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Broncus Holding Corporation

堃博医疗控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2216)

**MAJOR TRANSACTION
FURTHER ACQUISITION OF TARGET SHARES IN THE TARGET
COMPANY
AND
CHANGE OF USE OF NET PROCEEDS**

THE FURTHER ACQUISITION

On March 21, 2026, the Purchaser (a wholly-owned subsidiary of the Company) and the Seller entered into the Share Transfer Agreement, pursuant to which the Seller has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase, the Target Shares, representing 3.85% of the outstanding shares of the Target Company on a fully diluted and as converted basis as of the date of this announcement, at an aggregate Consideration of US\$55,120,192 (equivalent to approximately HK\$428.56 million).

IMPLICATIONS UNDER THE LISTING RULES

As the Previous Acquisition was conducted within the 12-month period of, or otherwise related to, the Further Acquisition, which each of them involves the acquisition of shareholding in the same company, the Further Acquisition shall be aggregated with the Previous Acquisition as a series of transactions pursuant to Rule 14.22 of the Listing Rules. As one or more of the relevant applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in respect of the Further Acquisition, when calculated on an aggregated basis with the Previous Acquisition, exceed 25% but not more than 100%, the Further Acquisition, upon aggregating with the Previous Acquisition, constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and will be subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

A circular containing, among other things, (i) further details of the Further Acquisition and the Share Transfer Agreement, (ii) financial information of the Target Company; (iii) unaudited pro-forma financial information of the Enlarged Group; (iv) other information as required under the Listing Rules; and (v) notice of the EGM, is expected to be despatched to the Shareholders on or before April 14, 2026.

Shareholders and potential investors should note that the Further Acquisition, which is subject to satisfaction of the Closing Conditions, may or may not be completed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

CHANGE OF USE OF NET PROCEEDS

References are made to (i) the section headed “Future Plans and Use of Proceeds” in the Prospectus in relation to the Listing of the Company on the Main Board of the Stock Exchange by way of Global Offering, (ii) the section headed “Corporate Governance Related Information – Use of Net Proceeds from the Global Offering” in the 2024 Annual Results Announcement, in which the utilization status of the total Net Proceeds from the Global Offering in the sum of approximately HK\$1,620.1 million (after deducting the underwriting commission and other expenses payable by the Company in connection with the Global Offering) as at December 31, 2024 was disclosed; and (iii) the section headed “Change in Use of Net Proceeds” in the 2024 Annual Results Announcement, in which it was disclosed that the Board has resolved to change the intended use of the unutilized Net Proceeds with an updated expected timeline of full utilization for the reasons and benefits set out therein.

For the reasons and benefits set out in the paragraph headed “Change of Use of Net Proceeds – Reasons for and Benefits of the Change of Use of Net Proceeds” below, after careful consideration and detailed evaluation of the Group’s operations and business strategies, on March 21, 2026, the Board has resolved to further change the intended use of the unutilized Net Proceeds with an updated expected timeline of full utilization. Please refer to the paragraph headed “Change of Use of Net Proceeds” below for further details.

THE FURTHER ACQUISITION

On March 21, 2026, the Purchaser (a wholly-owned subsidiary of the Company) and the Seller entered into the Share Transfer Agreement, pursuant to which the Seller has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase, the Target Shares, representing 3.85% of the outstanding shares of the Target Company on a fully diluted and as converted basis as of the date of this announcement, at an aggregate Consideration of US\$55,120,192 (equivalent to approximately HK\$428.56 million).

Date:

March 21, 2026

Parties:

- (1) the Purchaser (a wholly-owned subsidiary of the Company) as the purchaser; and
- (2) the Seller as the seller.

(each a “**Party**” and collectively, the “**Parties**”)

Subject matter of the sale and purchase:

The Target Shares, being 579,866 Series B Preferred Shares of the Target Company, representing 3.85% of the outstanding shares of the Target Company on a fully diluted and as converted basis as of the date of this announcement.

Consideration and Payment Terms

The aggregate Consideration of US\$55,120,192 shall be paid in cash in the following manner:

- (a) 10% of the Consideration shall be paid by the Purchaser to the Seller within three (3) business days after execution of the Share Transfer Agreement as the deposit (the “**Deposit**”), which shall be automatically become part payment of the Consideration at Closing;
- (b) 70% of the Consideration shall be paid by the Purchaser to the Seller at Closing; and
- (c) 20% of the Consideration shall be paid by the Purchaser to the Seller after Closing within ten (10) business days upon delivery by the Seller to the Purchaser of evidence that the relevant tax filing has been accurately and duly submitted to and received for processing by the relevant PRC tax authority.

