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As filed with the Securities and Exchange Commission on September 2, 2016

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

FULGENT GENETICS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**8071**	**81-2621304**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

4978 Santa Anita Avenue
Temple City, CA 91780
(626) 350-0537
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Ming Hsieh
Chief Executive Officer
Fulgent Genetics, Inc.
4978 Santa Anita Avenue
Temple City, CA 91780
(626) 350-0537
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Scott M. Stanton, Esq.
Sara L. Terheggen, Esq.
Lisa H. Abbot, Esq.
Morrison & Foerster LLP
12531 High Bluff Drive, Suite 100
San Diego, CA 92130
(858) 720-5100

B. Shayne Kennedy, Esq.
Drew Capurro, Esq.
Latham & Watkins LLP
650 Town Center Drive, 20th Floor
Costa Mesa, CA 92626
(714) 540-1235

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box. ☐

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒ (Do not check if a smaller reporting company)	Smaller reporting company	☐

CALCULATION OF REGISTRATION FEE

Title Of Each Class Of Securities To Be Registered	**Proposed Maximum Aggregate Offering Price(1)**	**Amount Of Registration Fee**
Common Stock, par value $0.0001 per share	$50,000,000	$5,035

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended. Includes the aggregate offering price of shares the underwriters have the option to purchase.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED SEPTEMBER 2, 2016

Shares

Common Stock

This is the initial public offering of shares of common stock of Fulgent Genetics, Inc. Prior to this offering, there has been no public market for our common stock. We anticipate that the initial public offering price will be between $ and $ per share. We have applied to list our common stock on the NASDAQ Global Market under the symbol "FLGT."

We have granted the underwriters a 30-day option to purchase up to additional shares from us at the initial public offering price, less the underwriting discounts and commissions.

We are an "emerging growth company" as the term is used in the Jumpstart Our Business Startups Act of 2012 and, as such, have elected to comply with certain reduced public company reporting requirements.

Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page 12.

	Price to Public	Underwriting Discounts and Commissions[1]	Proceeds to Fulgent Genetics, Inc.
Per Share	$	$	$
Total	$	$	$

(1) See "Underwriting" for a description of the compensation payable to the underwriters.

The underwriters expect to deliver the shares to purchasers on or about , 2016.

Neither the Securities and Exchange Commission, any state securities commission nor any other regulatory body has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Credit Suisse **Piper Jaffray**

Raymond James

BTIG

The date of this prospectus is , 2016.

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You should rely only on the information contained in this prospectus or in any free writing prospectus that we authorize to be distributed to you. We and the underwriters have not authorized anyone to provide you with any information other than that contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you, and neither we, nor the underwriters take responsibility for any other information others may give you. We are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where such offers and sales are permitted. The information in this prospectus or any free writing prospectus is accurate only as of its date, regardless of its time of delivery or the time of any sale of shares of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

For investors outside of the United States: We have not, and the underwriters have not, done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than the United States. Persons who come into possession of this prospectus and any applicable free writing prospectus in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus and any such free writing prospectus applicable to that jurisdiction.

Until , 2016 (the 25th day after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

PROSPECTUS SUMMARY

This summary highlights selected information included in this prospectus and does not contain all of the information you should consider in making an investment decision. Before investing in our common stock, you should carefully read this entire prospectus, including the financial statements and the related notes included in this prospectus. You should also consider, among other things, the matters described under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," in each case included in this prospectus.

The information in this prospectus reflects the completion of the Reorganization, as defined and described below, which will occur immediately prior to closing this offering. Pursuant to the Reorganization, Fulgent Therapeutics LLC will become a wholly owned subsidiary of Fulgent Genetics, Inc., a holding company and the issuer of common stock in this offering. Unless the context otherwise requires, (i) the term "Fulgent LLC" refers to Fulgent Therapeutics LLC, (ii) the term "Fulgent Inc." refers to Fulgent Genetics, Inc. and (iii) the terms "Fulgent," the "company," "we," "us" and "our" refer, for periods prior to completion of the Reorganization, to Fulgent LLC and, for periods after completion of the Reorganization, to Fulgent Inc. and its consolidated subsidiary after giving effect to the Reorganization. See "—Pharma Split-Off and Reorganization" for additional information.

Overview

We are a rapidly growing technology company with an initial focus on offering comprehensive genetic testing to provide physicians with clinically actionable diagnostic information they can use to improve the overall quality of patient care. We have developed a proprietary technology platform that integrates sophisticated data comparison and suppression algorithms, adaptive learning software, advanced genetic diagnostics tools and integrated laboratory processes. This platform allows us to offer a broad and flexible test menu while maintaining accessible pricing, high accuracy and competitive turnaround times. We believe our current test menu offers more genes for testing than our competitors in today's market, which enables us to provide expansive options for test customization and clinically actionable results. Our current test menu includes more than 18,000 single-gene tests and more than 200 pre-established, multi-gene, disease-specific panels that collectively test for more than 7,500 genetic conditions, including various cancers, cardiovascular diseases and neurological disorders.

Genetic testing has experienced significant growth in recent years. As this trend continues, we believe genetic testing will become a more accepted part of standard medical care and the knowledge of a person's unique genetic makeup will begin to play a more important role in the practice of medicine. The advent of next generation sequencing, or NGS, technology, a relatively new genetic testing technique that enables millions of DNA fragments to be sequenced in parallel, has dramatically lowered the cost and improved the quality of genetic testing, contributing to increased adoption. According to GrandView Research, the size of the global NGS genetic testing market, which includes presequencing, sequencing and data analysis, is estimated to be approximately $4.0 billion in 2016, including approximately $1.4 billion in the United States, and is expected to reach approximately $10.5 billion by 2022, including approximately $3.6 billion in the United States.

While adoption of genetic testing has increased in recent years, we believe widespread utilization has been limited in large part because of certain barriers to adoption that exist in today's market. Among these barriers are that genetic testing can be prohibitively expensive, only a limited number of genetic tests are currently reimbursable, certain genetic conditions cannot be diagnosed due to the limited scope of genetic analysis, genetic testing can be an inefficient process and the interpretation of genetic results can be cumbersome and time-consuming. We believe a significant market exists for a genetic testing option that provides broad genetic coverage and the flexibility to customize tests for individual patient needs, while maintaining accuracy and affordability.

We have developed a proprietary technology platform that we believe enables us to overcome many of the challenges facing our industry today. Our technology platform includes proprietary gene probes, advanced database algorithms, adaptive learning software and proprietary laboratory management systems. Together, the elements of our technology platform enable us to provide tests at a low cost to us and accessible price points to our customers, offer a broad test menu and continually expand and improve our proprietary genetic reference library. In addition, our technology platform allows us to offer customers the ability to design customized tests tailored to their specifications using our expansive library of genes, and we believe this flexibility increases efficiency and the utility of the genetic data we produce. Further, our gene probes, when combined with our proprietary genetic reference library and publicly available genetic databases, support our ability to sequence DNA regions that we believe laboratories using commercial probes cannot and improve the detection rate of our test data. In turn, we believe this enables us to produce clinically actionable results physicians can use to improve care for their patients.

Our existing customer base consists primarily of hospitals and medical institutions, which are frequent and high-volume users of genetic tests and which typically pay us directly for our tests. We believe our relationships with these customers provide an avenue for further growth as we seek to deepen these relationships and drive increased ordering. We believe the key to further penetrating our existing customer base and expanding into new customer markets is to continue to focus on delivering a superior test menu while maintaining affordable prices. In order to offer our customers affordable price points, we continue to enhance our technology platform to develop tests that we can perform at a low internal cost.

Our headquarters are located in Temple City, California, where we have our corporate offices and a laboratory certified under the Clinical Laboratory Improvement Amendments of 1988, or CLIA, accredited by the College of American Pathologists, or CAP, and licensed by the State of California Department of Public Health, or CA DPH. We have assembled a highly qualified team of 55 employees as of September 1, 2016, including 26 individuals with a PhD or other advanced degree and personnel with expertise in a number of fields important to our business, such as bioinformatics, genetics, software engineering, laboratory management and sales and marketing. We have relied upon this team to develop our proprietary technology platform and differentiated business model, which we believe have driven our commercial success to date and provide us with significant opportunity for future growth.

Our Technology Platform

Through our technology-driven approach, we have developed a system of proprietary tools and processes that we believe enable us to overcome many of the challenges facing our industry today. The key features of our technology platform include:

- **Proprietary gene probes**. We have developed technologies to design and formulate proprietary gene probes that we produce in our laboratory and use to perform our genetic tests. Our proprietary gene probes are specifically engineered to generate genetic data that is optimized for our software, which enables us to rapidly incorporate new genes into our test menu, develop new panels of disease-specific tests, customize tests for our customers and, we believe, more effectively enrich the targeted genes to improve the quality of the sequenced data we produce.
- **Advanced database algorithms**. Our advanced data comparison algorithms measure DNA sequences from patient specimens against genetic data available from the broader scientific community and our own proprietary reference library of genetic information, which enables us to rapidly and effectively detect pathogenic mutations. Our advanced data suppression algorithms reduce irrelevant noise in the genetic data we analyze to improve the efficiency and speed of our data analysis while reducing the need for manual curation.

- **Adaptive learning software**. We have developed software that automatically incorporates the data from each completed test into our expansive genetic reference library, enabling it to continuously evolve and, by leveraging the capabilities of our gene probes, improve the speed and effectiveness of curation and reporting. Our adaptive learning software also communicates with our integrated laboratory systems, which leads to increasing efficiency and effectiveness.
- **Proprietary laboratory information management systems**. We have developed proprietary laboratory information management systems that provide the backbone by which we efficiently manage workflow, monitor quality and ensure the fidelity of information generation and analytics for reporting to our customers. The result is a highly connected platform that allows us to process tests and information in an efficient manner.

Our Solution

After launching our first commercial genetic tests in 2013, our tests covered more than 1,000 genes in 100 panels by the first quarter of 2014 and more than 10,000 genes in over 170 panels by the end of 2015. Today, we have further expanded our test menu to offer more than 18,000 single-gene tests and more than 200 panels that collectively test for more than 7,500 genetic conditions, including various cancers, cardiovascular diseases and neurological disorders. We offer tests at competitive prices, averaging approximately $1,400 per billable test delivered in the six months ended June 30, 2016, and with competitive turnaround times. Our volume has grown rapidly since our commercial launch, with over 13,000 billable tests delivered to over 600 total customers as of June 30, 2016. We delivered 6,852 billable tests in 2015 compared to 966 billable tests delivered in 2014, and we delivered 5,209 billable tests in the six months ended June 30, 2016 compared to 2,762 billable tests delivered in the six months ended June 30, 2015. We have experienced compound quarterly growth of 19.5% in the number of billable tests delivered from the first quarter of 2015 through the second quarter of 2016. Further, approximately 86% of our test billings that were generated and due in 2015 were paid during that period. We recorded revenue and net loss of $9.6 million and $8.3 million in 2015, respectively, and revenue and net loss of $7.4 million and $5.1 million in the six months ended June 30, 2016, respectively.

