Asia. With a reputation as a key socio-economic indicator 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. Nearly 2,000 key employment decision makers were surveyed in May this year from multinational organisations of all sizes in all major industry sectors. The locations surveyed were China (Beijing and Shanghai), Hong Kong and Singapore.

Key findings in *The Hudson Report – Asia Q3 2009* are:

HIRING EXPECTATIONS

- **China** again has the highest expectations but is the only market to report a decline this quarter: 27 percent plan to increase hiring in Q3 2009, compared with 30 percent the previous quarter. However, the rate of decline is slower than in recent quarters;
- Expectations to hire in **Hong Kong** are up from 14 percent in Q2 2009 to 22 percent this quarter. This is the first increase since Q1 2008;
- Expectations are rising in **Singapore** for the first time since Q1 2007: 26 percent of respondents say they will grow headcount in Q3 2009, compared with 20 percent the previous quarter.

OTHER KEY FINDINGS

- Respondents in Hong Kong are the most optimistic about prospects for economic recovery, with 28 percent expecting it to begin this year;
- Employee motivation & retention are the most critical people-related issues in all the markets surveyed. Career development is also seen as a high priority;
- Employers in all three markets are much more likely to be able to negotiate lower salaries for new managerial hires than they were in Q3 2008;
- The extent of salary reduction for new hires, however, is relatively limited in every market.

DETAILED FINDINGS

Hiring sentiment more optimistic

Respondents are generally more positive this quarter. Hiring expectations are rising in Hong Kong and Singapore and although they are still falling in China, the rate of decline is slower than in recent quarters. The proportion of respondents planning to reduce headcount in Q3 2009 is falling sharply in all three markets.

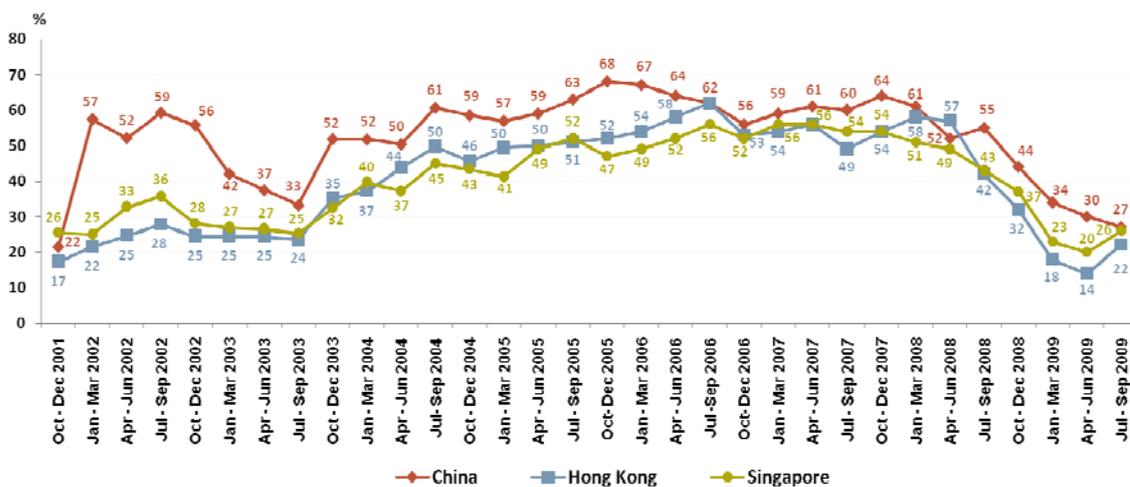
Expectations in **China** are still higher than in the other markets surveyed, despite a further small decline this quarter, with 27 percent of respondents saying they will increase hiring, compared with 30 percent in Q2 2009. The Manufacturing & Industrial sector reports both the highest expectations and the greatest increase compared to the previous quarter: 34 percent plan to hire more staff in Q3 2009, sharply up from 21 percent last quarter.

Expectations in **Hong Kong** are rising for the first time since Q1 2008. Across all sectors, 22 percent expect to hire more staff, up from 14 percent the previous quarter. Hong Kong also reports the greatest fall in the proportion of respondents planning to cut headcount, from 22 percent in Q2 2009 to 12 percent this quarter. The Banking & Financial Services sector is the most optimistic, with 29 percent anticipating hiring growth - a substantial increase from 12 percent in Q2 2009. Much of the additional recruitment is for back and middle office roles.