The Deposit shall be non-refundable except that if Closing has not been consummated on or before the Long Stop Date and the Share Transfer Agreement is terminated by the non-defaulting party, in which case, the Deposit shall be refunded to the Purchaser under any of the following circumstances (without interest) forthwith:–

- (a) any breach of any of the representations and warranties by the Seller as set out in the Share Transfer Agreement; or
- (b) the Seller failing to or being unable to fulfil or comply with any of its obligations under the Share Transfer Agreement; or
- (c) the Seller failing to proceed to the Closing (including but without limitation providing, signing and delivering any of the closing deliverables to be delivered by it as set out in the Share Transfer Agreement on or prior to the Closing, provided that the Seller has used its best efforts to procure the cooperation of the Target Company, the failure of the Target Company to deliver any of the closing deliverables shall not be deemed a circumstance that triggers a refund of the Deposit); or
- (d) the occurrence of any event or series of events, or circumstances in the nature of force majeure (including, without limitation, any acts of government, declaration of a regional, national or international emergency or war, economic sanctions, strikes, labor disputes, other industrial actions, lock-outs, fire, explosion, flooding, tsunami, earthquake, volcanic eruption, civil commotion, riots, rebellion, public disorder, paralysis in government operations, acts of war, epidemic, pandemic, act of God or act of terrorism (whether or not responsibility has been claimed)) in or affecting any of the PRC, Hong Kong and the Cayman Islands that prevents the consummation of the sale of the Target Shares; or
- (e) the Seller failing to obtain relevant approval(s) necessary for the consummation of the sale of the Target Shares; or

- (f) the Purchaser failing to obtain regulatory clearance from the Stock Exchange in respect of the circular documents, provided that the Purchaser shall use its reasonable efforts to obtain such clearance.

Basis of 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;
- (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 Further Acquisition represents an increased stake in the Target Company which the Company believe will foster the potential collaboration between the Company and the Target Group with anticipated synergies and benefits, as explained in the paragraph headed "Reasons for and Benefits of the Further Acquisition" below.

Conditions precedent

- (i) Conditions to be fulfilled by Purchaser or waived by Seller
 - (a) Representations and Warranties. The representations and warranties made by the Purchaser shall be true and correct when made and as of the Closing.
 - (b) Performance of Obligations. The Purchaser shall have performed and complied with all agreements, obligations, covenants and conditions that are required by the Share Transfer Agreement to be performed or complied with thereby at or before the Closing.
 - (c) Authorizations. All actions necessary to authorize the execution, delivery and performance of the Share Transfer Agreement by the Purchaser and the consummation of the transactions contemplated in the Share Transfer Agreement that are required to be performed or complied with on or prior to the Closing shall have been duly and validly taken by the Purchaser.
 - (d) Execution of Documents. The Purchaser shall have executed the Share Transfer Agreement and other documents in connection with the Further Acquisition and delivered such document to the Seller.
 - (e) No Prohibition. No governmental authority shall have formulated, issued, promulgated, implemented or adopted any applicable law or governmental order that would enjoin, restrain or prohibit the Further Acquisition.
- (ii) Conditions to be fulfilled by Seller or waived by Purchaser
 - (a) Representations and Warranties. The representations and warranties made by the Seller shall be true and correct when made and as of the Closing.
 - (b) Performance of Obligations. The Seller shall have performed and complied with all agreements, obligations, covenants and conditions that are required by the Share Transfer Agreement to be performed or complied with thereby at or before the Closing.
 - (c) Execution of Documents. The Seller shall have executed the Share Transfer Agreement and other documents in connection with the Further Acquisition and delivered such document to the Purchaser.
 - (d) Consent. All internal approvals (including but without limitation the approval from the Purchaser's shareholders), necessary clearance (including but without limitation the clearance from the Stock Exchange on the circular documents), consents and authorizations of any competent governmental authority or of any other person that are required to be obtained by the Purchaser in connection with the Share Transfer Agreement and the transactions contemplated herein that are required to be consummated prior to the Closing shall have been duly obtained and effective as of the Closing.
 - (e) No Prohibition. No governmental authority shall have formulated, issued, promulgated, implemented or adopted any applicable law or governmental order that would enjoin, restrain or prohibit the Further Acquisition.