We believe our commercial success to date has been driven by the benefits provided by our technology platform, which include the following:

- **Low cost per billable test**. Our technology platform enables us to perform each test and deliver its results at a low cost to us and an attractive price to our customers, which we believe encourages repeat ordering from existing customers and attracts new customers. We believe our low cost per billable test will also facilitate the process for establishing reimbursement from third-party payors at a level adequate for us to achieve profitability with this payor group.
- **Broad and flexible test menu**. Our technology platform has allowed us to incorporate, to our knowledge, thousands more genes into our portfolio than any of our competitors' portfolios. Our technology platform also allows us to provide a flexible and customizable test menu for our customers. We offer single-gene tests on over 18,000 genes, as well as deletion/duplication analysis and site-specific tests. If customers desire a broader test, we offer more than 200 pre-established, multi-gene panels that focus on various genetic conditions. These panels can be adjusted up or down to include more or fewer genes, or customers can design their own panels to their exact specifications.
- **Expansive and growing genetic library**. Using our proprietary gene probes and testing processes, we are able to capture large amounts of genetic information on each test we perform, which has allowed us to develop a proprietary reference library of expansive genetic information. This reference library is automatically curated by our adaptive learning software, supplemented by manual curation by our team of highly trained professionals, which adds to and improves upon the information available in public genetic databases to develop what we believe is a more reliable catalog of genetic information.

Our Strategy

We aim to be a leading provider of genetic information and other diagnostic tools to physicians for disease prediction and prognosis, as well as for pharmacogenomic purposes. Our strategy for long-term growth is to focus on the following key drivers of our business:

- grow our customer base;
- further broaden our test menu;
- increase the global presence of our business;
- maintain our low-cost operations;
- develop relationships with payors by focusing on established genetic testing markets;
- pursue additional opportunities in pharmacogenomics and drug discovery; and
- leverage our technology platform into other diagnostic modalities.

Risks Affecting Us

Our business is subject to a number of risks and uncertainties, including those highlighted under “Risk Factors” immediately following this prospectus summary. These risks include, among others, the following:

- our industry is subject to rapidly changing technology and new and increasing amounts of scientific data, and if we fail to keep pace with these technological advances, we may be unable to compete effectively and our business and prospects could suffer;
- we are an early-stage company with a limited operating history, which may expose us to enhanced risks and increase the difficulty of evaluating our business and prospects;
- we have a history of losses, and we may never be able to achieve or sustain profitability;
- if we are not able to grow our customer base and increase demand for our tests from existing and new customers, our commercial success would be limited;
- we face intense competition, which is likely to intensify further as existing competitors devote additional resources to, and new participants enter, the market, and if we cannot compete successfully, we may be unable to increase our revenue or achieve or grow profitability;
- we will need to invest in and expand our infrastructure and hire additional skilled personnel in order to support our anticipated growth, and our failure to effectively manage any future growth could jeopardize our business;
- we have limited experience marketing and selling our tests, and our commercial success will depend in part upon our ability to grow our sales and marketing team and generate sales using this relatively small internal and developing team;
- we conduct business in a heavily regulated industry, and any changes in applicable laws, regulations or the enforcement discretion of the U.S. Food and Drug Administration, or FDA, or violations of laws or regulations by us, could adversely affect our business, prospects, results of operations or financial condition;
- if we fail to comply with applicable federal, state, local and foreign laboratory licensing requirements, we could lose the ability to perform our tests or experience disruptions to our business;
- we currently own no patents related to our technology platform and rely upon trade secret protection, non-disclosure agreements and invention assignment agreements to protect our proprietary information, which may not be effective to protect our proprietary technologies and other information;

- our ability to achieve profitability depends upon our ability to collect payment for the tests we deliver to hospitals and medical institutions, which we may not be able to do successfully;
- if third-party payors do not provide coverage and adequate reimbursement for our tests, our commercial success could be limited;
- if our sole laboratory facility becomes inoperable, if we are forced to vacate the facility or if we are unable to obtain additional laboratory space as and when needed, we would be unable to perform our tests and our business would be harmed;
- we are exposed to additional business, regulatory, political, operational, financial and economic risks related to our international operations;
- actual or attempted security breaches, loss of data and other disruptions could compromise sensitive information related to our business or to patients or prevent us from accessing critical information, any of which could expose us to liability and adversely affect our business and our reputation; and
- the loss of any member of our senior management team could adversely affect our business.

Recent Developments

In May 2016, Fulgent LLC completed a transaction with Xi Long USA, Inc., or Xi Long, an independent investor, and certain members of Fulgent LLC. In this transaction, (i) Xi Long acquired 4,618,421 Class D-1 preferred units and 5,644,737 Class D common units from certain existing members of Fulgent LLC for an aggregate purchase price of approximately $12.0 million, which units were required to be redeemed by Fulgent LLC in exchange for its issuance to Xi Long of an equivalent number of Class D-2 preferred units, and (ii) Fulgent LLC sold an additional 5,131,579 Class D-2 preferred units to Xi Long for gross proceeds of approximately $15.2 million. Fulgent LLC incurred issuance costs of $185,000 for the transaction, resulting in net proceeds to Fulgent LLC of approximately $15.0 million.

Pharma Split-Off and Reorganization

On April 4, 2016, Fulgent LLC separated its former pharmaceutical business, or the Pharma Business, from the business described in this prospectus. We refer to this separation as the “Pharma Split-Off.” Since completion of the Pharma Split-Off, Fulgent LLC has not pursued any aspect of the Pharma Business and, except as described in this prospectus, neither Fulgent LLC nor Fulgent Inc. is associated with the Pharma Business. The operating results of the Pharma Business have been reported as discontinued operations for all periods presented in the consolidated financial data included in this prospectus.

Immediately prior to completion of this offering, Fulgent LLC will become our wholly owned subsidiary in a transaction we refer to as the “Reorganization.” As a result of the Reorganization, the holders of all equity interests in Fulgent LLC immediately prior to the Reorganization will constitute all of our stockholders immediately following the Reorganization and immediately prior to completion of this offering. Following the Reorganization, we will be a holding company with no material assets other than 100% of the equity interests in Fulgent LLC, which we will manage as its Manager. Fulgent LLC’s authorized, issued and outstanding equity interests are referred to as “shares” in its operating agreement, but are referred to as “units” in this prospectus.

See “Pharma Split-Off and Reorganization” for additional information.

Corporate and Other Information

Fulgent Therapeutics LLC was initially formed in June 2011 as a California corporation and converted to a California limited liability company in September 2012. Our initial operations focused on the Pharma Business, and we commenced our genetic testing operations as described in this prospectus in 2013. In October 2015, we recapitalized Fulgent LLC to establish two series of units with economic rights based on our two lines of business at that time. See “Pharma Split-Off and Reorganization” for additional information.

We were incorporated in Delaware on May 13, 2016 to be the issuer in this offering and the holding company of Fulgent LLC. We were incorporated with the name Fulgent Diagnostics, Inc. and changed our name to Fulgent Genetics, Inc. on August 2, 2016.

Our headquarters and laboratory are located at 4978 Santa Anita Avenue, Temple City, California 91780, and our telephone number is (626) 350-0537. Our website address is *www.fulgentgenetics.com*. The information contained on, or that can be accessed through, our website is not part of and is not incorporated by reference into this prospectus. Investors should not rely on any such information in deciding whether to purchase our common stock.

We own unregistered trademark rights to Fulgent™ and our company name. We have also applied for a registered service mark in the United States for our company logo. All other service marks, trademarks and trade names appearing in this prospectus are the property of their respective owners. We do not use the ™ symbol in each instance in which one of our common law trademarks appears in this prospectus, but this should not be construed as any indication that we will not assert, to the fullest extent under applicable law, our rights thereto.

Implications of Being an Emerging Growth Company

As a company with less than $1.0 billion in revenue during our last fiscal year, we qualify as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, or JOBS Act. An emerging growth company may take advantage of reduced reporting requirements that are otherwise applicable to public companies, including, among others, the following:

- being permitted to present in this prospectus only two years of audited financial statements and only two years of financial information in the selected financial data and Management's Discussion and Analysis of Financial Condition and Results of Operations;
- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended, or Sarbanes-Oxley Act;
- reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements, including the registration statement of which this prospectus is a part; and
- exemption from the requirements of holding a non-binding advisory vote on executive compensation and obtaining stockholder approval of any golden parachute payments not previously approved.

We may take advantage of these reduced reporting requirements as an emerging growth company until the last day of our fiscal year following the fifth anniversary of the closing of this offering. However, if certain events occur prior to the end of such five-year period, including if we become a "large accelerated filer" under the Securities Exchange Act of 1934, as amended, or Exchange Act, our annual gross revenue exceeds $1.0 billion or we issue more than $1.0 billion of non-convertible debt in any three-year period, we will cease to be an emerging growth company prior to the end of such five-year period.

We have elected to take advantage of certain of these reduced reporting requirements in the registration statement of which this prospectus is a part and we may elect to take advantage of other reduced reporting requirements in future filings. As a result, the information that we provide to our stockholders may be different than the information disclosed by other public companies that are not emerging growth companies.