Expectations are also rising in **Singapore**, where 26 percent of respondents say they will grow headcount, compared with 20 percent the previous quarter. This is the first rise since Q1 2007. Hiring expectations are up in all sectors except Media/PR/Advertising, where there is a very slight decline, from 18 percent in the previous quarter to 17 percent in Q3 2009. The Healthcare & Life Sciences sector again has the highest expectations, with 38 percent expecting to increase hiring, the same figure as for the previous two quarters.

Mike Game, CEO, Hudson Asia, comments, *“Overall, respondents are more optimistic about hiring expectations than in recent quarters. Many employers are focusing on staff motivation and retention as they prepare for economic recovery.”*

Regional permanent increased hiring expectations over time



Source: The Hudson Report, Asia - Q3 2009

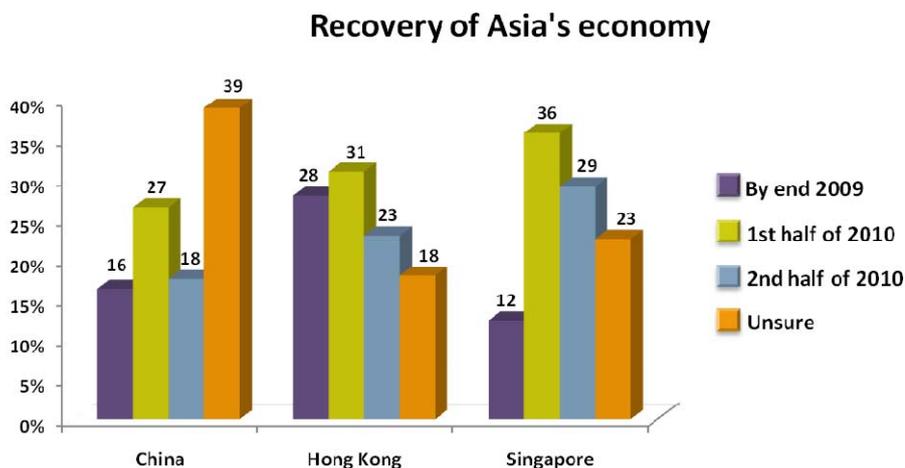
Varying expectations for Asia's economic recovery

Respondents were asked when they expect Asia's economy to begin recovery, given the current market climate. There are significant variations between responses from the markets surveyed. Employers in Hong Kong are the most optimistic about recovery, with 28 percent saying it will start by the end of 2009, a much higher figure than for the other sectors.

In **China**, 16 percent of respondents expect economic recovery to start this year and a further 27 percent during the first half of 2010. At 39 percent, the proportion of respondents who say they are unsure about recovery is much higher than in the other markets surveyed.

Hong Kong has the highest proportion of respondents anticipating recovery this year. It also has the lowest proportion who say they are unsure when recovery will take place, cited by just 18 percent of respondents.

At 12 percent, **Singapore** has the lowest proportion of respondents who expect recovery to start in 2009. However, almost two-thirds (65 percent) say it will take place during 2010.



Source: The Hudson Report, Asia - Q3 2009

Motivation and retention are the most important issues

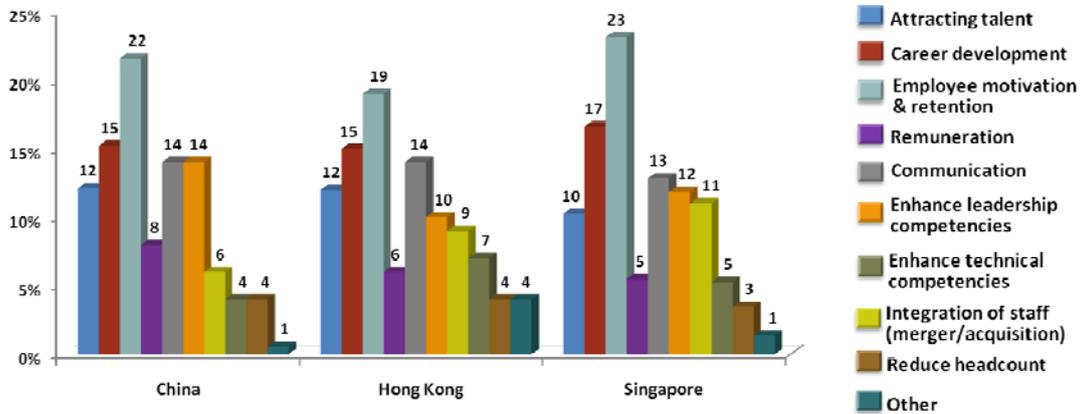
When asked about the most critical people-related issues that businesses must address within the next twelve months, respondents in every market say that employee motivation & retention are the most critical factors. Career development is consistently regarded as the second most important issue, while reducing headcount is seen as a minor issue in every market.

