

For Immediate Release

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Employment expectations continue to remain high across Asia with the greatest optimism in China and Hong Kong

Comprehensive Hudson Report Released for Quarter One 2006

HONG KONG – 10 JANUARY 2006 – Expectations for permanent employment for the first quarter of 2006 remain high in all four markets. The highest expectation to hire are still in China with 67% of executives forecasting higher headcount. Expectations in Hong Kong are at their highest levels since Quarter One (Q1) 2001.

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 2,400 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.

The latest employment trends

Employment prospects are still buoyant in China, where 67% of companies across all sectors plan to increase hiring in Q1 2006, almost unchanged from 68% the previous quarter. This is again higher than in any other market surveyed in Asia. Construction companies again have the highest expectations, with 79% planning to increase hiring. Expectations are also growing fast in Banking, where 73% of executives forecast increased hiring.

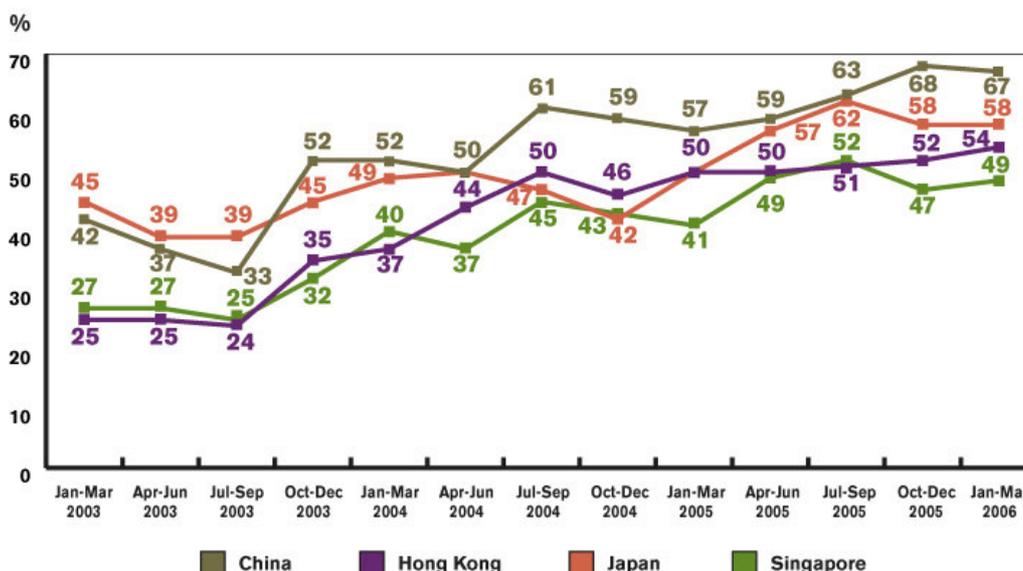
Expectations also continue to rise in Hong Kong, where 54% of respondents are planning to hire more staff in Q1, the highest level since Q1 2001. As in Q4, the Legal sector is the most optimistic, with 62% forecasting increased headcount. Banks' plans for aggressive growth are driving demand for staff and 60% plan to increase hiring. Fifty two percent of companies in the Manufacturing sector say they will hire more staff.

In Japan, economic recovery appears secure in Japan and employment expectations remain high. Fifty eight percent of employers plan to increase headcount in Q1, the same figure as the previous quarter. With the single exception of Q3 2005, this is higher than at any time since Q4 2001. Seventy two percent of respondents in the Banking sector forecast increased recruitment.

In Singapore, 49% of executives across all sectors forecast a rise in the level of permanent employment. Media/PR/Advertising firms are buoyant, with 56% expecting to grow headcount.

"The employment outlook continues to be positive across the region. Forecasts for headcount growth are at their highest levels in five years in Hong Kong," said Gary Lazzarotto, Chief Executive Officer, Asia, Hudson. "Companies in China continue to be the most optimistic about employment prospects with 67% planning to increase hiring."

Permanent hiring expectations over time in Asia



Source: The Hudson Report – Asia, Q1 2006

Anticipated Company performance for the next six months

Companies across the region are optimistic about their performance in the next six months. Eighty four percent of respondents across all four markets forecast that their company's performance will be excellent or good.