- (f) Due Diligence. The business, legal and financial due diligence investigation on the Company shall have been completed and no material impediment to the transactions contemplated by the Share Transfer Agreement has been identified.

(collectively, “**Closing Conditions**”)

Closing

Closing of the sale and purchase of the Target Shares shall take place within fifteen (15) business days after all the Closing Conditions have been waived or satisfied, or such other time as the Purchaser and the Seller may mutually agree in writing.

Most favored nation

If, on or prior to the date hereof or within six (6) months from the date of the Share Transfer Agreement, in case the Purchaser and/or any one of its affiliates consummates a transaction or enters into an agreement to purchase Series B Preferred Shares of the Target Company from a third party solely for cash consideration at a price higher than the Sale Price (the “**Higher Price**”), 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 (i.e. six (6) 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 Further Acquisition and the basis of determining the Consideration as set out in 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.

Termination

The Share Transfer Agreement may be terminated at any time prior to the Closing: (a) by mutual written agreement of the Seller and the Purchaser, or (b) if the Closing has not been consummated on or before the Long Stop Date and the Share Transfer Agreement is terminated by the non-defaulting Party who did not breach any provision of the Share Transfer Agreement resulting in the failure of the Closing to be consummated by the Long Stop Date.

VALGEN SHAREHOLDERS AGREEMENT

On or prior to the date of Closing, the Purchaser shall execute and deliver to the Target Company a deed of adherence, wherein it agrees and undertakes to observe, comply with and be bound by all of the provisions under the Valgen Shareholders Agreement and the Valgen Restated Articles. In addition, the Purchaser will be entitled to exercise and enjoy all rights, preferences, privileges and benefits appurtenant to the Seller and the Target Shares as a shareholder of the Series B Preferred Shares under the Valgen Shareholders Agreement and the Valgen Restated Articles.

Please see below for details of rights of holder(s) of series B preferred shares in the Target Company:

Information and inspection rights: the investors of the Target Company are entitled to receive the financial statements and annual budget of the Target Group and to inspect the books of account and records of the Target Group in accordance with the terms and conditions stated therein.

Redemption rights:

- (a) at any time after the occurrence of: (i) the failure of the Target Company to complete a qualified initial public offering by a date set out therein and agreed by the parties, or (ii) material default event on any Target Group company or any founder party of the Target Group, or (iii) redemption events of the shares in the Target Company by series A preferred shareholders, any series B preferred shareholder of the Target Company may by written notice request the Redeeming Obligors to redeem of all or part of the series B preferred shares of the Target Company held by it at a price equal to the amount it invested together with a simple interest at a specified rate;
- (b) at any time after the occurrence of: (i) the failure of the Target Company to complete a qualified initial public offering by a date set out therein and agreed by the parties or (ii) redemption events of the shares in the Target Company by series B preferred shareholders, the majority of series A preferred shareholders of the Target Company may by written notice request the Target Company to redeem of all or part of the series A preferred shares of the Target Company held by it at a price equal to the amount it invested together with a simple interest rate at a specified rate; and
- (c) where a series B preferred shareholder elects to exercise its redemption rights under item (iii) in paragraph (a) above or a series A preferred shareholder elects to exercise its redemption rights under item (ii) in paragraph (b) above, the Target Company shall make full redemption of the series B preferred shares from all series B preferred shareholders who have exercised their redemption right.

Preferential liquidation rights: Series B preferred shareholders of the Target Company shall be entitled to receive, in priority to the other holders of series A preferred shares and ordinary shares the right to receive an amount equal to the amount it invested together with a simple interest rate at a specified rate.

Conversion rights: Each preferred shares of the Target Company shall be automatically converted into ordinary shares immediately upon closing of a qualified initial public offering at the initial conversion ratio of 1:1. Each holder of preferred shares of the Target Company may at its option convert at any time the preferred shares held by it into ordinary shares of the Target Company at the initial conversion ratio of 1:1.

Voting: Each ordinary shareholder and preferred shareholder shall have the right to one vote for each ordinary share or preferred share (as the case may be) it held.

Rights and restrictions in relation to share issuance and transfer: Preferred shareholders are entitled to customary pre-emptive rights, right of first refusal and right of co-sale.

