

## For Immediate Release

### **Hiring trends in Asia at their highest point in four years with corporate optimism growing to record levels**

*Hudson Global Resources releases comprehensive Hudson Report for Quarter Three 2004*

**HONG KONG, 29 June 2004** – After nine months of economic recovery, many companies are beginning to drop the use of the term “rebound” in preferring to call the current economic development a “growth trend” as many firms are now really in a position to put the events of last year behind them. Companies in Hong Kong, China, Singapore and Japan are growing their levels optimism while shedding the cautiousness that had lingered for the past nine months. This ever-growing level of optimism is evidenced in hiring trends being at their highest in four years and company performance expectations for the region being at a record for the third quarter of 2004.

Hudson Global Resources, one of the world’s leading professional staffing, outsourcing and human capital solution providers (formerly known as TMP Worldwide eResourcing) 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 December 1998, the survey has been built on the premise that employers’ expectations of an increase or decrease in net staffing levels represent a significant indication of their optimism in the growth of their organisation and their industry as a whole. It represents the expectations of nearly 2,000 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.

#### **Asian hiring trends for Q2 2004**

Hong Kong companies expect to hire more people in the next three months compared to any other quarter in the past four years with 49.7% of firms looking to add new staff. This is a significant increase from 43.7% recorded last quarter and a dramatic rebound from just 23.6% recorded 12 months ago during the SARS outbreak. Another sign of confidence is that 77.7% of surveyed firms expect either “excellent” or “good” performance in the second half of 2004, which is up from 66.8% recorded last quarter. The Accounting, Financial Services and Consulting sector has a higher contingent of firms hiring than other sectors, with 55.9% of companies pledging to hire more staff this quarter, which is up sharply from last quarter’s results of 46.7%.

Despite recent fears of an economic slowdown in China, companies there are leading Asia’s employment trends with 60.6% of firms looking to increase permanent headcount, which amounts to three quarters in a row with over 50% of businesses actively expanding their teams. Substantial investments in China-based IT and Telecommunications industries has led to this sector becoming the most aggressive recruiter this quarter where 66.7% of companies plan on increasing staff numbers, which is a huge increase from 39.2% from last quarter.

Japan’s employment market remains very active with 47.2% of all companies planning on boosting their hiring activities over the third quarter, which is slightly lower than the 49.8% that said the same last time. Similar to industry trends in China, Japan’s IT and Telecommunications sector has shown a remarkable rebound with 52.9% of all companies in this category planning to increasing staff levels compared to 34.8% from last quarter’s survey. Another surprise is the sector that intends to do the most hiring during the third quarter in Japan being Health, where 63.3% of the surveyed companies plan to hire.

While Singapore is the least optimistic about hiring staff in Asia for second consecutive quarter, companies there are still expecting extensive hiring with 45% of firms planning to add staff. This latest hiring intention marks a substantial jump from an impressive last quarter, where 37.2% of Singapore-based employers expected to increase staff levels. Another positive sign is that only 1.9% of companies are planning to downsize, compared to 3.2% from last quarter. Some of the hottest industry sectors in Singapore are similar to those in Japan and China including 48% of IT and Telecommunications companies planning to hire in the next three months.



“Companies in the region have made a remarkable comeback after what was a difficult period for many last year, what we are now witnessing is a strong growth trend across all of the industry sectors and we expect this to continue through the rest of the year,” said Gary Lazzarotto, CEO Asia, Hudson Global Resources. “Our survey indicates that corporate optimism has been growing quarter-on-quarter over the past nine months and is now at its highest level in the past three years, which tells us that companies are eager to invest in their infrastructures as they expect the current climate of growth to remain very high well into 2005.”

## How companies expect to perform in the second half of 2004

Organisations in China remain very confident with 80.2% of all companies anticipating ‘Excellent’ or ‘Good’ company performances in the next three months, which is down a meagre 0.5% from last quarter’s result of 80.7%. Hong Kong firms are very optimistic about the second half of 2004 with a combined 77.7% of all companies anticipating ‘Good’ (70.4%) or ‘Excellent’ (7.3%) performances, which is up from 67.2% reporting the same last quarter. Singapore-based companies are also more optimistic compared to last quarter with 80% anticipating either ‘Good’ (69.5%), or ‘Excellent’ (11 %) performances in the next three months, which is up from 72.7% as reported in last quarter’s survey. In Japan, 65.5% of companies believe they are going to have ‘Excellent’ (7.4%) or ‘Good’ (58.1%) performance over the next three months, which is a slight increase from the second quarter figure of 62.1%. Across Asia, total number of firms expecting “Excellent” or “Good” performances increased substantially over the past three quarters.

