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**Broncus Holding Corporation**  
**壑博医疗控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 2216)**

**SUPPLEMENTAL ANNOUNCEMENT**  
**DISCLOSEABLE TRANSACTION**  
**ACQUISITION OF TARGET SHARES IN THE TARGET COMPANY**

Reference is made to the announcement of the Company dated December 29, 2025 (the “**Announcement**”) regarding the discloseable transaction in relation to the acquisition of 1.05% of the outstanding shares of the Target Company. Unless otherwise defined, capitalized terms used herein shall have the same meaning as those defined in the Announcement.

The Company wishes to provide the Shareholders and potential investors with supplemental information to the Announcement.

**REASONS FOR THE ACQUISITION**

The Board has considered and has been exploring different ways to commercialize the Group’s products in an efficient manner, with a view to in turn enhancing the financial position of the Group. By entering into the Share Transfer Agreement (and upon completion becoming a party to the Valgen Shareholders Agreement), the Group will be able to have further communications with the Target Company and its management and thereby, getting to know more about its operations. Although the Group is only a minority shareholder of the Target Company, the Group considers that the investment will bring about further strategic cooperation between the parties in the future.

The Company has considered the Target Company’s research and development capabilities, the solutions and products it offers, and the potential synergies and collaboration between the two parties as particularized in the following:–

- (a) **The applicability of the navigation technology of the Company to structural heart diseases:** Considering the similarities of cardiopulmonary interventional procedures, the Company’s multi-modal image fusion navigation technology is believed to be able to apply to the Target Company’s structural heart disease treatments where precise catheter manipulation, 3D spatial positioning, and target tissue anchoring are also required. As such, their requirements for real-time image registration and device localization are highly compatible. The Company’s fiber optic shape-sensing technology, which is currently under development, leverages its feature of real-time high-precision navigation and such technology is inherently applicable to more complex vascular networks, including cardiac interventional scenarios where higher precision is required.

- (b) **Synergies between the Company's active interventional medical device with the Target Company's cardiac interventional treatments:** Both active interventional devices for the lungs and hearts require solving two core issues: precise energy transmission and control of tissue collateral damage. The Company's dynamic impedance ablation technology used in the treatment of lung diseases can be applied to the treatment of structural heart diseases, such as arrhythmias and atrial fibrillation. By precisely controlling energy transmission, it achieves targeted ablation of diseased myocardium, avoiding damage to surrounding tissues caused by traditional thermal ablation. On the other hand, the Target Company's clinical experience in cardiac valve intervention can help the Company's active technology to complete clinical validation and adaptation for cardiac scenarios, providing mutual collaboration of research and development and rapid market launch of active medical devices for use to treat lung and heart diseases.
- (c) **Innovative application of the Target Company's core product:** The Target Company's core product, DragonFly™ mitral valve repair device, is expected to achieve innovative applications in the treatment of lung diseases by achieving valve function reconstruction through precise clamping. This technical principle can be applied across disciplines to the treatment of pulmonary disease requiring edge-to-edge repair.
- (d) **Marketing strategies:** Both the Company and the Target Group have accumulated experience in promoting innovative interventional procedures and maintaining professional relationships with clinical users. Such experience may be systematically transformed into internal and replicable operational guidelines to support the Company's channel development and commercialization efforts. To facilitate mutual professional resource linkage, the Company and the Target Group could benefit from non-exclusive collaboration in cardiopulmonary interventional fields, including joint participation in clinician education activities and experience exchange, thereby strengthening clinical value recognition; and participation in innovative academic conferences, exhibitions and satellite symposia, with a view to enhancing brand recognition among clinician groups through combined presentations and demonstrations of complementary technologies.
- (e) **Supply chain and production:** Both the Company and the Target Group source components for high-precision interventional medical devices, which involve similar requirements in terms of material biocompatibility, manufacturing accuracy, quality control and regulatory compliance. Through non-exclusive and arm's length communication, the Company and the Target Group can share experience in identifying and evaluating qualified domestic suppliers, including suppliers of precision components, disposable medical materials and specialized processing services. In terms of production, the Company and the Target Group operate in regulated manufacturing environments and face similar challenges in scaling production while maintaining quality consistency. The Company may benefit from the Target Group's experience in production workflow design, process standardization, yield improvement and capacity planning, particularly in relation to catheter-based and minimally invasive interventional devices.
- (f) The Company is of the view that the Target Company's institutional investors are well respected and established investors within the pharmaceutical space and that joining as a minority shareholder of the Target Company will allow the Company to build relationships with these institutional investors who can further expand the Company's network within the industry.

