

## Paper 1 Quiz 6

Name: \_\_\_\_\_ Class: \_\_\_\_\_

1. Which of the following descriptions about the Hong Kong economy is/are correct?
- (1) a sales tax is imposed on the retailing of goods
  - (2) most of the working population are in the tertiary sector
  - (3) the main destination of exported goods is the Mainland
- A. (1) only  
B. (2) only  
C. (1) and (3) only  
D. (2) and (3) only
2. Which of the following statements about the trade relationship between Hong Kong and the Mainland are correct?
- (1) Hong Kong is the largest trading partner of the Mainland.
  - (2) In terms of the value of goods, the Mainland is the largest re-export destination of Hong Kong.
  - (3) Many goods originating in Hong Kong exported to the Mainland are tariff-free.
- A. (1) and (2) only  
B. (1) and (3) only  
C. (2) and (3) only  
D. (1), (2) and (3)
3. Which of the following are the benefits brought about by globalization to Hong Kong businesses?
- (1) more sources of capital
  - (2) introduction of new technology
  - (3) lower production cost
- 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 the World Trade Organization are correct?
- (1) It settles trade disputes among members.
  - (2) It provides forums for trade negotiations among members.
  - (3) It provides financial assistance to developing countries for trade development.
- 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 is not a function of World Trade Organisation?
- A. provide a forum for negotiation aimed at reducing obstacles to international trade  
B. settle disputes among its members regarding the interpretation of trade agreements  
C. monitor and review the trade policies of its members  
D. provide loans and subsidies to developing countries for trade development
6. Which of the following non-financial factors would also be relevant to the acquisition decision?
- (1) Political stability
  - (2) Market size and potential
  - (3) Cultural difference of target customers
  - (4) Communication and transportation infrastructure
- A. (1) and (4) only  
B. (2) and (3) only  
C. (2), (3) and (4) only  
D. (1), (2), (3) and (4)

7. Which of the following statements about a nominal partner is/are correct?
- (1) He is liable for the debts of the partnership.
  - (2) He takes part in the operation of the partnership.
  - (3) His reputation helps promote the partnership's businesses.
- A. (1) only  
B. (2) only  
C. (3) only  
D. (2) and (3) only
8. Compared to a sole proprietorship, which of the following is/are the advantage(s) of a limited company?
- (1) the business will not be closed upon withdrawal or death of the owner(s)
  - (2) the setup cost is lower
  - (3) the profits tax rate is lower
- A. (1) only  
B. (1) and (2) only  
C. (1) and (3) only  
D. (2) and (3) only
9. Which of the following descriptions of joint ventures in Hong Kong is correct?
- A. Partners of a joint venture usually share the profits of the joint venture equally.  
B. A joint venture must be formed by one local company and one foreign company.  
C. A joint venture is an entity independent from all its partners.  
D. A joint venture enjoys a lower profits tax rate than a general partnership.
10. Which of the following is/are the characteristic(s) of a public corporation?
- (1) Its losses are borne by taxpayers.
  - (2) It is operated on a commercial basis.
  - (3) The government is involved in its daily operations.
- A. (1) only  
B. (2) only  
C. (1) and (3) only  
D. (2) and (3)
11. Which of the following statements is correct?
- A. All partners in a limit partnership enjoy limited liability.  
B. All shareholders of a limited company have voting rights in the board of directors' meeting.  
C. A limited company needs to disclose its financial statements to the public.  
D. A public corporation is owned by the government.
12. Which of the following is not a characteristic of the Hong Kong economy?
- A. There are no foreign exchange controls in Hong Kong.  
B. Hong Kong does not impose any trade barriers on imported goods.  
C. Hong Kong relies heavily on tertiary production.  
D. Hong Kong lacks secondary production.
13. Which of the following statements about Hong Kong's secondary sector is correct?
- A. There is a lack of secondary sector in Hong Kong.  
B. It involves the economic activities of providing services to customers.  
C. The secondary sector has become increasingly important in Hong Kong in recent years.  
D. The secondary sector is smaller than the tertiary sector in terms of GDP output.