Protective provisions: The Target Group shall not conduct certain corporate actions (including but without limitation issue any class or series of shares or equity securities of the Target Company, approve any material transfer of any Target Group company, license or transfer of any core patent, copyright, trademark or other intellectual property of any Target Group company) unless approved by majority of the board of the Target Company and approved by affirmative votes or prior written consent of the majority series B preferred shareholders of the Target Company.

Full-time service covenant of the key employees: The founders of the Target Company shall use their best effort to ensure that certain key employees remain full-time employment with the Target Company and not terminate the employment with the Target Company at any time for any reason until the earlier of (a) one year after the date of the Target Company completed the qualified initial public offering or (b) such key employee no longer holds any interests in the equities of the Target Company.

INFORMATION ABOUT THE COMPANY

The Company is a pioneer medical device company in the field of interventional pulmonology, providing innovative lung solutions in China and globally. Based on the world's exclusive whole lung access navigation technology, it had developed an integrated interventional pulmonology platform including navigation, diagnosis and treatment. The Company provides safe and effective interventional treatments for lung cancer and COPD through a series of lung disease diagnosis and treatment products, thus addressing the pain points of the existing diagnosis and treatment paradigms and meeting the significant clinical medical needs for lung diseases. As at the date of this announcement, the Company had over 20 products and major products under various development stages, including a number of innovative pulmonary interventional products that are the only ones of their kind in the world or in China. As of June 30, 2025, the Company held a total of 737 IPs. In addition, the Company conducts clinical training, market education, brand promotion and commercialization efforts, and also promotes sales to globally mainstream markets such as China, Europe and Asia.

INFORMATION ABOUT THE PURCHASER

The Purchaser is a company incorporated under the laws of the Cayman Islands and a wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

INFORMATION ABOUT THE SELLER

The Seller is a company incorporated under the laws of Cayman Islands. The sole shareholder of the Seller is Shanghai Maoyi Enterprise Management Consulting Partnership (Limited Partnership) (上海袁熠企業管理諮詢合夥企業(有限合夥)) (“**Shanghai Maoyi**”), with HongShan Baohui (Xiamen) Equity Investment Partnership Enterprise (Limited Partnership) (紅杉保慧(廈門)股權投資合夥企業(有限合夥)) (“**HongShan Baohui**”) as its general partner. HongShan Baohui is ultimately controlled by Mr. Zhou Kui (周逵). Shanghai Maoyi has a wide investor base.

INFORMATION ABOUT THE TARGET COMPANY

The Target Company is an exempted company incorporated and existing under the laws of the Cayman Islands. The Target Group is principally engaged in providing systematic solutions for diseases such as mitral regurgitation and tricuspid regurgitation. Their products include mitral valve repair device, DragonFly™ (via femoral vein approach), and the tricuspid valve repair device, DragonFly-T™.

To the knowledge of the Directors, as of the date of this announcement, there are twenty-two shareholders in the Target Company, among which (i) Mr. Zi and Qiming Corporate GP IV, Ltd. is indirectly interested in 3,809,378 and 1,123,897 shares in the Target Company, representing approximately 25.27% and 7.46% of the total issued share capital of the Target Company, respectively; and (ii) the Company is holding 1.05% of the total issued share capital of the Target Company. None of the shareholders of the Target Company holds 30% or more interests therein.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as disclosed in this announcement, each of the Seller and the Target Company and their respective ultimate beneficial owner(s) is an Independent Third Party.

Financial Information of the Target Company

Based on the unaudited consolidated financial statements of the Target Company, the financial information of the Target Group for the two years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025 are set out as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2024	For the nine months ended September 30, 2025
		<i>(RMB '000)</i>	
Net profit/(loss) (before tax)	(133,324)	(40,352)	45,107
Net profit/(loss) (after tax)	(133,324)	(40,352)	45,107

As of September 30, 2025, based on the unaudited consolidated financial statements of the Target Company, the Target Group had unaudited consolidated total assets of approximately RMB676.7 million.