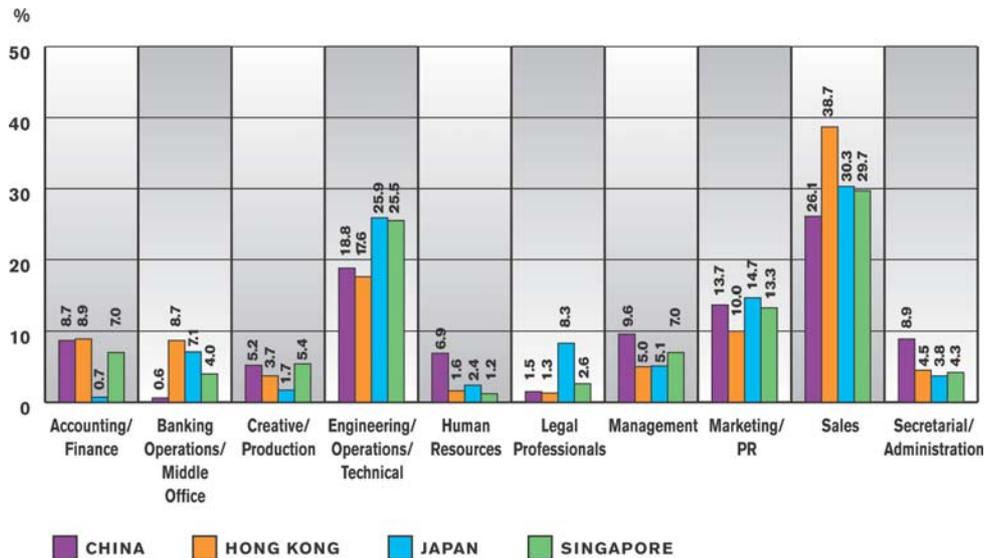


## The hot jobs in Asia

Sales roles continue to be the most in demand jobs in every market with the percentages of available jobs being in Sales ranging from 38.7% in Hong Kong down to a still very strong 26.1% in China. Buoyed by the revived hiring trends in the IT and Telecommunications sector, companies are actively looking for Engineering, Operations and Technical staff in China (18.8%), Singapore (26%), Japan (25.9%) and Hong Kong (17.6%). The Marketing and Public Relations field sees a slight drop in their share of job opportunities

compared to last quarter, but still remains quite strong in Japan (14.7%), China (13.7%), Singapore (13.1%) and Hong Kong (10%).

**The Hot Jobs in Asia for Q3 2004**



## **Most companies not planning for salary increases**

Despite an increasingly fluid job market, companies are hesitant to even offer modest salary increases in the next 12 months, with many firms hanging on to the sense of cautiousness that has been lingering at most organisations in Asia over the past few years. For employees thinking that they will see increases in pay by moving to another firm, they will likely be surprised to see wages remaining steady for some time to come.

In Hong Kong, 51.3% of surveyed firms plan to raise salaries by less than 5% and another 37.6% of firms plan to keep salaries at current levels. Only 10.2% of companies plan to increase salaries by 5% to 15% and a meagre 0.4% of firms plan to raise salaries by more than 15%. Companies in China indicate that salaries are rising, and this trend is expected to continue in the coming 12 months. Nearly all the companies surveyed in china believe they will increase salaries, and only 0.3% will reduce them. However, most companies expect their salaries to rise by less than 5%.

Two-thirds (63.9%) of Japanese companies anticipate salaries will remain the same during the next 12 months. 28.8% forecast rises of less than 5%; and only 3.6% think they will rise by 5-15%. Only 1.8% of firms expect they will increase pay by more than 15%, while another 2% expect to reduce their company's salaries. Surveyed companies in Singapore are becoming increasingly discerning about awarding pay rises. The majority of them (51%) think salaries will increase by less than 5% in the coming year, while 20% believe they will rise by 5%-15%; and just 1% anticipate increments in excess of 15%. None of the surveyed companies in Singapore expect to reduce their salaries.

“Companies are eager to add new staff to support the growth they are experiencing, but most do not feel it is necessary to pay a premium for new hires or to offer current employees anything more than modest salary increases as a result of getting out of the slump of last year,” said Lazzarotto. “What many organisations are doing is embracing performance based bonus structures to reward their talent that have contributed to the recent successes of the past nine months; it is our view that performance based bonuses will grow to replace the standard salary bonus structures for managerial and other professional roles that directly contribute to company profits.”



### **About Hudson Global Resources**

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