

HONG KONG INTERNATIONAL FINALS

Finals Exam Prep Guide

Financial Literacy and Entrepreneurship

Finals exam day: 5 December 2026, Hong Kong Science Park

10:00 Registration | 11:00 Offline exam

The finals exam is similar to the qualifying exam, with **some more topics added**. This guide lists the topics you already know from the qualifying round, then adds **five new topics for each track**. Each new topic has a short summary, key words and three practice questions. The answer key with explanations is on the last pages.

How to use this guide

- Read the short summary of each new topic and learn the key words.
- Try the three practice questions without looking at the answers.
- Check your answers in the answer key and read every explanation, also for the questions you got right.
- Review the topics from the qualifying round too: they are still part of the finals.

Choose your track: **Part 1 Financial Literacy** (page 2) or **Part 2 Entrepreneurship**. You can read both.

PART 1

Financial Literacy

Topics from the qualifying round (still included)

- Budgeting, income and needs vs wants
- Saving, interest and compound interest
- Debt, credit and borrowing
- Banks, ATMs and financial institutions
- Discounts, comparison shopping and receipts
- Inflation and opportunity cost
- Short-term and long-term financial goals
- Scams, identity theft and online safety
- Gross vs net income and taxes
- Currency exchange rates
- Emergency funds
- Saving vs investing, and stocks

Five new topics for the finals

NEW TOPIC 1

Risk, return and diversification

Almost every investment involves a trade-off: the chance of earning more usually comes with a higher risk of losing money. Diversification means spreading your money across different investments so that a loss in one does not damage everything. It lowers risk, but it can never remove it completely.

Key words: Risk, Return, Diversification, Portfolio

Practice questions

1. Which statement best describes the relationship between risk and return?

- A. Higher potential return usually means higher risk.
- B. Safe investments always earn the highest returns.
- C. Risk and return have no connection to each other.
- D. Taking more risk guarantees a higher return.

2. What does diversification mean?

- A. Putting all of your money into the best-performing stock.
- B. Keeping all of your savings as cash hidden at home.
- C. Spreading money across different investments.
- D. Borrowing as much money as possible to invest more.

3. Mia has \$1,000. She puts \$600 into Stock X and \$400 into Stock Y. Stock X falls 10% and Stock Y rises 5%. What is her total after the changes?

- A. \$950
- B. \$960
- C. \$985
- D. \$1,015

NEW TOPIC 2

Bonds, mutual funds and ETFs

A bond is a loan you make to a government or company; it pays interest and returns your money on a set date. A mutual fund pools money from many people and a professional manager buys many investments with it. An ETF is a fund that is bought and sold on a stock exchange like a share. Funds charge a yearly fee, which reduces what you keep.

Key words: Bond, Mutual fund, ETF, Index fund, Fee (expense ratio)

Practice questions**4. When you buy a bond, you are:**

- A. becoming a part-owner of the company that issued it.
- B. buying insurance that pays you back after future losses.
- C. opening a savings account with the bond issuer.
- D. lending money to the issuer for interest and repayment.

5. What is a main advantage of a mutual fund or ETF for a beginner?

- A. It guarantees the investor a profit every year.
- B. It holds many investments in one purchase.
- C. It never charges any fees or costs to investors.
- D. Its value can never fall below what you paid.

6. A fund charges a yearly fee of 1% (its expense ratio). You hold \$2,000 in the fund. How much is the yearly fee?

- A. \$2
- B. \$12
- C. \$20
- D. \$200

NEW TOPIC 3

Credit scores and the cost of borrowing

A credit score summarises how reliably you repay what you borrow. Paying on time and keeping balances low improves it; missed payments and maxed-out cards harm it. APR (annual percentage rate) shows the yearly cost of borrowing, including interest. Simple interest is calculated only on the amount borrowed: $\text{interest} = \text{amount} \times \text{rate} \times \text{years}$.

Key words: Credit score, APR, Simple interest, Minimum payment

Practice questions**7. Which action is most likely to improve a credit score over time?**

- A. Paying every bill on time each month.
- B. Missing a payment now and then.
- C. Using the full limit on a credit card.
- D. Applying for many loans at once.

8. You borrow \$500 at 8% simple interest per year for 2 years. How much interest do you pay in total?

- A. \$40
- B. \$64
- C. \$80
- D. \$90

9. Why is paying only the minimum on a credit card balance costly?

- A. Banks do not allow minimum payments on credit cards.
- B. Interest stops as soon as any payment is made.
- C. The card is closed after any minimum payment is made.
- D. Unpaid balance keeps charging interest, so costs grow.

NEW TOPIC 4

Digital payments, online safety and cryptocurrency

E-wallets, cards and QR payments are convenient, but your PIN, passwords and one-time passwords (OTPs) must stay private. Two-factor authentication adds a second proof, such as a code on your phone. Phishing messages try to trick you into sharing details. Cryptocurrencies are digital assets whose prices can change sharply; they are not guaranteed by any government or bank.