REASONS FOR AND BENEFITS OF THE FURTHER ACQUISITION

As disclosed in the Company's announcements dated December 29, 2025 and March 13, 2026, 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. As of the date of this announcement, the Company, through the Purchaser, is a minority shareholder of the Target Company holding 1.05% shareholding interests therein. Since the entering into of the Previous Share Transfer Agreement, the Group has been engaging in further communications with the Target Company and its management and thereby, getting to know more about its operations. With benefits from such communications, the Company reinforces its belief that the further investment in the Target Company will increase the Company's exposure and influence in the Target Company as a shareholder which will in turn further enhance the strategic cooperation between the parties in the future after having considered the Target Group's R&D 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 the Further Acquisition will allow the Company to build even stronger relationships with these institutional investors who can further expand the Company's network within the industry.
- (g) With an increased stake in the Target Company upon completion of the Share Transfer Agreement, the Company may be able to benefit from the continued improvement of the financial performance of the Target Company in the long run.
- (h) The Company was first listed on the Stock Exchange in September 2021 and has been seeking opportunities to expand its pipeline through acquisition ever since, and the Company has not been able to identify suitable targets and has made minimum progress in utilizing the proceeds for such purpose. Having considered such additional context, the Previous Acquisition and the Further Acquisition represent good opportunities for the Company in taking a step to vertically expand its product pipeline and diversity of its products.

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 above, the Company believes that the Further Acquisition represents one step closer to an invaluable opportunity to enable the Group to realize integrated diagnosis and treatment of cardiopulmonary diseases and that the Further 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.

IMPLICATIONS UNDER THE LISTING RULES

As the Previous Acquisition was conducted within the 12-month period of, or otherwise related to, the Further Acquisition, which each of them involves the acquisition of shareholding in the same company, the Further Acquisition shall be aggregated with the Previous Acquisition as a series of transactions pursuant to Rule 14.22 of the Listing Rules. As one or more of the relevant applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in respect of the Further Acquisition, when calculated on an aggregated basis with the Previous Acquisition, exceed 25% but not more than 100%, the Further Acquisition, upon aggregating with the Previous Acquisition, constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and will be subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

A circular containing, among other things, (i) further details of the Further Acquisition and the Share Transfer Agreement, (ii) financial information of the Target Company; (iii) unaudited pro-forma financial information of the Enlarged Group; (iv) other information as required under the Listing Rules; and (v) notice of the EGM, is expected to be despatched to the Shareholders on or before April 14, 2026.

Shareholders and potential investors should note that the Further Acquisition, which is subject to satisfaction of the Closing Conditions, may or may not be completed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

CHANGE OF USE OF NET PROCEEDS

References are made to (i) the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated September 13, 2021 (the "**Prospectus**") in relation to the listing (the "**Listing**") of the shares of the Company on the Main Board of the Stock Exchange by way of global offering (the "**Global Offering**"), (ii) the section headed "Corporate Governance Related Information – Use of Net Proceeds from the Global Offering" in the Company's annual results announcement dated March 31, 2025 (the "**2024 Annual Results Announcement**"), in which the utilization status of the total net proceeds (the "**Net Proceeds**") from the Global Offering in the sum of approximately HK\$1,620.1 million (after deducting the underwriting commission and other expenses payable by the Company in connection with the Global Offering) as at December 31, 2024 was disclosed; and (iii) the section headed "Change in Use of Net Proceeds" in the 2024 Annual Results Announcement, in which it was disclosed that the Board has resolved to change the intended use of the unutilized Net Proceeds with an updated expected timeline of full utilization for the reasons and benefits set out therein.

As at December 31, 2025, the Company has utilized approximately HK\$825.3 million of the Net Proceeds with the balance of Net Proceeds and expected timeline of full utilization as follows:

Intended use of Net Proceeds	Amount of Net Proceeds allocated as from January 1, 2025 (as disclosed in the 2024 Annual Results Announcement)	Actual usage during the year ended January 31, 2025 (HK\$ million)	Amount of unutilized Net Proceeds as at the December 31, 2025	Expected timeframe for utilizing the remaining Net Proceeds
Development and commercialization of InterVapor®	157.9	31.0	126.9	Expected to be fully utilized by 2030
Development and commercialization of RF-II	168.8	19.6	149.2	Expected to be fully utilized by 2030
R&D of other product candidates	235.9	32.3	203.6	Expected to be fully utilized by 2030
Production line expansion of our manufacturing facility	48.8	–	48.8	Expected to be fully utilized by 2030
M&A, investing in or acquiring new pipelines	194.0	–	194.0	Expected to be fully utilized by 2030
Working capital and other general corporate purposes	100.7	28.4	72.3	Expected to be fully utilized by 2026
Total	906.1	111.3	794.8	

