

1. Which of the following statements about multinational corporations is/are correct?
- (1) Multinational corporations are public limited companies.
  - (2) Multinational corporations operate in different countries.
  - (3) A local company becomes a multinational corporation by raising capital in other countries.
- A. (1) only  
B. (2) only  
C. (1) and (2) only  
D. (2) and (3) only
2. Which of the following are the importance of small and medium enterprises to the local economy?
- (1) They provide materials and services to large businesses.
  - (2) They provide unique products to satisfy the needs of the Hong Kong market.
  - (3) They provide the major source of tax income for Hong Kong.
- A. (1) and (2) only  
B. (1) and (3) only  
C. (2) and (3) only  
D. (1), (2) and (3)
3. The ownership of Small and Medium Enterprises (SMEs) **can take different forms**. SMEs
- (1) cover market segments which are not served by large companies.
  - (2) provide more employment opportunities to local workers than large companies.
  - (3) enjoy a lower tax rate than large companies.
- A. (1) and (2) only  
B. (1) and (3) only  
C. (2) and (3) only  
D. (1), (2) and (3)
4. Which of the following statements about entrepreneurs are correct?
- (1) They are willing to take on challenges.
  - (2) They promote economic growth by creating job opportunities.
  - (3) They promote market competition by introducing new products and services.
- A. (1) and (2) only  
B. (1) and (3) only  
C. (2) and (3) only  
D. (1), (2) and (3)
5. Which of the following are the characteristics of a successful entrepreneur?
- (1) willing to accept challenges
  - (2) follow routine practices closely
  - (3) strong desire to achieve
- A. (1) and (2) only  
B. (1) and (3) only  
C. (2) and (3) only  
D. (1), (2) and (3)

6. Which of the following statements about small and medium enterprises (SMEs) in Hong Kong is/are correct?
- (1) The majority of businesses in Hong Kong are SMEs.
  - (2) SMEs are the major source of tax income for the government.
  - (3) SMEs can enjoy tax concessions in Hong Kong.
- A. (1) only  
B. (2) only  
C. (1) and (3) only  
D. (2) and (3) only
7. Which of the following statements is incorrect?
- A. Hong Kong has far more MNCs than SMEs.  
B. While MNCs tend to have a tall structure, SMEs tend to have a flat structure.  
C. MNCs have operations outside Hong Kong.  
D. A supermarket which employs 40 employees is an SME.
8. Which of the following statements is correct?
- A. Most SMEs are partnerships or limited companies in Hong Kong.  
B. SMEs can be found in both secondary and tertiary industries in Hong Kong.  
C. SMEs provide fewer employment opportunities to local workers than large companies.  
D. Most SMEs employ large companies as a subcontractor to support their business operation.
9. Which of the following statements about multinational corporations (MNCs) is correct?
- A. Most are private limited companies.  
B. MNCs have simple organisational structures.  
C. MNCs are mostly technology-based companies.  
D. MNCs mostly focus on narrow markets.
10. Which of the following statements regarding small and medium enterprises (SMEs) in Hong Kong is correct?
- A. SMEs enjoy a lower tax rate than large companies.  
B. SMEs cannot be listed on the stock market.  
C. Most SMEs are financed solely by their owners.  
D. SMEs are involved in tertiary production only.
11. SMEs are more flexible than MNCs because
- (i) SMEs are relatively small and have a simple organisational structure.
  - (ii) SMEs employ professional managers to run their businesses.
  - (iii) SMEs are mostly labour-intensive operations and use relatively simple technology.
  - (iv) the owners of SMEs can make decisions quickly.
- A. (i) and (ii)  
B. (i) and (iv)  
C. (ii) and (iii)  
D. All of the above
12. Which of the following is not a contribution of entrepreneurship to Hong Kong's economy?
- A. Entrepreneurs help raise capital for the government.  
B. Entrepreneurs organise the production of goods and services.  
C. Entrepreneurs introduce innovative products to the market.  
D. Entrepreneurship promotes market competition.

13. An SME in the manufacturing sector employs
- A. fewer than 1000 persons
  - B. fewer than 500 persons
  - C. fewer than 200 persons
  - D. fewer than 100 persons
14. Which of the following are the advantages of setting up a SME?
- (i) It can respond to market needs promptly.
  - (ii) It has higher flexibility in decision-making.
  - (iii) It is easier to raise capital for product research and development.
  - (iv) It allows better communication among employees.
- A. (i) and (ii) only
  - B. (iii) and (iv) only
  - C. (i), (ii) and (iv) only
  - D. (i), (ii), (iii) and (iv)
15. Many SMEs choose to serve a small market segment because
- (1) they have limit capital.
  - (2) they can better serve customers' needs.
  - (3) they can lower costs by mass production.
- A. (1) and (2) only
  - B. (1) and (3) only
  - C. (2) and (3) only
  - D. (1), (2) and (3)
16. It is difficult for SMEs to obtain bank loans because
- (1) they are small companies.
  - (2) they do not have collateral.
  - (3) they have fewer customers.
- A. (1) and (2) only
  - B. (1) and (3) only
  - C. (2) and (3) only
  - D. (1), (2) and (3)
17. Which of the following statements about small and medium enterprises (SMEs) is correct?
- A. SMEs can only make limited contribution to the Hong Kong economy due to their small size.
  - B. SMEs are not willing to take risks to introduce new products due to their limited capital.
  - C. SMEs do not ally themselves with large companies because they see each other as competitors.
  - D. SMEs normally focus on narrow markets which do not arouse the interests of large companies.
18. Which of the following are SMEs' contributions to the Hong Kong economy?
- (i) Providing employment opportunities
  - (ii) Stimulating the development of the service industry
  - (iii) Providing various products and services
  - (iv) Introducing new ideas and products
- A. (i) and (ii) only
  - B. (i) and (iii) only
  - C. (i), (iii) and (iv) only
  - D. (i), (ii), (iii) and (iv)

19. Which of the following statements concerning contributions made by SMEs to the Hong Kong economy is incorrect?
- A. SMEs provide a lot of job opportunities to people in Hong Kong.
  - B. Some SMEs specialise in narrow markets in which large companies are not interested.
  - C. Some SMEs create an entirely new market by introducing new products into the market.
  - D. SMEs are a major source of capital for most large companies as they buy their shares.
- ☐
20. Entrepreneurship benefits the economy by
- (i) bringing more and newer products and services to the market.
  - (ii) creating better ways of using resources.
  - (iii) organizing production for goods and services.
  - (iv) reducing poverty in underdeveloped economies.
- A. (i) and (iv)
  - B. (ii) and (iii)
  - C. (i), (ii) and (iii)
  - D. (i), (iii) and (iv)
- ☐
21. Most entrepreneurs start their businesses as an SME because
- A. they can receive government support.
  - B. they do not want to take risks.
  - C. they have limited sources of funds.
  - D. they like to serve small markets.
- ☐