The JOBS Act also provides that an emerging growth company may take advantage of an extended transition period for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this extended transition period and, as a result, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

THE OFFERING

Common stock offered by us	shares.
Underwriters' option to purchase additional shares	shares.
Common stock to be outstanding immediately after this offering	shares (or shares if the underwriters exercise in full their option to purchase additional shares).
Use of proceeds	We estimate the net proceeds from this offering will be approximately $ million (or approximately $ million if the underwriters exercise in full their option to purchase additional shares), assuming an initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds from this offering for working capital and general corporate purposes. See "Use of Proceeds" for a more complete description of the intended use of proceeds from this offering.
Risk factors	Please read "Risk Factors" beginning on page 12 and the other information in this prospectus for a discussion of factors you should consider carefully before deciding to invest in shares of our common stock.
Directed share program	At our request, the underwriters have reserved for sale at the initial public offering price up to shares of our common stock, or approximately % of the shares offered by this prospectus, for purchase by our employees and directors and the business and personal associates of our management. Any directed shares purchased by our officers and directors will be subject to the 180-day lock-up restriction described under "Underwriting" in this prospectus. Any other participants in the directed share program will not be subject to any lock-up arrangements with any underwriter with respect to the directed shares sold to them. The number of shares of common stock available for sale to the general public in this offering will be reduced by the number of shares sold pursuant to the directed share program. Any directed shares not so purchased will be offered by the underwriters to the general public on the same terms as the other shares offered by this prospectus.
Proposed NASDAQ Global Market symbol	"FLGT"

The number of shares of our common stock to be outstanding immediately after this offering is based on shares of our common stock issued and outstanding as of June 30, 2016, after giving effect to the exchange of all outstanding units of Fulgent LLC on such date for shares of our common stock in the Reorganization immediately prior to completion of this offering, and excludes the following:

- shares of our common stock issuable upon exercise of options with a weighted-average exercise price of $ per share, which, prior to completion of the Reorganization, were exercisable for 4,478,000 common units of Fulgent LLC with a weighted-average exercise price of $0.09 per unit and were outstanding as of June 30, 2016;
- shares of our common stock issuable upon exercise of options with a weighted-average exercise price of $ per share, which, prior to completion of the Reorganization, were exercisable for common units of Fulgent LLC with a weighted-average exercise price of $ per unit and were issued after June 30, 2016;
- shares of our common stock issuable upon settlement of restricted stock units, which, prior to completion of the Reorganization, were outstanding with respect to 500,000 common units of Fulgent LLC and were issued after June 30, 2016; and
- shares of our common stock that will be reserved for future issuance under our 2016 Omnibus Incentive Plan, or the 2016 Plan, which we will adopt prior to completion of this offering.

Unless otherwise indicated, all information in this prospectus, including the above summary information about the offering, reflects and assumes the following:

- the completion of the Reorganization, which includes the exchange of all outstanding units of Fulgent LLC for shares of our common stock, the conversion of all outstanding options to acquire common units of Fulgent LLC into options to acquire shares of our common stock and the conversion of all outstanding restricted share units relating to common units of Fulgent LLC into restricted stock units relating to shares of our common stock, immediately prior to completion of this offering;
- no exercise of outstanding options to acquire common units of Fulgent LLC, all of which are unexercisable until completion of the Reorganization immediately prior to closing this offering; and
- no exercise by the underwriters of their option to purchase up to additional shares of our common stock in this offering.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The tables below summarize the consolidated financial and other data of Fulgent LLC for the periods presented. Following the Reorganization, Fulgent LLC will be considered our predecessor for accounting purposes and its financial statements will be our historical financial statements. The summary consolidated statements of operations data of Fulgent LLC for the years ended December 31, 2014 and 2015 are derived from Fulgent LLC's audited consolidated financial statements included in this prospectus. The summary consolidated statements of operations data of Fulgent LLC for the six months ended June 30, 2015 and 2016 and the summary consolidated balance sheet data as of June 30, 2016 are derived from Fulgent LLC's unaudited condensed consolidated financial statements included in this prospectus. We have prepared the unaudited condensed consolidated financial statements on the same basis as the audited financial statements and we have included, in our opinion, all adjustments, consisting only of normal recurring adjustments, that we consider necessary for a fair presentation of the financial information set forth in these financial statements.

The following summary consolidated financial and other data should be read together with "Pharma Split-Off and Reorganization," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes included in this prospectus. Historical results are not necessarily indicative of the results that may be expected in any future period, and interim results are not necessarily indicative of the results that may be expected in the full year or any other period. The summary consolidated financial and other data in this section are not intended to replace the financial statements from which they are derived and are qualified in their entirety by the financial statements and related notes included in this prospectus.

Historical financial information of Fulgent Inc. is included elsewhere in this prospectus, but summary historical financial and other data of Fulgent Inc. have not been presented below, as Fulgent Inc. is a newly incorporated entity, has had no business transactions or activities to date and had no assets or liabilities during the periods presented.

	Year Ended December 31,		Six Months Ended June 30,	
	2014	2015	2015	2016
	(in thousands, except per unit and per share data)			
Consolidated Statements of Operations Data:				
Revenue	$ 1,278	$ 9,576	$ 3,769	$ 7,411
Cost of revenue(1)	936	5,069	1,425	2,715
Gross profit	342	4,507	2,344	4,696
Operating expenses:				
Research and development(1)	521	4,431	470	1,217
Selling and marketing(1)	581	2,670	477	778
General and administrative(1)	230	2,418	246	2,346
Total operating expenses	1,332	9,519	1,193	4,341
Operating income (loss)	(990)	(5,012)	1,151	355
Interest and other income (expense)	—	27	20	(5,449)
Income (loss) before income taxes	(990)	(4,985)	1,171	(5,094)
Provision for income taxes	—	—	—	—
Income (loss) from continuing operations	(990)	(4,985)	1,171	(5,094)
Income (loss) from discontinued operations(2)	(3,293)	(3,329)	(1,299)	41
Net loss	(4,283)	(8,314)	(128)	(5,053)
Basic and diluted loss per common unit:(3)				
Continuing operations—Class D common units—profits interests		$ (0.21)		$ (0.27)
Continuing operations:(3)				
Weighted-average Class D common units—profits interests—outstanding—basic and diluted		34,000		32,511
Pro forma loss attributable to common stockholders (unaudited):(4)				
Pro forma loss per share attributable to common stockholders (unaudited):(4)				
Basic and diluted				
Shares used in computing pro forma loss per share attributable to common stockholders (unaudited):(4)				
Basic and diluted				

(1) Includes equity-based compensation expense as follows:

	Year Ended December 31,		Six Months Ended June 30,	
	2014	2015	2015	2016
	(in thousands)			
Cost of revenue	$—	$1,673	$ —	$ —
Research and development	—	3,241	—	—
Selling and marketing	—	1,569	—	—
General and administrative	—	1,673	—	1,625
Total equity-based compensation expense	$—	$8,156	$ —	$ 1,625

(2) On April 4, 2016, we completed the Pharma Split-Off. The financial results of the Pharma Business through the separation date of April 4, 2016 are included in Fulgent LLC's results as discontinued operations for all periods presented. See "—Pharma Split-Off and Reorganization" for additional information.

(3) See Notes 2 and 10 to Fulgent LLC's audited consolidated financial statements for the year ended December 31, 2015 and Note 3 to Fulgent LLC's unaudited condensed consolidated financial statements for the six months ended June 30, 2016, each included in this prospectus, for an explanation of the method used to calculate basic and diluted loss per unit from continuing operations and the weighted-average number of units used in the computation of the per unit amounts.

(4) See Note 2 to Fulgent LLC's audited consolidated financial statements for the year ended December 31, 2015 and Note 2 to Fulgent LLC's unaudited condensed consolidated financial statements for the six months ended June 30, 2016, each included in this prospectus, for an explanation of the method used to calculate basic and diluted pro forma loss per share attributable to common stockholders.

	Year Ended December 31,		Six Months Ended June 30,	
	2014	2015	2015	2016
Other Operating Data:				
Billable tests(1)	966	6,852	2,762	5,209

(1) Billable tests represent the number of tests delivered in a period for which we bill our customers. We consider the number of billable tests we deliver to be an important indicator of the growth of our business.

	As of June 30, 2016			
	Actual (Fulgent LLC)	Pro Forma (Fulgent LLC)(1)	Pro Forma As Adjusted (Fulgent Inc.)(2)	Pro Forma As Further Adjusted (Fulgent Inc.)(3)(4)
	(in thousands)			
Consolidated Balance Sheet Data:				
Cash	$ 16,060	$ 11,468	$ 11,468	$
Total assets	26,778	22,186	22,186	
Total liabilities	5,075	5,075	5,075	
Accumulated deficit	(54,860)	(54,860)	(54,860)	
Total members' equity	21,703	17,111	—	—
Total stockholders' equity	—	—	17,111	

(1) The pro forma balance sheet data give effect to the distribution of approximately $4.6 million to Mr. Hsieh as a return of capital contribution that was approved on August 12, 2016 and will be paid before completion of this offering.
(2) The pro forma as adjusted balance sheet data give effect to the pro forma adjustment described above and the Reorganization.
(3) The pro forma as further adjusted balance sheet data give effect to the pro forma as adjusted adjustments described above and our issuance and sale in this offering of shares of common stock at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.
(4) Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) each of our pro forma as further adjusted cash, total assets and total stockholders' equity by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of one million shares in the number of shares of common stock offered by us would increase (decrease) each of our pro forma as further adjusted cash, total assets and total stockholders' equity by approximately $ million, assuming the initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

RISK FACTORS

Investing in our common stock involves a high degree of risk. Before making your decision to invest in shares of our common stock, you should carefully consider the risks described below, together with the other information included in this prospectus, including the financial statements and related notes. If any of the events discussed below occurs, we may experience a material and adverse impact on our business, results of operations, financial condition and cash flows, in which case the trading price of our common stock could decline and you could lose all or part of your investment.

Business and Strategy Risks

Our industry is subject to rapidly changing technology and new and increasing amounts of scientific data, and if we fail to keep pace with these technological advances, we may be unable to compete effectively and our business and prospects could suffer.

In recent years, there have been numerous advances in the analysis of large amounts of genomic information and the role of genetics and gene variants in disease diagnosis and treatment. Our industry has been and will continue to be characterized by rapid technological change, increasing amounts of data, frequent introductions of new genetic tests and evolving industry standards, all of which could make our tests obsolete if we are not able to enhance our technologies and tests faster and better than our competitors to maintain our competitive advantage. Our future success will depend on our ability to keep pace with the evolving needs of our customers in a timely and cost-effective manner and to pursue new market opportunities that develop as a result of technological and scientific advances. If we are not able to keep pace with technological advances and increased customer expectations that develop as a result of these advances, we may be unable to sustain or grow our business and our future operations and prospects could suffer.

We are an early-stage company with a limited operating history, which may expose us to enhanced risks and increase the difficulty of evaluating our business and prospects.

