

For immediate release

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Expectations to hire have fallen slightly in all markets except for Japan

Companies adapting work-life policies has fallen across most countries

HONG KONG – 19 JULY 2007 – Expectations for permanent employment for the third quarter (Q3) of 2007 remain high but have been falling slightly except in Japan, where they have increased slightly. China has seen a fall in expectations to hire from 61% in Q2 to 60% but still remains high. In Hong Kong, expectations to hire have fallen from 56% in Q2 to 49% now. In Japan, expectations have continued to rise with 60% expecting to hire, an increase from 59% in the previous quarter. In Singapore, expectations have declined slightly from 56% in Q2 to 54%.

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 **Q3 2007 Hudson Report** are:

- Hiring expectations have fallen slightly in China, with 60% of respondents forecasting increased recruitment in Q3; This is tied with Japan with the highest figure out of the markets surveyed;
- Hong Kong sees a fall in expectations, with 49% of respondents saying they will hire more staff this quarter compared with 56% in Q2;
- Japan is the only market to report a rise with 60% of respondents expect to hire more staff, up from 59% the previous quarter;
- Singapore reports a slight fall in hiring expectations, with 54% planning to increase headcount a fall from 56% in Q2;
- Companies are using higher salaries, training programmes and performance bonuses as the key measures to attract the talent they need;
- The proportion of companies offering a work-life balance policy has fallen in China, Japan and Singapore; only Hong Kong reports a rise.

Expectations still high after a period of strong growth

China has the highest level of expectations, along with Japan. Across all sectors, 60% of the respondents in China plan to increase headcount, a slight dip from 61% in Q2 but a higher figure than the previous two quarters.

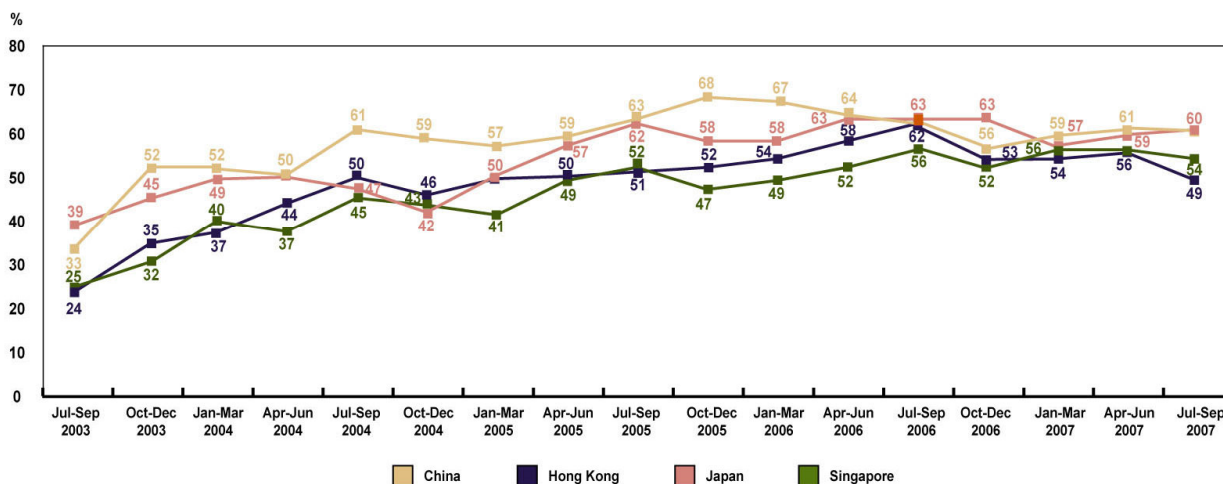
In Hong Kong, hiring expectations have fallen, with 49% of the respondents anticipating increased recruitment this quarter. This compares to 56% in Q2. Expectations to hire have been strong for the last year and many companies are consolidating and focusing on retaining their existing staff.

Japan is the only market surveyed to report a rise in expectations this quarter. Overall, 60% of the respondents predict an increase in recruitment, a slight rise from 59% in Q2.

Expectations are steady in Singapore, where 54% of the respondents plan to increase headcount in Q3, compared with 56% in Q2.

Gina McLellan, Country Manager, Hong Kong, 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, Q3 2007

Skills shortage continuing to be a major challenge

A serious shortage of candidates with the required skills is seen as the biggest challenge for employers. In each of the markets 38% or 39% of the respondents report this is their biggest challenge. Pay increases are seen as the second most significant challenge, mentioned by 22% of the

respondents.

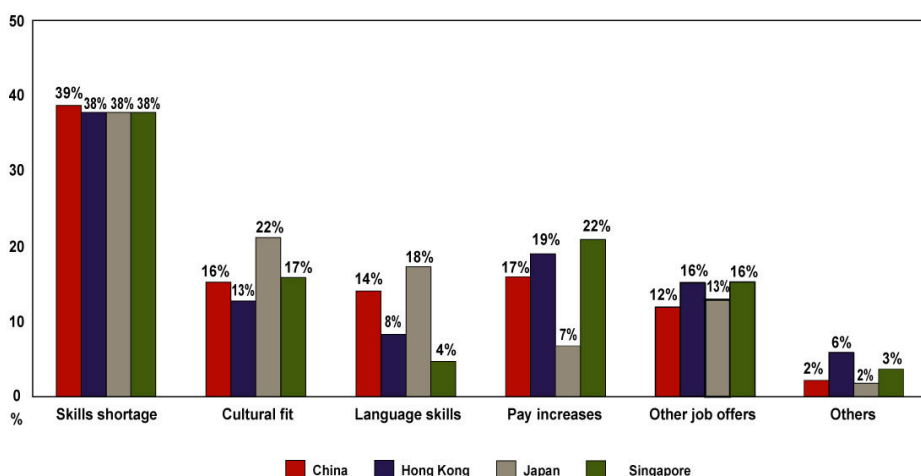
China has the highest number of respondents by a small margin who say that the skills shortage is the greatest challenge at 39%. Pay increases are mentioned at 17%.