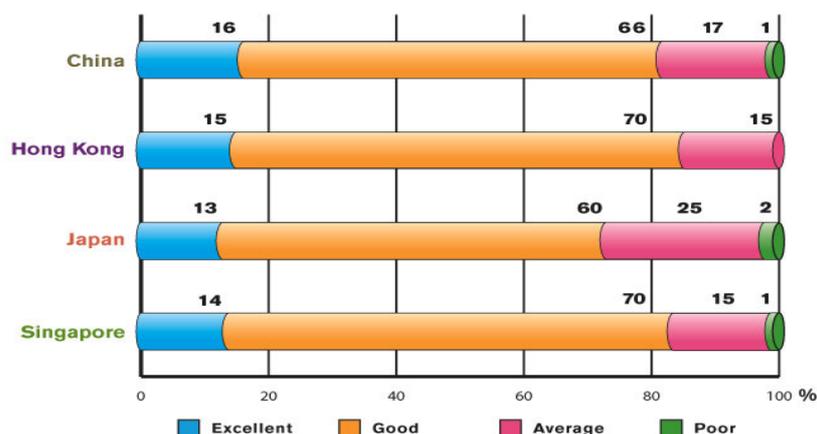
In China 82% of respondents in all sectors forecast excellent or good performance.

Companies in Hong Kong show the highest level of confidence about the future among all the markets surveyed. Eighty five percent say that performance will be excellent or good.

Companies in Japan express a lower level of optimism than those in the other markets surveyed but are still confident about the future. Seventy three percent of respondents forecast excellent or good performance.

Confidence is growing in Singapore. Overall, 84% of companies expect their performance to be excellent or good, up from 79% a year earlier.

Anticipated company performance in the first half of 2006



Source: The Hudson Report – Asia, Q1 2006

Salaries for new hires up

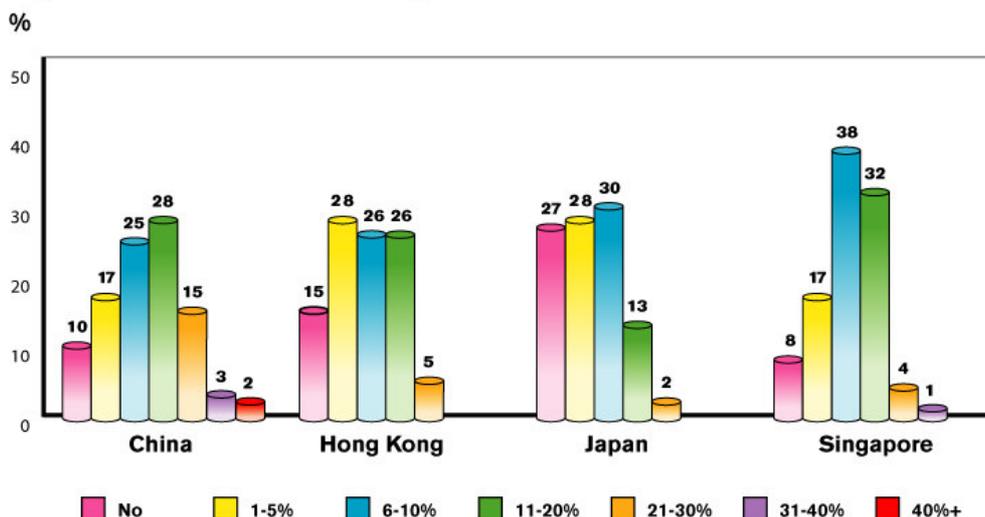
In a candidate-short market, employers in all four countries say they need to increase salaries to recruit the managers they need. The highest salary increases for new managerial hires is in China and the lowest in Japan. Employers in China forecast high raises, with 48% expecting to increase salaries by more than 10%.

In Hong Kong 57% of employers expect to increase new hire salaries by more than five percent, while 31% say that raises will be more than 10%.

Salaries are also rising in Japan, after a long period of negligible increases. Forty five percent of respondents across all sectors expect to increase new hire salaries by more than five percent.

Demand for managerial talent is growing fast in Singapore and 75% of respondents say they are increasing salaries for new managers by more than five percent. Over one third – 37% – anticipate raises of over 10%.