We began operations in May 2012 and commercially launched our first genetic tests in 2013. As a result, we have only a limited operating history upon which you can evaluate our business and prospects. Our revenue growth may not increase or even continue, we may not achieve profitability and, if we achieve profitability, we may not be able to sustain it. Our limited operating history makes it difficult to evaluate our current business and inhibits our ability to forecast our future operating results, including revenue, cash flows and profitability. For example, our gross profit during the last three months of 2015 was less than our gross profit in the preceding and subsequent three months. Our limited operating history makes it difficult to determine if these fluctuations reflect seasonality in our performance or are the result of other events. We have encountered and will continue to encounter risks and uncertainties frequently experienced by growing companies in the life sciences and technology industries, such as risks related to an evolving and unpredictable business model, management of growth and other uncertainties described in this prospectus. If our assumptions regarding these risks and uncertainties are incorrect or these risks and uncertainties change due to changes in our markets, or if we do not address these risks successfully, our operating and financial results may differ materially from our expectations, and our business may suffer.

We have a history of losses, and we may never be able to achieve or sustain profitability.

We have a history of losses relating to the business described in this prospectus. For the year ended December 31, 2015 and the six months ended June 30, 2016, we recorded a loss from continuing operations of $5.0 million and $5.1 million, respectively. To date, we have generated limited revenue, and we may never achieve revenue sufficient to offset our expenses and achieve or sustain profitability. In addition, we may continue to incur losses in the future, particularly as we focus on growing our business and operations and experience expected increases in expenses related to this growth. Our prior losses and any future losses have had

and will continue to have an adverse effect on our stockholders' equity and working capital. Our failure to achieve and sustain profitability in the future would negatively affect our business, financial condition, results of operations and cash flows, and could cause the market price of our common stock to decline.

If we are not able to grow our customer base and increase demand for our tests from existing and new customers, our commercial success would be limited.

To achieve our anticipated revenue growth, we must increase test volume by further penetrating our existing hospital and medical institution customers. In addition, we must grow our customer base beyond hospitals and medical institutions and into additional customer groups, such as individual physicians, other practitioners and research institutions. For example, in 2016, we have contracted with a regional physician services organization based in Southern California and a national health insurance company to become an in-network provider and we have enrolled as a supplier in the Medicare program. We have also established a vendor code with, and started to receive orders from, a national clinical laboratory that orders our tests to fulfill some of the genetic testing orders it receives from certain U.S. government agencies. Establishing these relationships means that we have agreed with the applicable payor or laboratory to provide certain of our tests at negotiated rates, but it does not obligate this laboratory or any physicians to order our tests at any agreed volume or frequency or at all. As a result, these relationships, or any similar relationships we may establish in the future, may not amount to meaningful increases in our customer base, the number of billable tests we sell or our total revenue, or improve our ability to achieve profitability. We may not succeed in facilitating the clinical acceptance and adoption of our tests needed to achieve the increased volumes and customer growth we expect. Because detailed genetic data from tests such as ours have only recently become available at relatively affordable prices, the pace and degree of market acceptance and adoption of these tests is uncertain.

We may fail to expand our customer base and grow our volume of tests delivered for a variety of reasons, including, among others:

- the genetic testing market generally, and particularly the market for NGS genetic tests, is relatively new and may not grow as predicted or may decline;
- our efforts to improve our existing tests and develop and launch new tests may be unsuccessful;
- we may not be able to convince additional hospitals and medical institutions or additional customer groups, such as individual physicians, other practitioners and research institutions, of the utility of our tests and their potential advantages over existing and new alternatives;
- we may be unsuccessful in demonstrating the benefits of our broad and customizable test menu;
- genetic testing is expensive and many existing and potential new customers may be sensitive to pricing, particularly if we are not able to maintain low prices relative to our competitors;
- potential new customers, particularly individual physicians and other practitioners, may not adopt our tests if coverage and adequate reimbursement are not available;
- negative publicity or regulatory investigations into the actions of companies within our industry could raise doubts about the legitimacy of diagnostics technologies generally, and could result in scrutiny of diagnostic activities by the FDA or other applicable government agencies;
- our competitors may introduce new tests that cover more genes or that provide more accurate or reliable results at the same or a lower cost than ours; and
- our efforts to increase our sales force and expand our marketing efforts may fail.

If we are unable to address these and other risks associated with growing our customer base and deepening our relationships with existing companies, we may not achieve our anticipated growth in billable tests and our results of operations would be adversely impacted.

We face intense competition, which is likely to intensify further as existing competitors devote additional resources to, and new participants enter, the market, and if we cannot compete successfully, we may be unable to increase our revenue or achieve or grow profitability.

With the development of NGS, the clinical genetics market has become increasingly competitive, and we expect this competition to further intensify in the future. We face competition from a variety of sources, including, among others:

- dozens of companies focused on molecular genetic testing services, including specialty and reference laboratories that offer traditional single-gene and multi-gene tests, such as Ambry Genetics, Inc.; Counsyl Inc.; Foundation Medicine, Inc.; GeneDx, a subsidiary of OPKO Health, Inc.; Invitae Corporation; Myriad Genetics, Inc.; and Pathway Genomics Corporation, as well as other commercial and academic laboratories; and
- established and emerging healthcare, information technology and service companies that may develop and sell competitive tests, which may include informatics, analysis, integrated genetic tools and services for health and wellness.

Additionally, participants in closely related markets, such as prenatal testing and clinical trial or companion diagnostic testing, could converge on offerings that are competitive with the type of tests we perform. Instances where potential competitors are aligned with key suppliers or are themselves suppliers could provide such potential competitors with significant advantages. Further, hospitals, research institutions and eventually individual physicians and other practitioners may also seek to perform at their own facilities the type of genetic testing we would otherwise perform for them. In this regard, continued development of, and associated decreases in the cost of, equipment, reagents and other materials and databases and genetic data interpretation services may enable broader direct participation in genetic testing and analysis and drive down use of third-party testing companies such as ours. Moreover, the biotechnology and genetic testing fields continue to undergo significant consolidation, permitting larger clinical laboratory service providers to increase cost efficiencies and service levels, resulting in more intense competition.

Many of our existing and potential future competitors have longer operating histories, larger customer bases, greater brand recognition and market penetration, substantially greater financial, technological and research and development resources and selling and marketing capabilities, and considerably more experience dealing with third-party payors. As a result, they may be able to respond more quickly to changes in customer requirements or preferences, devote greater resources to the development, promotion and sale of their tests, devote more resources to and obtain more favorable results from third-party payors regarding coverage and reimbursement for their offerings, adopt more aggressive pricing policies for their tests, secure supplies from vendors on more favorable terms or devote substantially more resources to infrastructure and systems development. We may not be able to compete effectively against these organizations.

Additionally, increased competition and cost-saving initiatives on the part of government entities and other third-party payors could result in pricing pressures, which could harm our sales or ability to gain market share and achieve profitability. In addition, competitors may be acquired by, receive investments from or enter into other commercial relationships with larger, well-established and well-financed companies as use of NGS for clinical diagnosis and preventative care increases. Further, companies or governments that effectively control access to genetic testing through umbrella contracts or regional preferences could promote our competitors or prevent us from performing certain tests in certain territories. If we are unable to compete successfully against current and future competitors, we may be unable to increase market acceptance and sales volume of our tests, which could prevent us from increasing our revenue or achieving or growing profitability.

We will need to invest in and expand our infrastructure and hire additional skilled personnel in order to support our anticipated growth, and our failure to effectively manage any future growth could jeopardize our business.

To increase the volume of tests that we offer and deliver, we must invest in our infrastructure, including our testing capacity and information systems, enterprise software systems, customer service, billing and collections systems processes and internal quality assurance program, in the near term. We will also need to invest in hiring additional skilled personnel, including biostatisticians, geneticists, software engineers, laboratory directors and specialists, sales and marketing experts and other scientific, technical and managerial personnel to market, process, interpret and validate the quality of results of our genetic tests and otherwise manage our operations. For example, before we deliver a report for any of our genetic tests, the results summarized in the report must be reviewed and approved by a licensed and qualified laboratory director. We currently have only one such laboratory director with all of the required licenses, Dr. Hanlin Gao, who conducts this review and approval for each test we deliver. We are in the process of licensing additional laboratory directors to assist Dr. Gao, and we may need to hire more laboratory directors in the future to further scale our business. If we fail to hire additional personnel or otherwise develop our infrastructure sufficiently in advance of demand or if we fail to generate demand commensurate with our level of investment in our infrastructure, our business, prospects, financial condition and results of operations could be adversely affected. Additionally, although we do not presently have plans to acquire new or expand our existing laboratory space, we may need to do so in the future as our volumes increase and any need to obtain an additional facility or replace our existing facility with a larger one would involve significant challenges.

The time and resources required to implement new systems, to add and train additional skilled personnel and to acquire or expand laboratory space as needed are uncertain. Any future growth we may experience could create a strain on our organizational, administrative and operational infrastructure, including laboratory operations, quality control, customer service, marketing and sales and management. We may not be able to maintain the quality of or expected turnaround times for our tests or satisfy customer demand as it grows. Our ability to manage our growth effectively will also require us to continue to improve our laboratory and other operational, financial and management systems and controls and our reporting processes and procedures, which we may not be able to do.

We have limited experience marketing and selling our tests and our commercial success will depend in part upon our ability to grow our sales and marketing team and generate sales using this relatively small internal and developing team.

We have limited experience marketing and selling our tests, which we began selling in 2013. We may not be able to market or sell our existing tests or any future tests we may develop in order to drive demand sufficient to support our planned growth. We currently sell our tests in the United States through a small internal sales force and outside the United States through one internal sales person and we have historically relied significantly on organic growth and word-of-mouth among our customers to generate interest in our tests. Our ability to maintain and grow sales volume in the future will depend in large part upon our ability to develop and substantially expand our sales team and to increase the scope of our marketing efforts. We intend to aggressively build our sales and marketing team in the near term in order to pursue expansion of our customer base and growth in the volume of tests ordered, which will involve significant time and expense. We may not be able to attract and hire the qualified personnel we need to grow our sales and marketing team as quickly as we intend for various reasons, including intense competition in our industry for qualified personnel. Even if we are able to further develop our sales and marketing team, we have limited experience managing a sales and marketing group and it may not be successful in growing our customer base or increasing penetration into our existing customers.

