

Paper 1 Quiz 6

Name: _____ Class: _____

1. Which of the following statements about the Hong Kong economy is not correct?
- A. The Hong Kong Government does not control the inflows and outflows of capital.
 - B. Hong Kong is a founding member of the World Trade Organization.
 - C. **Most businesses in Hong Kong are multinational corporations.**
 - D. Under the Closer Economic Partnership Arrangement (CEPA), service suppliers in Hong Kong enjoy preferential treatment when setting up business in most service sectors on the Mainland.
- ☐
2. Which of the following is a benefit brought about the “Closer Economic Partnership Arrangement” (CEPA) for the businesses in Hong Kong?
- A. Companies owned by Hong Kong residents are not taxed on the Mainland.
 - B. There is free flow of capital between Hong Kong and the Mainland.
 - C. **Tariffs are not levied on goods originating in Hong Kong exported to the Mainland.**
 - D. Hong Kong is allowed to enter the World Trade Organisation as an independent economy.
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3. Which of the following are the impacts of globalisation on business?
- (1) reduce information cost
 - (2) reduce competition among business
 - (3) facilitate transfer of technology between different countries
- 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 Asia-Pacific Economic Cooperation is/are correct?
- (1) It settles trade disputes in the Asia-Pacific region.
 - (2) It promotes sustainable economic growth in the Asia-Pacific region.
 - (3) It encourages cooperation on trade and investment in the Asia-Pacific region through high-level government-to-government dialogues.
- A. (1) only
 - B. (1) and (2) only
 - C. **(2) and (3) only**
 - D. (1), (2) and (3)
- ☐
5. Which of the following is/are physical factor(s) that might affect businesses in Hong Kong?
- (1) climatic condition
 - (2) air quality
 - (3) population structure
- A. (1) only
 - B. **(1) and (2) only**
 - C. (2) and (3) only
 - D. (1), (2) and (3)
- ☐

6. The following are the differences in characteristics of two partners in a partnership:

	<u>Partner A</u>	<u>Partner B</u>
bearing of liabilities	not required	required
Introduction of capital	not required	required
Involvement in daily operations	not required	not required

Partner A is a ____ (1) ____ partner, which Partner B is a ____ (2) ____ partner.

- | | <u>(1)</u> | <u>(2)</u> |
|----|------------|------------|
| A. | nominal | limited |
| B. | nominal | general |
| C. | general | limited |
| D. | limited | nominal |

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7. A limited partner _____.

- A. is a nominal partner
- B. is not liable for the debts of a partnership
- C. does not need to invest money into a partnership
- D. does not take part in the management of a partnership

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8. Which of the following statements about limited companies in Hong Kong is/are correct?

- (1) A limited company is a separate legal entity.
 - (2) Limited companies enjoy a lower profits tax rate than sole proprietorships.
 - (3) Limited companies are required to publish their financial statements in a newspaper.
- A. (1) only
 - B. (2) only
 - C. (1) and (3) only
 - D. (1), (2) and (3)

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9. From the point of view of a franchisor, which of the following is/are the shortcoming(s) of running a business in the form of franchising?

- (1) Franchisee may set up his own business to become a competitor.
 - (2) It is difficult to wholly control the operation style of franchisee(s).
 - (3) If a franchisee manages his business poorly, the reputation of the whole franchise business will be affected.
- A. (1) only
 - B. (1) and (2) only
 - C. (2) and (3) only
 - D. (1), (2) and (3)

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10. Ken and Tracy plan to establish and operate a restaurant together, in which the withdrawal of either side would not lead to its closure. Which form of business ownership should they adopt?

- A. partnership
- B. public corporation
- C. private limited company
- D. listed company

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11. Which of the following descriptions of business ownership is correct?

- A. A limited company distributes dividends to ordinary shareholders before preference shareholders.
- B. A franchise is formed by two or more business entities to develop, produce or sell products.
- C. A sole proprietorship does not have a separate legal entity status.
- D. Public enterprises are wholly owned by large multinational corporations to provide essential goods and services to the public.

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12. Which of the following shows the importance of business to Hong Kong's economy?

- (1) Producing income for Hong Kong people
- (2) Promoting technology transfer from other countries
- (3) Earning foreign exchange to pay for imports

A. (1) and (2) only

B. (1) and (3) only

C. (2) and (3) only

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

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13. Which of the following is not a reason that explains why many foreign firms have set up their headquarters and offices in Hong Kong?

