

## Paper 1 Quiz 6

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

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

1. Which of the following are the characteristics of the Hong Kong economy?

- (1) simple taxation
- (2) reliance on external trade
- (3) concentration on secondary industry

A. (1) and (2) only

B. (1) and (3) only

C. (2) and (3) only

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

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2. Which of the following statements are correct?

- (1) Hong Kong is an offshore Renminbi Business Centre of Mainland China.
- (2) The main origin and destination of Hong Kong's re-exports of goods are Mainland China.
- (3) "Closer Economic Partnership Arrangement" (CEPA) aims at raising capital in Hong Kong for Mainland enterprises.

A. (1) and (2) only

B. (1) and (3) only

C. (2) and (3) only

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

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3. Which of the following are the impacts of globalisation on the business sector?

- (1) increased international trade
- (2) reduced production cost of goods
- (3) intensified global competition

A. (1) and (2) only

B. (1) and (3) only

C. (2) and (3) only

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

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4. Which of the following statements regarding the World Trade Organisation (WTO) are correct?

- (1) WTO settles trade disputes among members.
- (2) Decisions made by WTO are binding on all members.
- (3) WTO helps developing countries develop the infrastructure need to expand their trade.

A. (1) and (2) only

B. (1) and (3) only

C. (2) and (3) only

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

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5. Which of the following is/are example(s) of economic factors that might affect the business of a jewellery shop in Hong Kong?

- (1) There is an increase in the income and consumption power of mainland tourists.
- (2) The mainland government allows residents of more cities to come to Hong Kong for individual visits.
- (3) The cross-border transport facilities are improved.

A. (1) only

B. (2) only

C. (1) and (3) only

D. (2) and (3) only

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6. Which of the following is/are difference(s) between a sole proprietorship and a general partnership?

|                             | <u>sole proprietorship</u> | <u>General partnership</u> |
|-----------------------------|----------------------------|----------------------------|
| (1) decision-making process | shorter                    | longer                     |
| (2) profits tax rate        | lower                      | higher                     |
| (3) liability borne         | unlimited                  | limited                    |

- A. (1) only  
B. (1) and (2) only  
C. (2) and (3) only  
D. (1), (2) and (3)

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7. If you set up a business with your friend as a partnership, which of the following benefits would you enjoy?

- (1) You may bear limited liability.  
(2) The company would exist as a separate legal entity.  
(3) Management expertise offered by a board of directors.  
(4) Company information needs not be disclosed to the public.

- A. (1) and (2) only  
B. (1) and (4) only  
C. (2) and (3) only  
D. (3) and (4) only

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8. All the owners of a business enjoy limited liability. Although the business has no regulatory obligation to disclose its financial reports, it still publishes these reports via the internet each year. The business is a

- A. limited partnership.  
B. private limited company.  
C. company listed on the Main Board.  
D. company listed on the Growth Enterprise Market Board.

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9. Which of the following descriptions about a franchised shop is correct?

- A. operates under the authorization of franchisor  
B. has full control over its promotion strategies  
C. must be registered as a limited company  
D. only applicable to retail and catering businesses

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10. Which of the following statements about business ownership are correct?

- (1) Public corporations are wholly owned by the Government.  
(2) The minimum number of shareholders of a limited company is 2.  
(3) A nominal partner is not the owner of the partnership.

- A. (1) and (2) only  
B. (1) and (3) only  
C. (2) and (3) only  
D. (1), (2) and (3)

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

- A. A partnership must be formed by at least two partners.  
B. A private limited company has a separate legal existence.  
C. A sole proprietorship is solely owned by one person.  
D. A joint venture is formed by only two business entities.