In addition, our future sales will depend in large part upon our ability to expand our brand awareness, laterally grow our customer base and vertically penetrate our relationships with existing customers by educating the medical community, including existing and potential future customers, about the benefits and the full scale of our offering. We also intend to obtain publication of scientific and medical results in peer-reviewed journals and

make presentations at leading industry conferences. We have limited experience with this type of activity and we may not be successful in implementing these initiatives. If we are not able to drive sufficient levels of revenue using our sales and marketing strategies to support our planned growth, our business and results of operations would be negatively affected. Additionally, if we are not able to obtain sufficient clinical information in support of our tests, third-party payors could designate our tests as experimental or investigational and decline to cover and reimburse our tests as a result of such designation.

We also intend to increase our focus on growing our international sales and customer base. Outside the United States, we use and intend to continue to use one internal sales person and may also engage distributors to assist with sales, logistics, education and customer support in the future. We believe identifying, qualifying and engaging distributors with local industry experience and knowledge will be necessary to effectively market and sell our tests outside the United States. We may not be successful in finding, attracting and retaining qualified distributors or we may not be able to enter into distribution arrangements covering desired territories on favorable terms. Sales practices utilized by distributors that are locally acceptable may not comply with sales practices or standards required under U.S. laws that apply to us, which could subject us to additional compliance risks. If our sales and marketing efforts are not successful outside the United States, we may not achieve significant market acceptance for our tests in international markets, which could materially and adversely impact our business operations.

If we are sued for product or professional liability, we could face substantial liabilities that exceed our resources.

Our business depends upon our ability to provide reliable and accurate test results that incorporate rapidly evolving information about the role of genes and gene variants in disease and clinically relevant outcomes associated with those variants. Hundreds of genes can be implicated in some disorders and overlapping networks of genes and symptoms can be implicated in multiple conditions. As a result, a substantial amount of judgment is required in order to interpret the results of each test we perform and produce a report summarizing these results. Errors, such as failures to detect genomic variants with high accuracy, or mistakes, such as failures to completely and correctly identify the significance of gene variants, could subject us to product liability or professional liability claims. A product liability or professional liability claim against us could result in substantial damages and be costly and time-consuming to defend. Although we maintain liability insurance, including for errors and omissions, our insurance may not fully protect us from the financial impact of defending against these types of claims or any judgments, fines or settlement costs arising out of any such claims. Any liability claim brought against us, with or without merit, could increase our insurance rates or prevent us from securing insurance coverage in the future. Additionally, any liability lawsuit could damage our reputation or force us to suspend sales of our tests. The occurrence of any of these events could have a material adverse effect on our business, reputation and results of operations.

Our ability to achieve profitability depends upon our ability to collect payment for the tests we deliver to hospitals and medical institutions, which we may not be able to do successfully.

We are currently focused on providing our tests to hospitals and medical institutions. These customers are typically able to pay for the cost of our tests using funds reimbursed in connection with a patient’s diagnosis related group, or DRG. However, our ability to collect payment for the tests we perform is subject to a number of risks, many of which are not within our control, including risks of default or bankruptcy by the party responsible for payment and other risks associated with payment collection generally. Further, healthcare policy changes that influence the way healthcare is financed or other changes in the market that impact payment rates by institutional or non-institutional customers could affect our collection rates. For example, because reimbursement under a DRG is typically provided at a fixed amount intended to cover all services provided to the patient, the cost of our tests may be viewed to limit the profitability of the billing institution. If we are unable to convince hospitals and medical institutions of the value and benefit provided by our tests, or if the amount reimbursed under these DRG codes was decreased, these customers may slow, or stop altogether, their purchasing of our tests.

If third-party payors do not provide coverage and adequate reimbursement for our tests, our commercial success could be limited.

Coverage and reimbursement by third-party payors, including managed care organizations, private health insurers and government healthcare programs, such as Medicare and Medicaid, for the types of genetic tests we perform can be limited and uncertain. Although our existing customer base consists primarily of hospitals and medical institutions, from which we typically receive direct payment for ordered tests, we believe our potential for future success is dependent upon our ability to attract new customer groups, including individual physicians and other practitioners. These practitioners may not order our tests unless third-party payors cover and provide adequate reimbursement for a substantial portion of the price of our tests. If we are not able to obtain coverage and an acceptable level of reimbursement for our tests from third-party payors, there would typically be a greater co-insurance or co-payment requirement from the patient for whom the test is ordered or the patient may be forced to pay the entire cost of the test out-of-pocket, which could dissuade practitioners from ordering our tests and, if ordered, could result in delay in or decreased likelihood of our collection of payment, whether from patients or from third-party payors. We believe our ability to increase the number of tests we sell and our revenue will depend on our success in achieving broad coverage and reimbursement for our tests from third-party payors.

Coverage and reimbursement by a third-party payor may depend on a number of factors, including a payor's determination that a test is appropriate, medically necessary and cost-effective. Each payor makes its own decision as to whether to establish a policy or enter into a contract to cover our tests and the amount it will reimburse for a test, and seeking the determination by a payor to cover and the amount it will reimburse for our tests would likely be made on an indication-by-indication basis. In addition, the coding procedure used by all third-party payors with respect to establishing payment rates for various procedures, including our tests, is complex, does not currently adapt well to the genetic tests we perform and may not enable coverage and adequate reimbursement rates for our tests. As a result, obtaining approvals from third-party payors to cover our tests and establishing adequate reimbursement levels is an unpredictable, challenging, time-consuming and costly process and we may never be successful.

To date, we have contracted with a regional physician services organization and a national health insurance company to become an in-network provider. We also recently enrolled as a supplier in the Medicare program, but we have not yet enrolled in any state Medicaid program and we have not obtained any coverage, pricing or reimbursement approvals from any countries outside of the United States. Although becoming an in-network provider or enrolling as a supplier means that we have agreed with these payors to provide certain of our tests at negotiated rates, it does not obligate any physicians to order our tests or guarantee that we will receive reimbursement for our tests from these or any other payors at adequate levels. Thus, these payor relationships, or any similar relationships we may establish in the future, may not result in acceptable levels of reimbursement for our tests or meaningful increases in our physician customer base or the number of billable tests we sell to physicians. We expect to focus on increasing coverage and reimbursement for our current tests and any future tests we may develop. We believe it may take several years to achieve coverage and adequate contracted reimbursement with a majority of third-party payors. However, we cannot predict whether, under what circumstances, or at what payment levels payors will cover and reimburse for our tests. If we fail to establish and maintain broad coverage and reimbursement for our tests, our ability to generate increased revenue and grow our test volume and customer base could be limited and our future prospects and our business could suffer.

If our sole laboratory facility becomes inoperable, if we are forced to vacate the facility or if we are unable to obtain additional laboratory space as and when needed, we would be unable to perform our tests and our business would be harmed.

We perform all of our tests at a single laboratory in Temple City, California. Our laboratory facility could be damaged or rendered inoperable by natural or man-made disasters, including earthquakes, floods, fires and power outages, which could render it difficult or impossible for us to perform our tests for some period of time. The inability to perform our tests or the backlog that could develop if our laboratory is inoperable for even a short

period of time could result in the loss of customers or harm to our reputation. Although we maintain insurance for damage to our property and the disruption of our business, this insurance may not be sufficient to cover all of our potential losses and may not continue to be available to us on acceptable terms, if at all.

Further, if we need to move to a different facility or locate additional laboratory space as our business grows, we may have difficulty locating suitable space in a timely manner, on reasonable terms or at all, and even if acceptable space was available, it would be challenging, time-consuming and expensive to obtain or transfer the licensure and accreditation required for a commercial laboratory like ours and the equipment we use to perform our tests. These challenges could be amplified if we seek to procure laboratory space outside the United States as we seek to expand our international operations. If we are unable to obtain or are delayed in obtaining new laboratory space as needed, we may not be able to provide existing tests or develop and launch new tests, which could result in harm to our business, reputation, financial condition and results of operations.

Ethical, legal and social concerns related to the use of genetic information could reduce demand for our tests.

Genetic testing has raised ethical, legal and social issues regarding privacy and the appropriate uses of the resulting information. Government authorities could, for social or other purposes, limit or regulate the use of genetic information or genetic testing or prohibit testing for genetic predisposition to certain conditions, particularly for those that have no known cure. Similarly, these concerns may lead patients to refuse to use, or physicians to be reluctant to order, genetic tests even if permissible. These and other ethical, legal and social concerns may limit market acceptance and adoption of our tests or reduce the potential markets for our tests, either of which could have an adverse effect on our business, financial condition and results of operations.

We rely on a limited number of suppliers and, in some cases, a sole supplier, for some of our laboratory instruments and materials and we may not be able to find replacements or immediately transition to alternative suppliers if necessary.

We rely on a limited number of suppliers, or, in the case of Illumina, Inc., a sole supplier, for certain laboratory substances used in the chemical reactions incorporated into our processes, which we refer to as reagents, as well as for the sequencers and various other equipment and materials that we use in our laboratory operations. We do not have long-term agreements with any of our suppliers and, as a result, they could cease supplying these materials and equipment to us at any time or fail to provide us with sufficient quantities of materials that meet our specifications. Our laboratory operations would be interrupted if we encounter delays or difficulties in securing these reagents, sequencers or other equipment or materials or if we need a substitute for any of our suppliers and are not able to locate and make arrangements with an acceptable substitute. Any such interruption could significantly affect our business, financial condition, results of operations and reputation. We rely on Illumina as the sole supplier of the next generation sequencers and associated reagents we use to perform our genetic tests and as the sole provider of maintenance and repair services for these sequencers. Any disruption in Illumina's operations could impact our supply chain and laboratory operations as well as our ability to conduct our tests.

We believe there are only a few other manufacturers that are currently capable of supplying and servicing the equipment necessary for our laboratory operations, including sequencers and various associated reagents. Transitioning to a new supplier would be time-consuming and expensive, could result in interruptions in or otherwise affect the performance specifications of our laboratory operations or could require that we revalidate our tests. In addition, the use of equipment or materials provided by a replacement supplier could require us to alter our laboratory operations and procedures. In the case of obtaining an alternative supplier for Illumina, replacement sequencers and associated reagents that meet our quality control and performance requirements may not be available on reasonable terms, in a timely manner or at all. If we encounter delays or difficulties in securing, reconfiguring or revalidating the equipment and reagents we require for our tests, our business, financial condition, results of operations and reputation would be adversely affected.

We plan to rely on a third-party for certain portions of our billing and collection processing, which is complex and time-consuming, and any delay in transmitting and collecting claims could have an adverse effect on our future revenue.