Key words: OTP, Two-factor authentication, Phishing, Cryptocurrency, Volatility

Practice questions

10. You receive a message asking you to send your OTP to 'claim a prize'. What should you do?

- A. Do not share it; check with the official company.
- B. Reply quickly with the OTP before the offer ends.
- C. Click the link to see whether the prize is real.
- D. Forward the message to friends so they can claim it.

11. What makes two-factor authentication safer than a password alone?

- A. It lets you use the same password on every website.
- B. It needs a second proof, such as a code on your phone.
- C. It removes the need to have any password at all.
- D. It shows your password on the screen to help you.

12. Which statement about cryptocurrency prices is accurate?

- A. Prices are guaranteed by the government or a bank.
- B. Prices stay the same from one day to the next.
- C. Prices only ever go up as the years go by.
- D. Prices can swing sharply, so you can lose money.

NEW TOPIC 5

Planning ahead: net worth and long-term goals

Assets are things you own that have value (savings, a bike, a phone). Liabilities are what you owe (loans, unpaid bills). Net worth = assets - liabilities. Good planners set clear goals, decide how much to save each month, and pay themselves first: they move money to savings as soon as they are paid, before spending on other things.

Key words: Asset, Liability, Net worth, Pay yourself first

Practice questions

13. A person has assets of \$12,000 and liabilities of \$4,500. What is the net worth?

- A. \$16,500
- B. \$7,500
- C. \$8,500
- D. \$4,500

14. Which of the following is an asset?

- A. Money in your savings account.
- B. A student loan that you still owe.
- C. A credit card balance you owe.
- D. An unpaid phone bill you owe.

15. What does 'pay yourself first' mean?

- A. Spend on treats first, then save what is left.
- B. Give yourself a bonus by borrowing some money.
- C. Move part of your income to savings first.
- D. Pay back every friend before you do any saving.

PART 2

Entrepreneurship

Topics from the qualifying round (still included)

- What an entrepreneur does, and opportunity recognition
- MVP, pivot and market validation
- Value proposition, USP and competitive advantage
- SWOT analysis
- Business structures and franchising
- Scaling a business
- Market segmentation, target market and the four Ps
- Branding and customer acquisition cost (CAC)
- Pricing strategies
- Revenue, profit, fixed and variable costs, break-even
- Cash flow
- Equity vs debt funding, angel investors and venture capital
- Ethics, sustainability and exit strategies

Five new topics for the finals

NEW TOPIC 1

Business models and revenue models

A business model explains how a business creates value for customers, delivers it, and earns money from it. The Business Model Canvas lays this out in nine blocks, including customer segments, value proposition, channels, revenue streams, key partners and cost structure. Common revenue models are one-time sale, subscription, freemium, advertising and marketplace commission.

Key words: Business model, Business Model Canvas, Subscription, Freemium, Commission

Practice questions

1. Which describes a subscription revenue model?

- A. Customers pay once and own the product forever.
- B. The business earns a commission on each sale made by others.
- C. Customers pay a recurring fee for ongoing access.
- D. The business is paid only by advertisers.

2. A freemium app gives basic features free and charges for premium ones. What is its main goal?

- A. Make every user pay from the very first day.
- B. Keep the number of users as small as possible.
- C. Sell shares of the company directly to the users.
- D. Attract many users and convert some to paying.

3. Which block of the Business Model Canvas describes the groups of people or organisations a business aims to serve?

- A. Customer segments
- B. Cost structure
- C. Key partners
- D. Channels

NEW TOPIC 2

Unit economics: margin, CAC, LTV and runway

Unit economics show whether each sale or customer makes money. Gross margin = (price - cost of making it) / price. Customer lifetime value (LTV) is the profit a customer brings over time; customer acquisition cost (CAC) is what you spend to win them. A rule of thumb is that LTV should be at least three times CAC. Burn rate is the cash a startup spends each month, and runway = cash / monthly burn.

Key words: Gross margin, CAC, LTV, Burn rate, Runway

Practice questions

4. A product sells for \$50 and costs \$30 to make. What is the gross margin?

- A. 20%
- B. 40%
- C. 60%
- D. 67%

5. A startup has \$120,000 in cash and spends \$15,000 a month. What is its runway?

- A. 6 months
- B. 10 months
- C. 12 months
- D. 8 months

6. A business spends \$40 to win a customer who brings \$120 of profit over their lifetime. What is the LTV : CAC ratio?

- A. 3 : 1
- B. 0.33 : 1
- C. 4 : 1
- D. 80 : 1

NEW TOPIC 3

Reading basic financial statements

The income statement (profit and loss) covers a period of time: revenue minus expenses gives net profit. The balance sheet is a snapshot at one date: assets = liabilities + equity. The cash-flow statement tracks the cash that actually comes in and goes out. A business needs all three to understand its health.