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12. Which of the following is not a characteristic of the Hong Kong economy?
- A. Hong Kong has a simple taxation system.
  - B. Hong Kong relies heavily on external trade.
  - C. Hong Kong is regarded as a free market economy.
  - D. Hong Kong lacks primary and secondary production.
13. Which of the following statements about the WTO is correct?
- A. It provides loans to developing countries in the world.
  - B. It helps resolve trade disputes among member countries.
  - C. It issues certificates of origin for products manufactured in member countries.
  - D. It supports sustainable economic growth and prosperity around the world.
14. The Hong Kong government adopts a laissez-faire policy, which promotes
- (i) a free market.
  - (ii) government regulations.
  - (iii) free trade.
  - (iv) consumerism.
- A. (i) and (iii)
  - B. (ii) and (iv)
  - C. (i), (ii) and (iv)
  - D. (i), (iii) and (iv)
15. Which of the following statements about the trade relationship between Hong Kong and the Mainland are correct?
- (1) Hong Kong is the Mainland's largest trading partner.
  - (2) Hong Kong is a major funding centre for Mainland enterprises.
  - (3) The Mainland was an important source of direct investment in Hong Kong.
- A. (1) and (2) only
  - B. (1) and (3) only
  - C. (2) and (3) only
  - D. (1), (2) and (3)
16. Which of the following statements about Asia-Pacific Economic Cooperation (APEC) are correct?
- (1) It is a forum for high-level government-to-government dialogues.
  - (2) It encourages cooperation on trade and investment among countries in the Asia-Pacific region.
  - (3) It has the power to impose trade sanctions against its members.
- 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 is a function of the WTO?
- A. Arbitrating trade disputes between members
  - B. Supporting the sustainable economic growth of members
  - C. Providing financial aid to developing countries
  - D. Issuing certificates of origin for products manufactured by members

18. Roger runs a Japanese snack shop in Hong Kong. He imports the snacks from Japan. Which of the following are economic factors which affect his profits?
- (1) Japanese snacks become more and more popular among Hong Kong people.
  - (2) The exchange rate of the Japanese Yen rises.
  - (3) Hong Kong people are reluctant to spend during an economic downturn.
- 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 /are example(s) of economic factors that might affect the business of a hotel in Hong Kong?
- (1) The Renminbi to HK dollar exchange rate increases.
  - (2) Cross-border transport facilities are improved.
  - (3) The Mainland government allows residents from more cities to come to Hong Kong for individual visits.
- A. (1) only  
B. (2) only  
C. (1) and (2) only  
D. (2) and (3) only
20. The following are economic factors that affect business decisions, except
- A. population structure.  
B. the unemployment rate.  
C. the wage level.  
D. the inflation rate.
21. Which of the following statements about a partnership is/are correct?
- (1) A partnership can have more than 10 partners.
  - (2) All partners in a limited partnership have limited liability.
  - (3) A general partner is not involved in the planning and management of the business.
- A. (1) only  
B. (3) only  
C. (1) and (3) only  
D. (2) and (3) only
22. Simon and Mandy open a clinic together. Each of them invests \$200,000 to form a general partnership. Which of the following regarding their business is correct?
- A. If their business fails, Simon and Mandy may lose not only the business but also all their possessions.  
B. Simon and Mandy have limited liability. If their business fails, they will lose only the amount they have invested in the business.  
C. If Mandy withdraws from the business, Simon can still operate the business on his own.  
D. Simon can easily transfer the ownership of the business to his son, David, who is also a doctor.

23. In a partnership, owners bear \_\_\_\_\_ liability and all partners \_\_\_\_\_ legally bound by the decisions made in the name of the firm.
- A. limited; are not
  - B. limited; are
  - C. unlimited; are
  - D. unlimited; are not
24. Which of the following statements regarding share transfers is correct?
- A. Shares can be easily transferred in a private limited company.
  - B. The board of directors of a public limited company can refuse to register a share transfer.
  - C. Shares of a listed company can be easily bought and sold on the stock exchange.
  - D. All of the above
25. Which of the following descriptions about a joint venture is correct?
- A. A joint venture must operate in the form of a limited company.
  - B. A joint venture can enjoy a tax concession when entering new markets.
  - C. Partners in a joint venture usually share the profits and losses of the joint venture equally.
  - D. The joint venture has a separate legal status from the partners in it.
26. Which of the following is not a characteristic of a franchise?
- A. Franchisees have to operate their businesses according to the franchisor's requirement.
  - B. Franchisees can operate the business independently.
  - C. Franchisees can set up their businesses with ease with the support of the franchisor.
  - D. Franchisees can enjoy the benefits of a large shop.
27. Which of the following statements about a public corporation is/are correct?
- (1) It is also called a government department.
  - (2) It does not operate on a commercial basis.
  - (3) It has a separate legal existence.
- A. (3) only
  - B. (1) and (2) only
  - C. (2) and (3) only
  - D. (1), (2) and (3)
28. Company A is a luxury goods company listed in Hong Kong. Although its global headquarters is in France, it has set up regional headquarters and retail shops all over the world. From the above information, Company A is \_\_\_\_\_.
- (1) a franchise
  - (2) a public limited company
  - (3) a multinational corporation
- A. (1) only
  - B. (2) only
  - C. (1) and (3) only
  - D. (2) and (3) only