We are in the process of engaging a third-party service provider for certain claims processing, billing and collection functions. Billing for our tests is complex, time-consuming and expensive. Depending on the billing arrangement and applicable law, we plan to bill various payors, including customers directly in the case of our hospital and medical institution customers, as well as Medicare, Medicaid, insurance companies and patients, all of which may have different billing requirements. We may face increased risk in our collection efforts, including long collection cycles, which could adversely affect our business, results of operations and financial condition.

Several factors make the billing process complex, including:

- differences between the list price for our tests and the reimbursement rates of payors;
- compliance with complex federal and state regulations related to billing government healthcare programs, including Medicare and Medicaid;
- disputes among payors as to which party is responsible for payment;
- differences in coverage among payors and the effect of patient co-payments or co-insurance;
- differences in information and billing requirements among payors;
- incorrect or missing billing information; and
- the resources required to manage the billing and claims appeals process.

These billing complexities and the related uncertainty in obtaining payment for our tests could negatively affect our revenue and cash flow, our ability to achieve profitability and the consistency and comparability of our results of operations. In addition, if claims for our tests are not submitted to payors on a timely basis, or if we are required to switch to a different provider to handle our processing and collections functions, it could have an adverse effect on our revenue and our business.

We are exposed to additional business, regulatory, political, operational, financial and economic risks related to our international operations.

Our existing customer base includes international customers, many of which are based in Canada. Approximately $4.5 million and $3.3 million of our revenue came from non-U.S. customers in 2015 and the six months ended June 30, 2016, respectively, and of this, approximately $2.7 million and $1.7 million in the respective periods came from customers located in Canada. Our business strategy includes plans to increase this volume in the near term, from customers in Canada and other geographic markets, including potentially Asia and Europe. We may enter into new geographic markets and increase our presence in existing foreign markets by engaging distributors to conduct physician outreach activities and develop and expand payor relationships outside of the United States.

Doing business internationally involves a number of risks, including, among others:

- multiple, conflicting and evolving laws and regulations, such as privacy regulations, tax laws, employment laws, regulatory requirements and other government approvals, permits and licenses;
- logistics and regulations associated with shipping blood or other tissue specimens, including export and import restrictions, infrastructure conditions and transportation delays;
- limits on our ability to penetrate international markets if we do not conduct our tests locally, including local legal and regulatory requirements that would force us to build additional laboratories or engage in joint ventures or other business partnerships in order to offer our tests in certain countries;
- failure by us or any distributors we may engage in the future to obtain regulatory approvals for the use of our tests in various countries;

- complexities and difficulties in obtaining protection for and enforcing our intellectual property;
- difficulties in staffing and managing foreign operations;
- complexities associated with managing multiple payor coverage and reimbursement regimes, government payors or patient self-pay systems;
- financial risks, such as longer payment cycles, difficulty collecting accounts receivable, the impact of local and regional financial conditions on demand and payment for our tests and exposure to foreign currency exchange rate fluctuations;
- natural disasters, political and economic instability, including wars, terrorism, and political unrest, outbreak of disease, boycotts, curtailment of trade and other business restrictions; and
- regulatory and compliance risks that relate to prohibiting bribery and maintaining accurate information and control over activities that may fall within the purview of the anti-bribery provisions of the U.S. Foreign Corrupt Practices Act, or FCPA, or the United Kingdom's Bribery Act of 2010.

Any of these factors could significantly harm our existing relationships with international customers or derail our international expansion plans and, consequently, our revenue and results of operations.

We may not be successful in developing and marketing new tests, which could negatively impact our performance and prospects.

We believe our future success will depend upon our ability to continue to expand our test offering and develop and sell new tests. For instance, we recently launched a new chromosomal test called CNV+ that is designed to use NGS technology to detect copy number variants with similar or improved results as compared to microarray-based genomic tests. We expect these tests will target customers that are already using microarray-based testing; however, these tests may not be accepted as a replacement for microarray-based tests and they may not be adopted by these customers or at all. We may not be successful in launching or marketing these or any other new tests we may develop or, if we are successful, the demand for our other tests could decrease or may not continue to increase at historical rates due to sales of the new tests.

Our pipeline of new tests is in various stages of development and will be time-consuming and costly to fully develop and introduce, as development and marketing of new tests requires us to conduct research and development and further develop and scale our laboratory processes and infrastructure to be able to analyze increasing amounts of and more diverse data. Further, we may be unable to discover or develop new tests for a variety of reasons, including failure of any proposed test to perform as expected, lack of validation or reference data for the test or failure to demonstrate the utility of the test. Further, any new test we are able to develop may not be launched in a timely manner, meet applicable regulatory standards, successfully compete with other technologies and available tests, avoid infringing the proprietary rights of others, achieve coverage and adequate reimbursement from third-party payors, be susceptible to performance at commercial levels and at reasonable costs, be successfully marketed or achieve sufficient market acceptance for us to recoup our time and capital investment in the development of the test. Any failure to successfully develop and sell new tests could negatively impact our ability to attract and retain customers and our revenue and prospects.

Actual or attempted security breaches, loss of data and other disruptions could compromise sensitive information related to our business or to patients or prevent us from accessing critical information, any of which could expose us to liability and adversely affect our business and our reputation.

In the ordinary course of our business, we and, in the future, a third-party billing and collections provider that we intend to engage, generate, collect and store sensitive data, including protected health information, or PHI, personally identifiable information, intellectual property and proprietary business information and other business-critical information, such as research and development data, commercial information and business and financial information. We manage and maintain the data we generate, collect and store utilizing a combination of on-site

systems and managed data center systems. We also communicate sensitive patient data when we deliver reports summarizing test results to our customers, which we deliver via our online encrypted web portal, encrypted email or fax or overnight courier. We face a number of risks related to protecting this information, including loss of access, inappropriate disclosure, unauthorized modification and inability to adequately implement protective controls.

The secure processing, storage, maintenance and transmission of this critical information are vital to our operations and business strategy and we devote significant resources to protecting the confidentiality and integrity of this information. Although we have implemented security measures designed to protect sensitive information from unauthorized access, use or disclosure, our information technology and infrastructure and that of a third-party billing and collections provider that we intend to engage in the future could fail, be inadequate or vulnerable to attacks by hackers or viruses or be breached due to employee error, malfeasance or other disruptions. Any such breach or interruption could compromise our information systems and the information we store could be accessed by unauthorized parties, manipulated, publicly disclosed, lost or stolen. Any such access, manipulation, disclosure or other loss of information could result in legal claims or proceedings and could result in liability or penalties under federal and state laws that protect the privacy of personal information, discussed below under "—We are subject to broad legal requirements regarding the information we test and analyze and any failure to comply with these requirements could result in harsh penalties, damage our reputation and materially harm our business." Additionally, unauthorized access, manipulation, loss or dissemination could significantly damage our reputation and disrupt our operations, including our ability to perform our tests, analyze and provide test results, bill customers or other payors, process claims for reimbursement, provide customer service, conduct research and development activities, collect, process, and prepare company financial information, conduct education and outreach activities and manage the administrative aspects of our business, any of which could adversely affect our business.

The loss of any member of our senior management team could adversely affect our business.

Our success depends in large part upon the skills, experience and performance of our executive management team and others in key leadership positions, especially Ming Hsieh, our founder and Chief Executive Officer, and Dr. Gao, our Chief Scientific Officer and Lab Director. The continued efforts of these persons will be critical to us as we continue to develop our technologies and test processes and focus on growing our business. If we lose one or more key executives, we could experience difficulties maintaining our operations, including delivering reports to customers after review and approval by a licensed and qualified laboratory director, competing effectively, advancing our technologies, developing new tests and implementing our business strategy. All of our executives and employees, including Mr. Hsieh and Dr. Gao, are at-will, which means that either we or the executive or employee may terminate their employment at any time. We do not carry key man insurance for any of our executives or employees. In addition, we do not have a long-term retention agreement in place with any of our executives or key employees.

We rely on highly skilled personnel in a broad array of disciplines, and if we are unable to hire, retain or motivate these individuals, we may not be able to maintain the quality of our tests or grow effectively.

Our performance, including our research and development programs and laboratory operations, largely depends upon our continued ability to identify, hire, train, motivate and retain highly skilled personnel for all areas of our organization, including biostatisticians, geneticists, software engineers, laboratory directors and specialists, sales and marketing experts and other scientific, technical and managerial personnel. Competition in our industry for qualified executives and other employees is intense and we may not be able to attract or retain the qualified personnel we need to execute our business plan due to high levels of competition for these personnel among our competitors, other life science businesses, universities and public and private research institutions. In addition, our compensation arrangements may not be successful in attracting new employees and retaining and motivating our existing employees. If we are not able to attract and retain the necessary personnel to accomplish our business objectives, we may experience constraints that could adversely affect our ability to expand our business and support our research and development efforts and our clinical laboratory operations, which would negatively affect our prospects for future growth and success.

Our inability to obtain additional capital in the future when needed and on acceptable terms may limit our ability to execute our business plan.

We expect our capital expenditures and operating expenses to increase over the next several years as we expand our infrastructure, sales and marketing and other commercial operations and research and development activities. We may seek to raise additional capital through securities offerings, credit facilities or other debt financings, asset sales or collaborations or licensing arrangements. Additional funding may not be available to us when needed, on acceptable terms or at all. If we raise funds by issuing equity securities, our stockholders, including investors purchasing common stock in this offering, could experience substantial dilution. Additionally, any preferred equity securities we issue could provide for rights, preferences or privileges senior to those of our common stock, and our issuance of any additional equity securities, or the possibility of such an issuance, could cause the market price of our common stock to decline. The terms of debt securities issued or borrowings, if available, could impose significant restrictions on our operations, such as limitations on our ability to incur additional debt or issue additional equity, limitations on our ability to acquire or license intellectual property rights and other operating restrictions that could adversely affect our ability to conduct our business, and would result in increased fixed payment obligations. In the event that we seek to sell assets or enter into collaborations or licensing arrangements to raise capital, we may be required to accept unfavorable terms or relinquish or license to a third party our rights to important or valuable technologies or tests we may otherwise seek to develop ourselves. Moreover, we may incur substantial costs in pursuing future capital, including investment banking fees, legal fees, accounting fees, printing and distribution expenses and other costs. If we are not able to secure additional funding when needed and on reasonable terms, we may be forced to delay, reduce the scope of or eliminate one or more research and development programs, sales and marketing initiatives or other growth plans or strategies. In addition, we may be forced to work with a partner on one or more aspects of our tests or market development programs, which could lower the economic value of these tests or programs to our company. Any such outcome could significantly harm our business, performance and prospects.