Key words: Income statement, Balance sheet, Cash-flow statement, Equity

Practice questions

7. Which statement shows assets, liabilities and equity at a specific date?

- A. The income statement
- B. The balance sheet
- C. The cash-flow statement
- D. The marketing plan

8. A business had revenue of \$80,000 and expenses of \$65,000 this year. What is its net profit?

- A. \$145,000
- B. \$25,000
- C. \$15,000
- D. \$5,000

9. A company has assets of \$50,000 and liabilities of \$20,000. What is the owners' equity?

- A. \$30,000
- B. \$70,000
- C. \$20,000
- D. \$2,500

NEW TOPIC 4**Intellectual property and contracts**

Intellectual property (IP) protects ideas and creations. A patent protects a new invention for a limited time. A trademark protects names, logos and slogans that identify a brand. Copyright protects original creative works such as art, writing, music and software code. A non-disclosure agreement (NDA) is a contract in which people promise to keep shared information confidential. A contract is a legally binding agreement.

Key words: Patent, Trademark, Copyright, NDA, Contract

Practice questions

10. Which form of protection is designed for a company's brand name and logo?

- A. A patent
- B. A franchise
- C. A dividend
- D. A trademark

11. What is the purpose of a non-disclosure agreement (NDA)?

- A. To raise money from outside investors.
- B. To decide the selling price of a new product.
- C. To keep shared information confidential.
- D. To give a customer their money back after a sale.

12. A student draws original character artwork for a mobile game. Which protection mainly covers the artwork itself?

- A. Patent
- B. Copyright
- C. Break-even
- D. Franchise

NEW TOPIC 5

Pitching, teams and dilution

A good pitch is short and clear: the problem, your solution, the market, proof that it works (traction), and what you are asking for. When investors buy new shares, the founders' percentage ownership goes down; this is called dilution. $\text{Post-money valuation} = \text{investment} / \text{percentage bought}$. Co-founders should agree early on roles and who owns what share.

Key words: Elevator pitch, Traction, Dilution, Valuation

Practice questions**13. Which order works best for a short startup pitch?**

- A. Problem, solution, market, proof, then the ask.
- B. Your logo, your hobbies, then the price list.
- C. The ask first, then a long history of the founders.
- D. Competitors' weaknesses only, with no solution.

14. A founder owns 100% of a company. An investor buys new shares equal to 20% of the company. What does the founder own afterwards?

- A. 70%
- B. 90%
- C. 80%
- D. 100%

15. An investor puts in \$200,000 for 20% of a company. What is the post-money valuation?

- A. \$200,000
- B. \$800,000
- C. \$4,000,000
- D. \$1,000,000

ANSWER KEY

Answers and explanations

Do not look until you have tried every question.

Part 1: Financial Literacy

No.	Answer	Explanation
1	A	In general, the chance of earning more comes with a greater chance of losing money. Risk never guarantees return.
2	C	Diversification reduces the damage from any single poor investment.
3	B	Stock X: $600 \times 0.90 = 540$. Stock Y: $400 \times 1.05 = 420$. Total = $540 + 420 = \$960$.
4	D	A bond is a loan. The issuer pays interest and repays the original amount at maturity.
5	B	Funds spread your money across many investments. They still carry risk and fees.
6	C	$1\% \text{ of } \$2,000 = 2,000 \times 0.01 = \$20 \text{ per year}$.
7	A	On-time payments and low balances are the strongest positive signals.
8	C	Interest = $500 \times 0.08 \times 2 = \$80$.
9	D	Interest is charged on what remains, so small payments make the debt last longer and cost more.
10	A	No genuine company asks you for an OTP. Sharing it can let a thief take your money.
11	B	Even if a password is stolen, the thief also needs the second factor.
12	D	Cryptocurrency prices are volatile and not guaranteed. Never invest money you cannot afford to lose.
13	B	Net worth = assets - liabilities = $12,000 - 4,500 = \$7,500$.
14	A	Savings are something you own. Loans, card balances and bills are liabilities.
15	C	Saving first makes it more likely that the money is actually saved.

Part 2: Entrepreneurship

No.	Answer	Explanation
1	C	Subscriptions bring regular, predictable income, for example a monthly app plan.
2	D	The free version builds an audience; a share of users upgrade.
3	A	Customer segments define who the business is creating value for.
4	B	Margin = $(50 - 30) / 50 = 20 / 50 = 40\%$.
5	D	Runway = $120,000 / 15,000 = 8 \text{ months}$.
6	A	$LTV / CAC = 120 / 40 = 3$, so the ratio is 3 : 1, which meets the common rule of thumb.
7	B	The balance sheet is a snapshot: assets = liabilities + equity.
8	C	Net profit = revenue - expenses = $80,000 - 65,000 = \$15,000$.
9	A	Equity = assets - liabilities = $50,000 - 20,000 = \$30,000$.
10	D	Trademarks identify who a product comes from.
11	C	An NDA protects sensitive information such as a new idea shared with a partner.

No.	Answer	Explanation
12	B	Copyright protects original creative works such as drawings, writing and code.
13	A	A clear pitch tells a story from problem to proof to request.
14	C	The investor holds 20%, so the founder holds $100\% - 20\% = 80\%$. This is dilution.
15	D	Post-money = $200,000 / 0.20 = \$1,000,000$.

Good luck at Hong Kong Science Park! Questions: emeraldhv@nurbakyt.com