14. Which of the following is not a characteristic of the Hong Kong economy?
- A. Hong Kong lacks primary production.
  - B. Hong Kong relies heavily on internal trade.**
  - C. Hong Kong is regarded as a free market economy.
  - D. Hong Kong has a simple taxation system.
15. Which of the following are the 'Four Pillar Industries' of Hong Kong?
- (i) Tourism
  - (ii) Manufacturing
  - (iii) Producer and professional services
  - (iv) Financial services
  - (v) Construction
  - (vi) Trading and logistics
- A. (ii), (iii) and (v)
  - B. (i), (iii), (iv) and (vi)**
  - C. (ii), (iv), (v) and (vi)
  - D. All of the above
16. Which of the following statements concerning the economic relationship between Hong Kong and the Mainland is incorrect?
- A. Hong Kong imports many consumer goods from the Mainland.
  - B. Hong Kong imports goods from other countries and re-exports them to the Mainland.
  - C. The Mainland has a large amount of direct investment from Hong Kong's businesses.
  - D. The Mainland serves as a major funding centre for Hong Kong's businesses.**
17. The aim of the WTO is to
- (1) serve as a forum for multilateral trade negotiations.
  - (2) promote economic development in developing countries.
  - (3) settle disputes between its members.
- A. (1) and (2) only
  - B. (1) and (3) only**
  - C. (2) and (3) only
  - D. (1), (2) and (3)
18. Which of the following are economic factors affecting businesses in Hong Kong?
- (1) Population structure
  - (2) Unemployment rate
  - (3) Wage level
- A. (1) and (2) only
  - B. (1) and (3) only
  - C. (2) and (3) only**
  - D. (1), (2) and (3)
19. The government has decided to include a cinema requirement in the land lease of the commercial sites. This is a favourable \_\_\_\_\_ factor for cinema operators.
- A. economic
  - B. legal**
  - C. technological
  - D. social and cultural

20. Which of the following is a favourable economic factor that Hong Kong possesses?
- A. Well-developed infrastructure
  - B. Low tax rates
  - C. A free flow of information
  - D. Good telecommunications network
21. Which of the following are advantages of a sole proprietorship?
- (i) Low set-up costs
  - (ii) Flexible operations
  - (iii) Simple set-up procedures
  - (iv) Limited liability
- A. (i) and (iii)
  - B. (ii) and (iv)
  - C. (i), (ii) and (iii)
  - D. (i), (iii) and (iv)
22. Which of the following statements about a partnership is correct?
- A. Liabilities of all partners are limited.
  - B. Financial information about a partnership has to be disclosed to the public.
  - C. New partners can be recruited for the purpose of raising capital and contributing their expertise.
  - D. A partner can transfer his ownership to other people if he wants to leave the partnership.
23. Which of the following statements about a public limited company are correct?
- (1) Its stock price may be affected by speculation.
  - (2) It needs to disclose its financial information to the public.
  - (3) There is an upper limit on the number of stockholders a public limited company in Hong Kong can have.
- A. (1) and (2) only
  - B. (1) and (3) only
  - C. (2) and (3) only
  - D. (1), (2) and (3)
24. Which of the following is an advantage of a public limited company over a private limited company?
- A. There is no need to disclose a lot of information.
  - B. It is easier to obtain loans from banks.
  - C. Lower costs in preparing financial statements are incurred.
  - D. The legal procedure for forming a public limited company is less complex.
25. A private limited company
- A. has no upper limit on the number of shareholders.
  - B. does not have a separation of ownership and management.
  - C. can obtain capital without losing control of the business.
  - D. can sell its shares to the public.

26. Which of the following is not a characteristic of a franchise?

- (1) Franchisees can operate their business independently.
- (2) Franchisees are employed by the franchisor to run their business.
- (3) Franchisees can enjoy the benefits of a large shop.
- (4) Franchisees can set up their businesses with ease with the support of the franchisor.

A. (1) and (2) only

B. (1) and (4) only

C. (2) and (3) only

D. (3) and (4) only

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27. Which of the following are the characteristics of a public corporation?

- (1) Its losses are borne by taxpayers.
- (2) It has a separate legal existence.
- (3) The government does not participate in the daily running of the business.

A. (1) and (2) only

B. (1) and (3) only

C. (2) and (3) only

D. (1), (2) and (3)

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28. Which of the following statements about a public limited company and a private limited company is/are correct?

- (1) Compared with a private limited company, it is easier for a public limited company to obtain loans from banks.
- (2) A public limited company needs to disclose more financial information than a private limited company.
- (3) A public limited company is a separate legal entity, but a private limited company is not.

A. (1) only

B. (1) and (2) only

C. (1) and (3) only

D. (2) and (3) only

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