We may acquire businesses or assets, form joint ventures, make investments in other companies or technologies or establish other strategic relationships that could harm our operating results, dilute our stockholders' ownership or cause us to incur debt or significant expense.

As part of our business strategy, we may pursue acquisitions of complementary businesses or assets, investments in other companies, technology licensing arrangements, joint ventures or strategic relationships, including partnerships with pharmaceutical companies to further develop our pharmacogenomics opportunities. As an organization, we have limited experience with respect to acquisitions, investments or the formation of strategic relationships or joint ventures. If we make acquisitions in the future, we may not be able to successfully integrate the acquired businesses or technologies into our existing business, we could assume unknown or contingent liabilities and we could be forced to record significant write-offs or incur debt as a result of the acquisitions, any of which could harm our operating results. Further, integration of an acquired business or technology could require management and capital resources that otherwise would be available for ongoing development of our existing business. If we pursue partnerships with pharmaceutical companies, our ability to establish and maintain these partnerships could be challenging due to several factors, including competition with other genetic testing companies and internal and external constraints placed on pharmaceutical organizations that limit the number and type of relationships they can establish with companies like ours. Moreover, we may not be able to identify or complete any acquisition, investment, technology license, joint venture or strategic relationship in a timely manner, on a cost-effective basis or at all, and we may not realize the anticipated benefits of any such transaction sufficiently to recoup our costs.

To finance any acquisitions, investments, joint ventures or strategic relationships, we may seek to raise additional funds through securities offerings, credit facilities, asset sales or collaborations or licensing arrangements. Each of these methods of fundraising is subject to a variety of risks, including those discussed above under "—Our inability to obtain additional capital when needed and on acceptable terms in the future may limit our ability to execute our business plan." Further, additional funds may not be available when needed, on acceptable terms or at all. We may also seek to fund these transactions with issuances of our capital stock, even if

the price of our common stock is low or volatile, which would involve the risks associated with capital-raising equity offerings, including dilution to then-existing stockholders and the possible decline of the market price of our common stock. Any inability to fund acquisitions, investments or strategic relationships could cause us to forfeit opportunities that we believe to be promising or valuable, which could harm our prospects.

We depend on our information technology systems and any failure of these systems could harm our business.

We depend on information technology and telecommunications systems for significant elements of our operations, such as our laboratory information management systems, including test validation, specimen tracking and quality control, our bioinformatics analytical software systems, our expansive reference library of information relating to genetic variants and their role in disease, personal information storage, maintenance and transmission, our customer-facing web-based software and customer service, our report production systems and our billing and reimbursement, research and development, scientific and medical data analysis and general administrative activities. In addition, our third-party service providers depend upon technology and telecommunications systems provided by outside vendors. In connection with becoming a public company, we expect to expand and strengthen a number of enterprise software systems that affect a broad range of business processes and functions, including for example, systems handling human resources, financial controls and reporting, customer relationship management, regulatory compliance, security controls and other infrastructure operations.

Information technology and telecommunications systems are vulnerable to damage from a variety of sources, including telecommunications or network failures, malicious human acts and natural disasters. Moreover, despite network security and back-up measures, some of our servers are potentially vulnerable to physical or electronic break-ins, computer viruses and similar disruptive events. Despite the precautionary measures we have taken to detect and prevent or solve problems that could affect our information technology and telecommunications systems, failures or significant downtime of these systems or those used by our third-party service providers could prevent us from conducting tests, preparing and providing reports to customers, billing payors, handling customer inquiries, conducting research and development activities, maintaining our financial controls and other reporting functions and managing the administrative aspects of our business. Any disruption or loss of information technology or telecommunications systems on which critical aspects of our operations depend could have an adverse effect on our business.

We rely on commercial courier delivery services to transport specimens to our laboratory facility in a timely and cost-efficient manner, and if these delivery services are disrupted, our business would be harmed.

Our business depends on our ability to quickly and reliably deliver test results to our customers. Specimens are typically received within days for analysis at our Temple City, California facility. Disruptions in delivery service, whether due to labor disruptions, bad weather, natural disaster, terrorist acts or threats or for other reasons could adversely affect specimen integrity and our ability to process specimens in a timely manner and service our customers, and ultimately our reputation and our business. In addition, if we are unable to continue to obtain expedited delivery services on commercially reasonable terms, our operating results may be adversely affected.

Regulatory Risks

We conduct business in a heavily regulated industry, and any changes in applicable laws, regulations or the enforcement discretion of the FDA, or violations of laws or regulations by us, could adversely affect our business, prospects, results of operations or financial condition.

The diagnostics industry is highly regulated, and the regulatory environment in which we operate could change significantly and adversely in the future. In particular, the laws and regulations governing the marketing of diagnostic products are evolving, extremely complex and in many instances there are no significant regulatory

or judicial interpretations of these laws and regulations. Pursuant to its authority under the federal Food, Drug, and Cosmetic Act, or FDC Act, the FDA has jurisdiction over medical devices, which are defined to include, among other things, in vitro diagnostic products, or IVDs, used for clinical purposes. The tests that we offer are IVDs. Among other things, pursuant to the FDC Act and its implementing regulations, the FDA regulates the research, testing, manufacturing, safety, labeling, storage, recordkeeping, premarket clearance or approval, marketing and promotion, and sales and distribution of medical devices in the United States to ensure that medical products distributed domestically are safe and effective for their intended uses. In addition, the FDA regulates the import and export of medical devices.

Although the FDA has statutory authority to assure that medical devices, including IVDs, are safe and effective for their intended uses, the FDA has historically exercised its enforcement discretion and not enforced applicable provisions of the FDC Act and regulations with respect to laboratory developed tests, or LDTs, which are a subset of IVDs that are intended for clinical use and designed, manufactured and used within a single laboratory. We believe our tests fall within the definition of an LDT. As a result, we believe our diagnostic tests are not currently subject to the FDA's enforcement of its medical device regulations and the applicable FDC Act provisions.

Even though we commercialize our tests as LDTs, our tests may in the future become subject to more onerous regulation by the FDA. For example, the FDA may disagree with our assessment that our tests fall within the definition of an LDT and seek to regulate our tests as medical devices. Moreover, pursuant to the Food and Drug Administration Safety and Innovation Act of 2012, or FDASIA, the FDA notified Congress on July 31, 2014 that the FDA intended to issue in 60 days a draft guidance entitled "Framework for Regulatory Oversight of Laboratory Developed Tests (LDTs)," or the Framework Guidance, and a separate draft guidance entitled "FDA Notification and Medical Device Reporting for Laboratory Developed Tests (LDTs)," or the Notification Guidance. On October 3, 2014, the FDA issued the anticipated Framework Guidance and Notification Guidance. The Framework Guidance states that the FDA intends to modify its policy of enforcement discretion with respect to LDTs in a risk-based manner consistent with the existing classification of medical devices. Thus, the FDA plans to begin to enforce its medical device requirements, including premarket submission requirements, for LDTs that have historically been marketed without FDA premarket review and oversight. The FDA states its intention in the Framework Guidance to require registration or listing and adverse event reporting six months after the Framework Guidance is finalized and to publish general LDT classification guidance within 24 months of the date on which the Framework Guidance is finalized. According to the Framework Guidance, the FDA intends to enforce premarket review requirements in a risk-based, phased-in manner, starting with the highest risk LDTs beginning 12 months after the Framework Guidance is finalized, followed by other high risk LDTs in the next four years, and then moderate risk LDTs in the four years after that. Generally, for each category of LDTs, the FDA intends to continue exercising enforcement discretion pending the FDA's review and consideration of the premarket submissions for devices that are already in use at the time—so long as premarket submissions are timely made. However, for certain categories of the highest risk LDTs (specifically, (i) LDTs with the same intended use as a cleared or approved companion diagnostic; (ii) LDTs with the same intended use as an FDA-approved Class III medical device; and (iii) certain LDTs for determining the safety or efficacy of blood or blood products), the FDA intends to begin enforcing premarket review requirements immediately upon publication of the finalized Framework Guidance for all new LDTs in those categories.

If and when the Framework Guidance and Notification Guidance are finalized, or if the FDA disagrees with our assessment that our tests fall within the definition of an LDT, we could for the first time be subject to enforcement of regulatory requirements such as registration and listing requirements, medical device reporting requirements and quality control requirements. Any new FDA enforcement policies affecting LDTs may result in increased regulatory burdens on our ability to continue marketing our tests and to develop and introduce new tests in the future. Additionally, if and when the FDA begins to actively enforce its premarket submission regulations with respect to LDTs generally or our tests in particular, we may be required to obtain premarket clearance for our tests under Section 510(k) of the FDC Act or approval of a premarket approval application, or PMA. If the FDA disagrees that our tests fall within the definition of an LDT, we may be required to cease

marketing our tests until we obtain premarket clearance or premarket approval of our tests. However, the Framework Guidance states that, in the interest of ensuring continuity in the testing market and avoiding disruption of access to tests marketed as LDTs that do not meet the FDA's definition of LDTs, the FDA intends to apply the same risk-based framework described in the Framework Guidance to any IVD that is offered as an LDT by a CLIA-certified laboratory. Thus, there is a possibility that we would be able to continue selling our tests pending premarket clearance or approval even if the FDA determines they are not LDTs.

The premarket review process may involve, among other things, successfully completing clinical trials. If we are required to conduct premarket clinical trials, whether using prospectively acquired samples or archival samples, delays in the commencement or completion of clinical testing could significantly increase our development costs, delay introduction of any future tests and interrupt sales of our current tests. Many of the factors that may cause or lead to a delay in the commencement or completion of clinical trials may also ultimately lead to delay or denial of regulatory clearance or approval. The commencement of clinical trials may be delayed due to insufficient patient enrollment, which is a function of many factors, including the size of the patient population, the nature of the protocol, the proximity of patients to clinical sites and the eligibility criteria for the clinical trial. The process for submitting a 510(k) premarket notification and receiving FDA clearance usually takes from three to 12 months, but it can take significantly longer and clearance is never guaranteed. The process for submitting and obtaining FDA approval of a PMA generally takes from one to three years or even longer and approval is not guaranteed. PMA approval typically requires extensive clinical data and can be significantly longer, more expensive and more uncertain than the 510(k) clearance process. Despite the time, effort and expense expended, there can be no assurance that a particular device ultimately will be cleared or approved by the FDA through either the 510(k) clearance process or the PMA process on a timely basis, or at all.