Based on the foregoing, the Company believes that synergies and the potential collaboration between the parties will not only enhance the competitiveness of both parties' existing products but also construct a closed-loop diagnosis and treatment system covering the entire lifecycle of cardiopulmonary diseases. With the increasing aging population, the technological synergies based on cardiopulmonary homology will open up broader market opportunities for both parties by providing more efficient and precise diagnosis and treatment solutions for patients with cardiopulmonary diseases.

Having taken into account the potential opportunities, including opening the door to a new group of potential industry players to the Group, and the synergies and potential collaboration between both parties as explained above, the Company believes that the Acquisition represents an invaluable opportunity to enable the Group to realize integrated diagnosis and treatment of cardiopulmonary diseases and that the Acquisition and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **BASIS OF DETERMINING THE CONSIDERATION**

The Consideration represents the original acquisition costs of the Seller in acquiring the Target Shares. Despite that the Consideration represented a significant premium to the net liabilities position of the Target Company which was purely due to the accounting treatment for the preference shares of the Target Company as financial liabilities, the Board considers that the Consideration is fair and reasonable after taking into account the following:

- (a) it was a requirement by the Seller that the Consideration must be no less than the original acquisition cost, and the Target Shares represented all the shares that the Seller could offer to sell to the Company;
- (b) the financial performance of the Target Company continued to improve since the Seller acquired the Target Shares:
  - Revenue of the Target Group grew from RMB nil in 2021 to RMB0.2 million in 2022 and further increased to RMB15.4 million and RMB100.6 million in 2023 and 2024, respectively. The exponential growth in the revenue was primarily derived from the sales of the Target Group's core product Dragonfly™ mitral valve repair device which obtained NMPA in November 2023;
  - As a result of the growth in revenue, the Target Group recorded profit after tax for the nine months ended September 30, 2025 of approximately RMB45.1 million, as compared to the loss before tax of RMB118.5 million in 2021; and
  - The Target Group also recorded positive cash flow from operating activity of RMB102.8 million for the nine months ended September 30, 2025, as compared to negative cashflow from operating activity of RMB118.1 million in 2021;
- (c) the Target Group's DragonFly™ mitral valve repair device had been approved for CE MDR marking in April 2025, which will further enhance the financial performance of the Target Group;

- (d) the redemption right of the Company, the redemption price which equals to the amount the Company invested together with a simple interest at a specified rate pursuant to the Share Transfer Agreement as well as the liquidation preference attached to the Target Shares, pursuant to the Valgen Shareholders Agreement and the Valgen Restated Articles; and
- (e) the Acquisition provides the Company with a “seat at the table” with the Target Company as well as signifies as the first step of potential collaboration between the Company and the Target Group with anticipated synergies and benefits, as explained in the paragraph headed “Reasons for the Acquisition” above.

## **REASONABLENESS OF MOST FAVORED NATION PROVISION**

As disclosed in the Announcement, in the event that the Purchaser or any of its Affiliates acquire Series B Preferred Shares from a third party in cash at a price higher than the Sale Price (the “**Higher Price**”) from the date of the Share Transfer Agreement to August 31, 2026, the Purchaser shall compensate the Seller for any difference between the Higher Price and the Sale Price, multiplied by the number of Target Shares.

On the basis that (i) the inclusion of the most favored nation provision was a request of the Seller after repeated discussions and negotiations with the Seller; (ii) the most favored nation provision is subject to a specific deadline up to August 31, 2026, which is only about eight months from the date of the Share Transfer Agreement; and (iii) the Board considers that it is unlikely that the most favored nation provision will be triggered, the Board believes that the interests of the Company and its Shareholders had not been prejudiced by the inclusion of the most favored nation provision in the Share Transfer Agreement. Having considered the reasons for the Acquisition and the basis of determining the Consideration as set out in the Announcement (as supplemented by this announcement), the Board considers that the terms of the Share Transfer Agreement (including the most favored nation provision) are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

Save as the supplemental information as disclosed above, all other information contained in the Announcement remains unchanged.

By order of the Board  
**Broncus Holding Corporation**  
**XU Hong**  
*Chairman*

Hong Kong, March 13, 2026

*As at the date of this announcement, the Board comprises Mr. Hong Xu as executive Director, Mr. Ao Zhang and Ms. Yanhong Kuang as non-executive Directors, and Dr. Pok Man Kam, Ms. Yee Sin Wong and Dr. David Scott Lim as independent non-executive Directors.*