



CASE I

EAGLE is a foreign company which specialises in software development. The company wishes to enter the market of Hong Kong.

1. Which of the following possibly attract(s) EAGLE to enter Hong Kong's market?
 - (1) well-established legal system with laws protecting intellectual property rights
 - (2) lack of primary industry
 - (3) saturated software market
 - A. (1) only
 - B. (2) only
 - C. (1) and (3) only
 - D. (2) and (3) only

The company proposes to set up a regional software development centre in Hong Kong. Due to the large investment amount, it decides to set up a joint venture with a famous local software development company, SKY, first to lower the business risk. Before its operation, the company has to consider several factors.

2. Which of the following are to be considered by the company?
 - (1) reliability of the information and communications system
 - (2) supply of skilled labour in the technological field
 - (3) the latest environmental policies limiting the emission of pollutants of computer hardware fabricating and assembling factories
 - A. (1) and (2) only
 - B. (1) and (3) only
 - C. (2) and (3) only
 - D. (1), (2) and (3)

3. The joint venture has been set up and is now operating. Which of the following about this joint venture must be correct?
- (1) In terms of forms of business ownership, the members of a joint venture can be limited companies or partnerships.
 - (2) As EAGLE is a multinational corporation while SKY is a local company, SKY cannot manage the joint venture.
 - (3) The joint venture has a legal entity separate from EAGLE and SKY.
- A. (1) only
B. (2) only
C. (1) and (3) only
D. (2) and (3) only

After finishing a lucrative project, the joint venture was terminated due to various disadvantages of this form of business ownership.

4. Which of the following are the possible problems faced by EAGLE when running the joint venture?
- (1) Part of the confidential financial data of EAGLE is leaked to SKY.
 - (2) Disputes among EAGLE and SKY prevent their collaboration, slowing down the process of decision-making.
 - (3) EAGLE cannot make the decisions for the joint venture by itself.
- A. (1) and (2) only
B. (1) and (3) only
C. (2) and (3) only
D. (1), (2) and (3)

CASE 2

Mercury Bank, a multinational corporation originated from the Mainland, decides to expand its business to Hong Kong market due to the close economic relationship between the two places.

5. Which of the following is correct regarding the economic relationship between Hong Kong and Mainland China?
- A. Hong Kong is the largest trading partner of China.
 - B. Hong Kong provides abundant unskilled labour supply for the rapid industrial development of the Mainland.
 - C. Hong Kong serves as a funding centre for the Mainland.
 - D. Hong Kong has signed CEPA with the Mainland, which promotes one-way trade from the former to the latter.

6. Which of the following contributions does the bank make to the economy of Hong Kong?
- (1) brings in capital for economic development
 - (2) provides banking services to the market
 - (3) provides employment opportunities to people in Hong Kong
- A. (1) and (2) only
 - B. (1) and (3) only
 - C. (2) and (3) only
 - D. (1), (2) and (3)
7. Some claim that MNCs are more competitive than local Hong Kong companies. Which of the following is/are the possible reason(s)?
- (1) MNCs have more capital and therefore they can carry out projects which require huge investments. However, local companies may not.
 - (2) MNCs have a wider source of capital as they can issue shares and debentures to the public but local companies cannot.
 - (3) MNCs employ professional managers to run their businesses, thereby improving business performance. However, local companies cannot.
- A. (1) only
 - B. (2) only
 - C. (1) and (3) only
 - D. (2) and (3) only

CASE 3

Mr. Yu wants to set up a business which specialises in selling lunch boxes to primary schools in Hong Kong.

8. If Mr. Yu wants to hand over his business to his son after he retires and he does not want the financial information of his business to be disclosed to the general public, which form of ownership best meets the demand of Mr. Yu?
- A. sole proprietorship
 - B. partnership
 - C. private limited company
 - D. public limited company

9. If Mr Yu adopts the form of ownership in Q.8, which of the following are **INCORRECT**?
- (1) Mr. Yu is required to repay the firm's debts by using his personal savings when the firm winds up, provided that his investment amount is insufficient to cover the debts.
 - (2) Mr. Yu's business can be sued or sue others in court.
 - (3) Mr. Yu's business can issue shares or debentures to the public.
- A. (1) and (2) only
 - B. (1) and (3) only
 - C. (2) and (3) only
 - D. (1), (2) and (3)
10. Mr. Yu hears that bearing social responsibilities helps a business improve its image. Which of the following measures can Mr. Yu's business take to fulfil its social responsibility?
- (1) provide free lunch boxes to students from poor families
 - (2) ensure food safety
 - (3) avoid the use of junk food
- A. (1) and (2) only
 - B. (1) and (3) only
 - C. (2) and (3) only
 - D. (1), (2) and (3)
11. Apart from boosting its reputation and image, which of the following is/are the benefit(s) if Mr. Yu's business bears its social responsibility?
- (1) attracting more purchases from primary schools
 - (2) reducing production costs
 - (3) earning more profits immediately
- A. (1) only
 - B. (2) only
 - C. (1) and (3) only
 - D. (2) and (3) only

CASE 4

12. Government departments have long been criticised for their low efficiency. Which of the following is **NOT** a reason?
- (1) The leaders of government departments are busy dealing with political affairs, for example, political reforms.
 - (2) Government departments operate on a self-financing basis, so they lack capital and resources to operate, resulting in low efficiency.
 - (3) Government departments face no direct competition.
- A. (1) and (2) only
 - B. (1) and (3) only
 - C. (2) and (3) only
 - D. (1), (2) and (3)
13. Alongside low efficiency, government departments also have several shortcomings, which of the following is/are the example(s)?
- (1) They have no autonomy in decisions.
 - (2) They widen the income gap.
 - (3) They increase the burdens of taxpayers.
- A. (1) only
 - B. (2) only
 - C. (1) and (3) only
 - D. (2) and (3) only
14. Although government departments have various drawbacks, it is necessary to retain these departments. Which of the following is/are the reason(s)?
- (1) provide a stable number of job positions
 - (2) withhold important economic information of the city from others
 - (3) eliminate competitions in various industries
- A. (1) only
 - B. (2) only
 - C. (1) and (3) only
 - D. (2) and (3) only
15. Which of the following are **NOT** the examples of public corporations in Hong Kong?
- (1) Independent Commission Against Corruption
 - (2) Hongkong Post
 - (3) Hong Kong Police Force
- A. (1) and (2) only
 - B. (1) and (3) only
 - C. (2) and (3) only
 - D. (1), (2) and (3)