In Hong Kong, the skills shortage is particularly severe in the IT&T and Manufacturing sectors, with 45% and 44% of respondents respectively mentioning them.

In Japan, the skills shortage is strongly felt in the Manufacturing and Legal sectors: 50% and 40% respectively mention this challenge.

Singapore, which is facing salary inflation pressures and rising rental costs, has the highest proportion of respondents saying that pay increases are the main recruitment challenge – 22%.

Challenges in recruiting top talent



Source: The Hudson Report – Asia, Q3 2007

Employers are using more training as well as increasing salaries to attract staff

In China, higher salaries and training programmes are the most popular measures used by employers, cited by 28% and 26% of the respondents respectively.

Across all sectors, 29% of the respondents in Hong Kong say they are using higher salaries to attract top talent. This is the highest figure of the four markets surveyed.

Japan has the lowest proportion of respondents who say that their company is using higher salaries to attract top talent - 16%, almost half the figure in the other markets surveyed.

Higher salaries and training programmes are the key measures in Singapore, where 27% and 21%

respectively put them first.

Measures to attract top talent

Industry	Higher Salaries	Signing On Bonus	Performance bonuses	Training programmes	Benefits e.g. holidays	Work/life benefits	Others
China	28%	8%	19%	26%	9%	6%	4%
Hong Kong	29%	6%	18%	19%	8%	8%	12%
Japan	16%	8%	24%	26%	9%	12%	5%
Singapore	27%	7%	20%	21%	7%	10%	8%

Source: The Hudson Report – Asia, Q3 2007

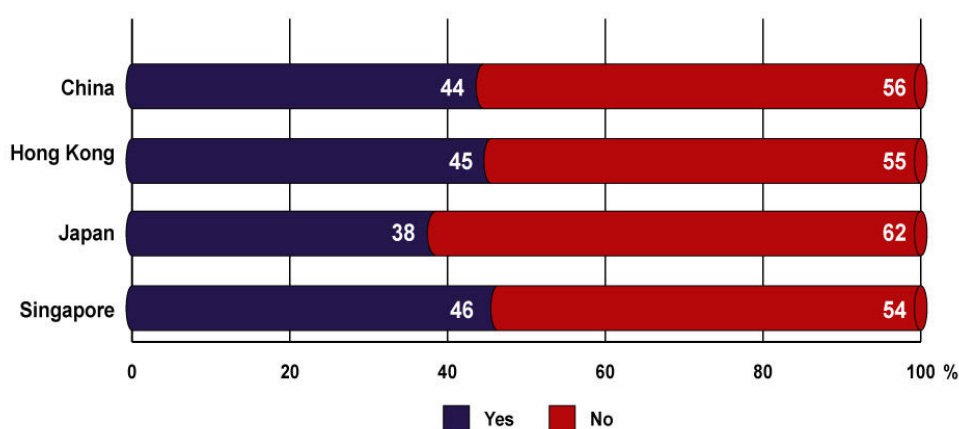
Work-life balance policies have declined over two years

In three of the four markets surveyed, the number of respondents reporting that their company has a work-life balance policy has fallen since this question was last asked in Q2 2005. Only Hong Kong has seen a rise in adopting such policies with 45% of the respondents having this policy, up from 40% in Q2 2005

Across all sectors in China, 44% of the respondents say that their company has a work-life balance policy, down from 47% in Q2 2005. Companies in Singapore are the most likely to offer a work-life balance policy: 46% of the respondents say that their company does so, compared with 48% in Q2 2005.

The lowest proportion of companies with a work-life balance policy is reported in Japan. Across all sectors, 38% of the respondent say that their company has a policy, a significant fall from 52% in Q2 2005.

Companies with work-life balance policies



Source: The Hudson Report – Asia, Q3 2007

Flexible hours the most widely used benefit

In every market surveyed, where companies have work-life balance policies, flexible working hours are the most widely offered benefit with the highest figure in Singapore at 70% and the lowest in Hong Kong at 56%. This may mean that employees are working the same or longer hours but employers are becoming more flexible about their working hours. Educational allowances are the second most popular with 48% of the respondents in Hong Kong citing this. Sabbatical leave and being able to work part time are not popular measures with employers in the four locations surveyed.

Benefits offered

Industry	Flexible hours	Extra maternity leave	Work part-time	Sabbatical leave	Gym membership	Educational allowances	Others
China	62%	15%	16%	24%	22%	41%	10%
Hong Kong	56%	16%	17%	15%	22%	48%	28%
Japan	67%	31%	11%	23%	18%	44%	4%
Singapore	70%	15%	23%	25%	18%	23%	15%

Source: The Hudson Report – Asia, Q3 2007

Work-life balance seen to boost retention rates

In all the markets surveyed, higher staff retention rather than attraction of new employees is seen as the single most important result in having work-life balance policies. Improving staff morale is also perceived as a key effect.

Hudson

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