

BPF2213 (Final Examination, June 2017) QUESTION 4(a)

- a) Agrimax Sdn. Bhd. paid a dividend of RM2.50 per share to their common stockholders last year. If the firm's shares are expected to grow at 5% per year constantly, what would be the maximum price that an investor is willing to pay if the expected rate of return from the investment is 8%?

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