A. Hong Kong is close to the Mainland.

B. There are no foreign exchange controls in Hong Kong.

C. Foreign firms are given preferential treatment in Hong Kong.

D. Foreign firms view Hong Kong as a stepping-stone to the Mainland market.

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14. The primary sector of Hong Kong

A. is relatively insignificant.

B. is the second-largest sector in terms of GDP.

C. was the largest sector in the 1980s.

D. grew significantly after the announcement of the open-door policy in China in 1978.

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15. What factor has accounted for structural changes in Hong Kong's economy in the early 1980s?

A. The rapid expansion of Hong Kong's manufacturing industry.

B. Hong Kong began to industrialise and exported a lot of products to other countries.

C. Factory owners in Hong Kong started to relocate their production bases to the Mainland.

D. The inflow of labour, capital and entrepreneurs from the Mainland.

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16. Multinational corporations can gain from globalisation because

(i) production costs are lowered.

(ii) they can explore new markets in other countries.

(iii) market and operational risks may be reduced.

(iv) selling their products around the world can increase sales revenues.

A. (i) and (ii)

B. (ii) and (iv)

C. (iii) and (iv)

D. All of the above

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17. Which of the following statements about Asia-Pacific Economic Cooperation is correct?

A. It helps resolve trade disputes among member countries.

B. It ensures the free flow of information among member countries.

C. It provides loans to developing countries in the Asia-Pacific region.

D. It supports sustainable economic growth and prosperity in the Asia-Pacific region.

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18. Which of the following are favourable physical factors possessed by Hong Kong?
- (1) Hong Kong is close to the Mainland.
 - (2) Hong Kong has a stable supply of water and electricity.
 - (3) Hong Kong has a well-developed transportation network.
- A. (1) and (2) only
- B. (1) and (3) only
- C. (2) and (3) only
- D. (1), (2) and (3)
19. Which of the following is a favourable physical factor that Hong Kong possesses?
- A. Proximity to the Mainland
- B. Efficient government
- C. Sound legal system
- D. Good communication network
20. The population structure of a country is an example of a/an
- A. economic factor.
- B. technological factor.
- C. physical factor.
- D. social and cultural factor.
21. The advantage(s) of a sole proprietorship over a partnership is/are that
- (i) a sole proprietor is not bound by the decisions of others.
 - (ii) a sole proprietor does not need to disclose the company's financial information to the public.
 - (iii) a sole proprietor can have a lower profits tax rate.
- A. (i) only
- B. (ii) only
- C. (i) and (iii)
- D. All of the above
22. Amy is one of the owners of a company. As do all of the owners of the company, she enjoys limited liability. Moreover, she has good control over the company as ownership in the company is not freely sold on the market. This form of company ownership is a
- A. limited partnership.
- B. general partnership.
- C. private limited company.
- D. public limited company.
23. The advantage of a private limited company over a public limited company is that
- A. a private limited company enjoys a lower profits tax rate.
- B. there is no need to disclose financial information to the public.
- C. shares of a private limited company are bought and sold freely on the stock market.
- D. the separation of ownership and management in a private limited company enables specialists to perform different roles.

24. Which of the following statements about limited companies is/are correct?
- (1) Shareholders have limited liability.
 - (2) Changes in directors will affect the operating of a limited company.
 - (3) It is easier for limited companies to raise capital than a sole proprietorship.
- A. (1) only
B. (2) only
C. (1) and (3) only
D. (1), (2) and (3)
- ☐
25. Which of the following descriptions about joint ventures is correct?
- A. A joint venture must operate in the form of a limited company.
B. A joint venture operates on a large scale and usually employs over 100 employees.
C. A joint venture can enjoy a lower profits tax rate than a multinational company.
D. A joint venture is legally separate from its joint venture partners.
- ☐
26. Which of the following statements about a franchised shop is correct?
- A. The franchisees have full control over the company's product strategies.
B. It must be registered as a limited company.
C. It operates under the authorisation of a franchisor.
D. Operating as a franchised shop is suitable only for retail businesses.
- ☐
27. Which of the following statements about a public corporation in Hong Kong are correct?
- (1) It is owned by the government.
 - (2) It has a separate legal existence from the government.
 - (3) The government takes part in its daily operation.
- A. (1) and (2) only
B. (1) and (3) only
C. (2) and (3) only
D. (1), (2) and (3)
- ☐
28. Which of the following is/are the advantage(s) of a private limited company over a public limited company?
- (1) It is easier to obtain loans from banks because of higher creditworthiness.
 - (2) Lower accounting costs are incurred in preparing financial statements.
 - (3) A private limited company has a separation of ownership and management.
- A. (2) only
B. (3) only
C. (1) and (3) only
D. (2) and (3) only
- ☐