For the reasons and benefits set out in the paragraph headed “Reasons for and Benefits of the Change of Use of Net Proceeds” below, after careful consideration and detailed evaluation of the Group’s operations and business strategies, on March 21, 2026, the Board has resolved to further change the intended use of the unutilized Net Proceeds with an updated expected timeline of full utilization as follows:

Intended use of Net Proceeds	Amount of Net Proceeds allocated as from January 1, 2025 (as disclosed in the 2024 Annual Results Announcement)	Actual usage during the year ended January 31, 2025	Amount of unutilized Net Proceeds as at the December 31, 2025 (HK\$ million)	Revised allocation of unutilized amount of Net Proceeds	Updated expected timeline for use of the unutilized Net Proceeds
Development and commercialization of InterVapor®	157.9	31.0	126.9	68.6	Expected to be fully utilized by 2028
Development and commercialization of RF-II	168.8	19.6	149.2	75.0	Expected to be fully utilized by 2028
R&D of other product candidates	235.9	32.3	203.6	80.1	Expected to be fully utilized by 2028
Production line expansion of our manufacturing facility	48.8	–	48.8	48.8	Expected to be fully utilized by 2028
M&A, investing in or acquiring new pipelines	194.0	–	194.0	450.0	Expected to be fully utilized by 2028
Working capital and other general corporate purposes	100.7	28.4	72.3	72.3	Expected to be fully utilized by 2028
Total	906.1	111.3	794.8	794.8	

Reasons for and benefits of the Change of Use of Net Proceeds

(a) Reduction in proceeds allocated for the development and commercialization of InterVapor® and RF-II

The production of InterVapor® has been localized in the PRC and has obtained the certification by the National Medical Products Administration (“NMPA”) of the PRC. With localized production, its production costs and R&D capital requirements have been substantially reduced and any further spending in connection with the product will be focused on marketing, hospital admission management and postoperative clinical research, which are less capital intensive, with a view to accelerating the commercialization of the product.

As for RF-II (product name: BroncAblate®), it has also obtained the certification by NMPA. Based on the current assessment by the management of the Company, follow-up R&D investment for this product have mainly shifted to product iteration and functional improvements. Therefore, no further large-scale R&D investment will be made to this product in the near future and any further spending in connection with the product will be focused on marketing, increase of market shares as well as the trainings to medical professionals, which are less capital intensive.

(b) Reduction in the proceeds allocated for R&D of other product candidates

The Board has conducted a comprehensive review of the Group’s R&D pipelines and overall capital allocation strategy in light of the evolving regulatory environment, market conditions and the Group’s latest business performance. Following such review, the Directors consider it appropriate to reprioritize the Group’s R&D resources by concentrating on the more mature product candidates that are closer to commercialization or that demonstrate clearer clinical differentiation and commercial visibility.

In order to enhance capital efficiency and improve the return on R&D investment, the Group intends to streamline certain early-stage or exploratory projects, some of which are at a relatively preliminary stage of development or are subject to longer regulatory pathways and higher technical uncertainty. As a result, the expected funding requirements for such product candidates have decreased compared with the original allocation.

The Directors are of the view that, under the current macroeconomic and industry environment, it is prudent for the Group to adopt a more focused and disciplined capital deployment approach. The reallocation of proceeds will allow the Group to concentrate financial and human resources on key strategic initiatives, strengthen core technological platforms, and enhance the overall efficiency of its R&D activities, while maintaining adequate working capital and financial flexibility.

(c) Increase in the proceeds allocated for M&A, investing in or acquiring new pipelines

As disclosed in the Prospectus, 13.2% of the Net Proceeds (or approximately HK\$213.2 million) were originally intended for expansion of the Group's product portfolio through potential acquisitions. Since Listing, the Company has adopted a cautious approach in identifying suitable targets and has only utilized a limited portion of such proceeds (only approximately HK\$19.2 million) in 2024 and no such proceeds was utilized in 2025.

Given that some of the employees of the Group have profound knowledge in heart disease treatments and for the reasons and benefits as detailed in the paragraph headed "Reasons for and benefits of the Further Acquisition" above in this announcement, in particular, the applicability of technologies of the Group in structural heart diseases, the synergistic values and effect between the Group and the Target Group, and the potential collaboration between the Group and the Target Group in terms of marketing and supply chain, the Group is of the view that a stake in the Target Group represents a good opportunity for a vertical expansion or diversification of its product portfolio in terms of value, functionality, and potential market reach.