Motivation & retention are mentioned by 22 percent of respondents in **China**. Career development, communication and enhancing leadership competencies are also seen as important, being cited by 15 percent, 14 percent and 14 percent respectively.

In **Hong Kong**, 19 percent of respondents across all sectors say that motivation & retention are the most critical issues. Career development and communication with staff are the next most important, being mentioned by 15 percent and 14 percent respondents respectively.

At 23 percent, **Singapore** has the highest proportion of respondents who say that motivation & retention are the most important issues. Career development and enhancing technical competencies are also seen as more critical than in the other markets surveyed.

Most important people-related issues in the next 12 months



Source: The Hudson Report, Asia - Q3 2009

Trend to lower starting salaries in all markets

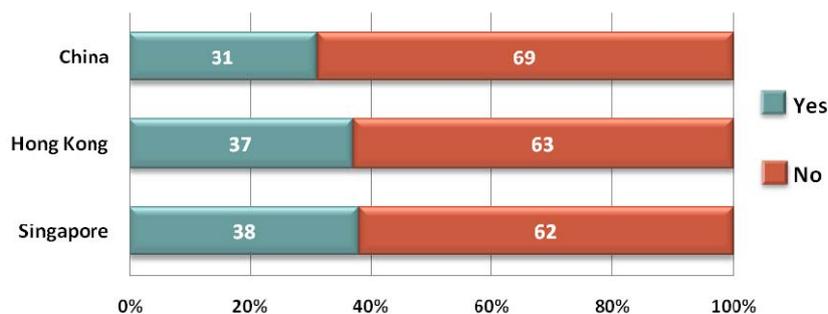
Respondents were asked if the current economic climate means that they can negotiate lower salaries for new managerial hires. In all the markets surveyed, the proportion of respondents who say they can do so is higher than when this question was last asked, in Q3 2008.

Employers in **China** are the least likely to be able reduce starting salaries, with 31 percent across all sectors saying they can do so. However, this is a sharp rise from Q3 2008, when just 8 percent gave this response.

In **Hong Kong**, the proportion of respondents who say that the current economic climate enables them to negotiate lower salaries for new managers has risen from 13 percent in Q3 2008 to 37 percent this quarter.

Singapore has both the highest proportion of respondents who can negotiate lower starting salaries and the greatest rise since a year ago. The 38 percent who can do so now compares with 10 percent in Q3 2008.

Negotiation of lower salaries for new managerial hires



Source: The Hudson Report, Asia - Q3 2009

Extent of reduction in salaries for new managerial hires limited

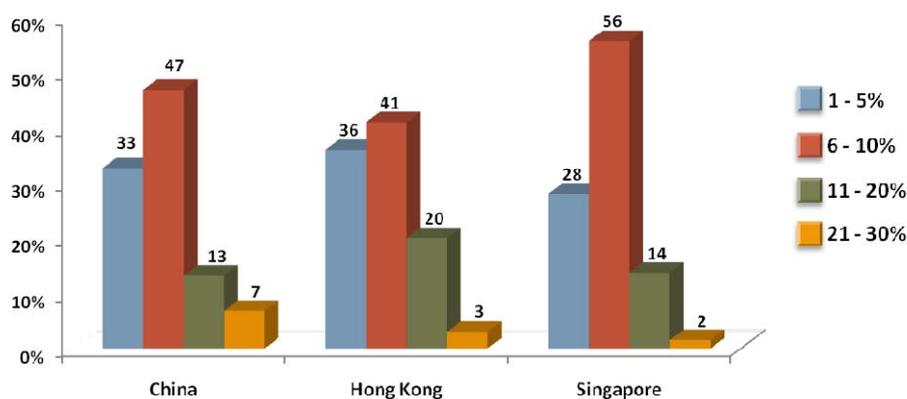
Where employers are able to negotiate lower salaries for new managerial hires, the extent of the reduction is relatively limited in all the markets surveyed.

One-third of respondents (33 percent) in **China** say they can only reduce starting salaries by 1-5 percent. A further 47 percent are making reductions of 6-10 percent and only 7 percent are achieving reductions of more than 20 percent.

Hong Kong has the highest proportion of respondents who are achieving reductions of just 1-5 percent, cited by 36 percent of respondents and also the highest figure for cuts of more than 10 percent, cited by 23 percent of respondents.

Over half of respondents (56 percent) in **Singapore** say they are able to negotiate salary reductions for new hire salaries in the range of 6-10 percent. Just 16 percent are able to cut salaries by more than 10 percent, the lowest figure for the markets surveyed in Asia.

Gap between salary expectation and offer



Source: The Hudson Report, Asia - Q3 2009

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