Pay increases to attract new managerial staff



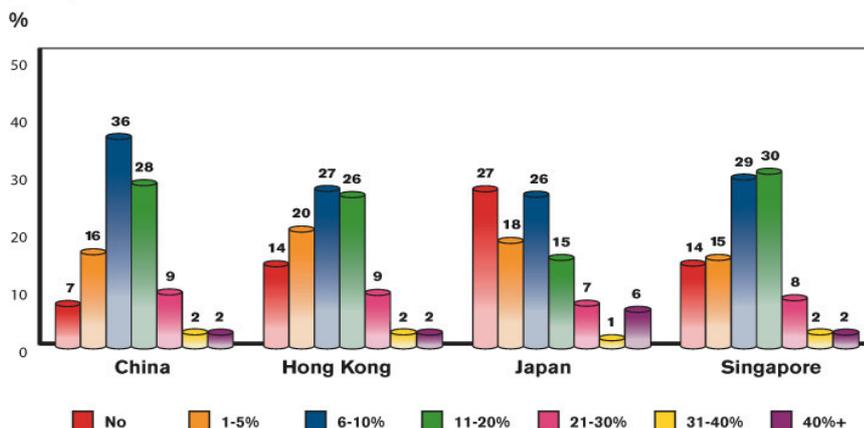
Source: The Hudson Report – Asia, Q1 2006

Bonuses are up in most sectors

Employers in all markets are trying to retain staff by making attractive bonus payments. China has the highest number of companies and Japan the lowest number expecting to pay a bonus.

The tight employment market in China is driving bonuses up. Forty one percent are planning to pay bonuses of more than 10%.

2005 year-end bonus



Source: The Hudson Report – Asia, Q1 2006

Thirty nine percent of Hong Kong employers plan to pay bonuses of more than 10%, a steep rise from just 24% in Q1 2005.

In Japan 55% of respondents anticipate paying bonuses of more than five percent, while 29% say that payments will be above 10%.

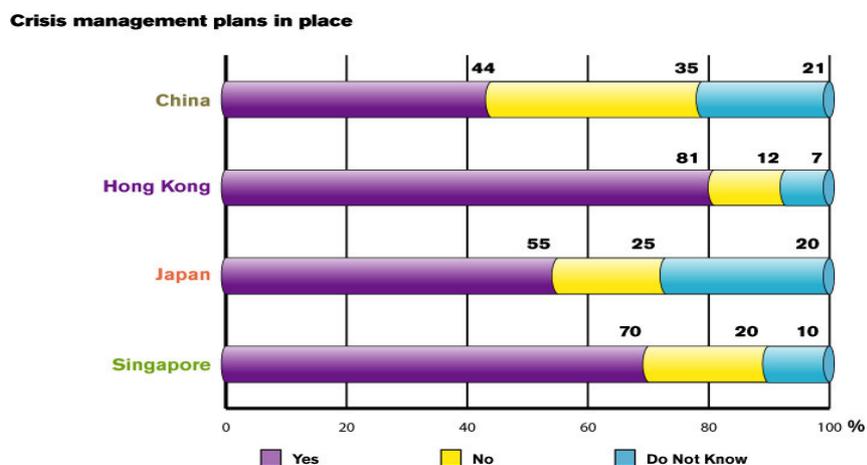
Crisis Management Planning

Across the markets surveyed, an average of 63% of respondents say that their company has a crisis management plan. However, there are some marked differences between the four markets with 81% of Hong Kong companies and only 44% of companies in China having such plans in place.

In China, only 44% of respondents say that their company has a plan in place. Over one third – 35% – say they do not have a plan, while a further 21% are not aware of one.

Hong Kong companies appear to be the best prepared for disaster. Across all sectors, 81% of respondents say they have a crisis management plan in place.

There is a relatively low level of disaster planning in Japan, where only 55% of companies say they have measures in place.



Source: The Hudson Report – Asia, Q1 2006

Crisis management plans in place

The top priorities in terms of crisis planning are external IT systems backup and internal communication plans. These measures have been implemented by 73% and 71% of respondents respectively.

Measures to deal with major disasters

Industry	IT Systems Backed Up Externally	HR Records Backed Up Externally	Plans for Alternative Offices	PR Crisis Communications Plan	Internal Communications Plan	Others
China	50%	43%	40%	35%	60%	8%
Hong Kong	81%	73%	82%	60%	79%	15%
Japan	73%	52%	46%	29%	75%	7%
Singapore	87%	78%	66%	59%	70%	10%

Source: The Hudson Report – Asia, Q1 2006

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