The Group may or may not increase its stake in the Target Group and the Group will continue to assess the financial performance of the Target Group, its R&D capabilities, the solutions and products it offers, as well as the actual synergy and collaboration between the Group and the Target Group after the completion of the Acquisition and the Further Acquisition.

The Board believes that increasing the allocation of the Net Proceeds for funding its continued expansion of product portfolio through potential acquisition will enhance the Group's financial flexibility if the Group decides to increase its stake in the Target Group or to invest in other companies for the purposes of expanding and diversifying its product portfolio through potential acquisitions, thereby generating additional potential return to its shareholders.

The Board considers that the re-allocation of the unutilized Net Proceeds will not have any material adverse impact on the existing business and operations of the Group and is in the best interest of the Company and its shareholders as a whole. The Board will continuously assess the plans for the use of the unutilized Net Proceeds and may revise or amend such plans where necessary to cope with the changing market conditions in order to strive for a better performance of the Group.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

"Board"	the board of Directors
"Closing"	closing of the acquisition of the Target Shares by the Purchaser from the Seller pursuant to the terms and conditions of the Share Transfer Agreement
"Company"	Broncus Holding Corporation, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2216.HK)

“Consideration”	the aggregate purchase price for the purchase of the Target Shares by the Purchaser under the Share Transfer Agreement of US\$55,120,192 (equivalent to approximately HK\$428.56 million)
“Director(s)”	the director(s) of the Company
“Enlarged Group”	the Group as enlarged by the Acquisition and Further Acquisition (upon Closing)
“Further Acquisition”	the acquisition of the Target Shares by the Purchaser from the Seller pursuant to the terms and conditions of the Share Transfer Agreement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Long Stop Date”	the date falling on six (6) months after the date of the Share Transfer Agreement (or such other date as mutually agreed by the Seller and the Purchaser)
“Mr. Zi”	Mr. Zhenjun Zi, a substantial shareholder of the Company
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and
“Previous Acquisition”	the previous acquisition of the 157,800 Series B Preferred Shares by the Purchaser from Venus Medtech (Hong Kong) Limited pursuant to the terms and conditions of the Previous Share Transfer Agreement. Please refer to the announcements of the Company dated December 29, 2025 and March 13, 2026 for details
“Previous Share Transfer Agreement”	the share transfer agreement entered into between the Purchaser and Venus Medtech (Hong Kong) Limited as the seller dated December 29, 2025 in relation to the Previous Acquisition
“Purchaser”	Broncus China Holding Corporation, a company incorporated under the laws of Cayman Islands and a wholly-owned subsidiary of the Company
“R&D”	research and development
“Redeeming Obligor”	(i) with respect to Series B Preferred Shares other than the Series B Transferred Shares and series A preferred shares to the Target Company, the Target Company; and (ii) with respect to the Series B Transferred Shares, all the transferors therein on a joint and several basis
“Sale Price”	US\$95.06 per Series B Preferred Share, which is calculated by dividing the Consideration by the number of Target Shares
“Seller”	Max Grand Limited, a company incorporated and existing under the laws of Cayman Islands

“Series B Preferred Shares”	series B preferred shares of the Target Company of par value US\$0.001 each
“Series B Transferred Shares”	the target shares that were transferred by certain specified transferors to relevant transferees pursuant to the share transfer agreements dated April 27, 2021
“Share Transfer Agreement”	the share transfer agreement entered into between the Purchaser and the Seller dated March 21, 2026 in relation to the Further Acquisition
“Share(s)”	ordinary share(s) of US\$0.000025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Valgen Holding Corporation, an exempted company incorporated and existing under the laws of the Cayman Islands
“Target Group”	collectively, the Target Company and its subsidiaries
“Target Shares”	579,866 Series B Preferred Shares
“US\$”	United States dollars, the lawful currency of the United States of America
“Valgen Restated Articles”	the Second Amended and Restated Memorandum and Articles of Association of the Target Company dated as of April 27, 2021
“%”	percent

In this announcement, US\$ has been converted to HK\$ at the rate of US\$1 = HK\$7.775 for illustration purpose only.

By order of the Board
Broncus Holding Corporation
XU Hong
Chairman

Hong Kong, March 21, 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.