Additionally, the FDA has recently solicited public input and published two draft guidance documents relating to FDA oversight of NGS-based tests. The two draft guidance documents on NGS-based tests describe the FDA's current thinking and proposed approach regarding the possible use of FDA-recognized standards to support analytical validity, and public human genetic variant databases to support clinical validity, of these tests. While it appears that the FDA is striving to provide a flexible pathway to device clearance or approval for manufacturers seeking to market NGS-based tests, it is unknown how the FDA may regulate such tests in the future and what testing and data may be required to support such clearance or approval. If premarket review is required for some or all of our tests and the FDA requires more extensive testing, such as clinical trials, for example, we could experience significantly increased development costs and delay.

Moreover, there can be no assurance that any cleared or approved labeling claims will be consistent with our current claims or adequate to support continued adoption of and reimbursement for our tests. If premarket review is required for some or all of our tests, the FDA could require that we stop selling our tests pending clearance or approval and conduct clinical testing prior to making submissions to FDA to obtain premarket clearance or approval. If our diagnostic tests are allowed to remain on the market but there is uncertainty about their legal status, if we are required by the FDA to label them as investigational, or if labeling claims the FDA allows us to make are limited, order levels may decline and reimbursement may be adversely affected. As a result, we could experience significantly increased development costs and a delay in generating additional revenue from our tests, or from tests which we may develop.

In addition, while we qualify all materials used in our products in accordance with CLIA regulations and guidelines, the FDA could promulgate regulations or guidance documents impacting our ability to purchase materials necessary for the performance of our products. Should any of the reagents we obtain from suppliers and use in our products be affected by future regulatory actions, our business could be adversely affected, including by increasing the cost of testing or delaying, limiting or prohibiting the purchase of reagents necessary to perform testing with our products.

The FDA enforces its medical device requirements by various means, including inspection and market surveillance. If the FDA finds a violation, it can institute a wide variety of enforcement actions, ranging from an

Untitled Letter or Warning Letter to more severe sanctions such as: fines, injunctions and civil penalties; recall or seizure of products; operating restrictions, partial suspension or total shutdown of production; and criminal prosecution.

While we believe we are currently in material compliance with applicable laws and regulations as historically enforced by the FDA, the FDA may not agree with our determination, and any determination that we have violated these laws and regulations, or a public announcement that we are being investigated for possible violations, could adversely affect our business, prospects, results of operations or financial condition.

Legislative proposals addressing the FDA's oversight of LDTs have been introduced by Congress in the past and we expect that new legislative proposals may be introduced from time to time in the future. The likelihood that Congress will pass such legislation and the extent to which such legislation may affect the FDA's ability to enforce its medical device regulations with respect to certain LDTs is difficult to predict at this time. If the FDA ultimately begins to enforce its medical device requirements with respect to LDTs, our tests may be subject to additional regulatory requirements imposed by the FDA, the nature and extent of which would depend upon applicable final guidance or regulation by the FDA or instruction by Congress. If the FDA imposes significant changes to the regulation of LDTs it could reduce our revenue or increase our costs and adversely affect our business, prospects, results of operations or financial condition. Failure to comply with any applicable FDA requirements could trigger a range of enforcement actions by the FDA, including warning letters, civil monetary penalties, injunctions, criminal prosecution, recall or seizure, operating restrictions, partial suspension or total shutdown of operations and denial of or challenges to applications for clearance or approval, as well as significant adverse publicity.

Any new FDA enforcement policies affecting LDTs or new legislation, regulations or guidance may result in increased regulatory burdens on our ability to continue marketing our products and to develop and introduce new products in the future, which could reduce our revenue or increase our costs and adversely affect our business, prospects, results of operations or financial condition.

If we fail to comply with applicable federal, state, local and foreign laboratory licensing requirements, we could lose the ability to perform our tests or experience disruptions to our business.

We are subject to CLIA, a federal law that established quality standards for all laboratory testing and is intended to ensure the accuracy, reliability and timeliness of patient results. CLIA regulates all facilities that perform laboratory testing on specimens derived from humans for the purpose of providing information for the diagnosis, prevention or treatment of disease or the impairment or assessment of health. CLIA requires that we hold a certificate specific to the laboratory examinations we perform and that we comply with various standards with respect to personnel qualifications, facility administration, proficiency testing, quality control, quality assurance and inspections. CLIA certification is required in order for us to be eligible to bill federal and state healthcare programs, as well as many private third-party payors, for our tests. We have obtained CLIA certification to conduct our tests at our laboratory in Temple City, California. To renew this certification, we are subject to survey and inspection every two years and we may be subject to additional unannounced inspections. Our CLIA certification was last renewed October 23, 2015.

We are also required to maintain a license to conduct testing in the State of California. California laws establish standards for day-to-day operation of our clinical reference laboratory in Temple City, including with respect to the training and skills required of personnel, quality control and proficiency testing requirements. We also maintain out-of-state laboratory licenses to perform testing on specimens from Florida, Maryland and Pennsylvania. In addition to having a laboratory license in New York, our laboratory is required to obtain approval on a test-specific basis by the New York State Department of Health before specific testing is performed on samples from New York. Because our license application is still pending in New York, we are currently prohibited from performing these tests on samples from New York until our license is approved. Other states could adopt similar licensure requirements in the future, which could require us to modify, delay or

discontinue our operations in such jurisdictions. We are also subject to regulation in foreign jurisdictions, which we expect will increase as we seek to expand international utilization of our tests or if jurisdictions in which we pursue operations adopt new or modified licensure requirements. Foreign licensure requirements could require review and modification of our tests in order to offer them in certain jurisdictions or could impose other limitations, such as restrictions on the transport of human blood or other tissue necessary for us to perform our tests that may limit our ability to make our tests available outside of the United States. Additionally, complying with licensure requirements in new jurisdictions may be expensive, time-consuming and subject us to significant and unanticipated delays.

Failure to comply with applicable clinical laboratory licensure requirements could result in a range of enforcement actions, including license suspension, limitation or revocation, directed plan of correction, onsite monitoring, civil monetary penalties, civil injunctive suits, criminal sanctions and exclusion from the Medicare and Medicaid programs, as well as significant adverse publicity. Any sanction imposed under CLIA, its implementing regulations or state or foreign laws or regulations governing clinical laboratory licensure, or our failure to renew our CLIA certificate or any other required local, state or foreign license or accreditation, could have a material adverse effect on our business, financial condition and results of operations. In such case, even if we were able to bring our laboratory back into compliance, we could incur significant expenses and lose revenue in and while doing so.

In addition to CLIA requirements, we elect to participate in the accreditation program of CAP. The Centers for Medicare and Medicaid Services, or CMS, has deemed CAP standards to be equally or more stringent than CLIA regulations and has approved CAP as a recognized accrediting organization. Inspection by CAP is performed in lieu of inspection by CMS for CAP-accredited laboratories. Because we are accredited by the CAP Laboratory Accreditation Program, we are deemed to also comply with CLIA. While not required to operate a CLIA-certified laboratory, many private insurers require CAP accreditation as a condition to contracting with clinical laboratories to cover their tests. In addition, some countries outside the United States require CAP accreditation as a condition to permitting clinical laboratories to test samples taken from their citizens. Failure to maintain CAP accreditation could have a material adverse effect on the sales of our tests and the results of our operations.

We are subject to broad legal requirements regarding the information we test and analyze and any failure to comply with these requirements could result in harsh penalties, damage our reputation and materially harm our business.

Our business is subject to federal and state laws that protect the privacy and security of personal health information, including the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, the federal Health Information Technology for Economic and Clinical Health Act, or HITECH, and similar state laws.

The HIPAA privacy, security, and breach notification regulations establish a uniform federal “floor,” but do not supersede state laws that are more stringent or provide individuals with greater rights with respect to the privacy or security of, and access to, their records containing PHI or insofar as such state laws apply to personal information that is broader in scope than PHI as defined under HIPAA. Massachusetts, for example, has a state law that protects the privacy and security of personal information of Massachusetts residents.

Numerous other state, federal and foreign laws, including consumer protection laws and regulations, govern the collection, dissemination, use, access to, confidentiality and security of patient health information. In addition, Congress and some states are considering new laws and regulations that further protect the privacy and security of medical records or medical information. With the recent increase in publicity regarding data breaches resulting in improper dissemination of consumer information, many states have passed laws regulating the actions that a business must take if it experiences a data breach, such as prompt disclosure to affected customers. Generally, these laws are limited to electronic data and make some exemptions for smaller breaches. Congress

has also been considering similar federal legislation relating to data breaches. The Federal Trade Commission and states' Attorneys General have also brought enforcement actions and prosecuted some data breach cases as unfair and/or deceptive acts or practices under the Federal Trade Commission Act. In addition to data breach notification laws, some states have enacted statutes and rules requiring businesses to reasonably protect certain types of personal information they hold or to otherwise comply with certain specified data security requirements for personal information. We intend to continue to comprehensively protect all personal information and to comply with all applicable laws regarding the protection of such information.

Any failure to implement appropriate security measures to protect the confidentiality and integrity of this information or any breach or other failure of these systems resulting in the unauthorized access, manipulation, disclosure or loss of this information could result in our noncompliance with these laws. Penalties for failure to comply with a requirement of HIPAA and HITECH vary significantly depending on the failure and include civil monetary penalties of up to $1.5 million per violation of the same requirement per calendar year. A single breach incident can result in violations of multiple requirements, resulting in potential penalties in excess of $1.5 million. Additionally, a person who knowingly obtains or discloses individually identifiable health information in violation of HIPAA may face a criminal penalty of up to $50,000 and up to one year of imprisonment. These criminal penalties increase if the wrongful conduct involves false pretenses or the intent to sell, transfer or use identifiable health information for commercial advantage, personal gain or malicious harm.

In addition, the interpretation, application and interplay of consumer and health-related data protection laws in the United States, Europe and elsewhere are often uncertain, contradictory and in flux. For example, a new General Data Protection Regulation, or GDPR, and Cybersecurity Directive have been enacted in the European Union and will come into full effect in May 2018. These texts will introduce many changes to privacy and security in the European Union, including stricter rules on consent and security duties for critical industries, including for the health sector. The interpretation of some rules is still unclear, and some requirements may be completed by national legislation. This makes it difficult to assess the impact of these new data protection laws on our business at this time. More generally, foreign laws and interpretations governing data privacy and security are constantly evolving and it is possible that laws may be interpreted and applied in a manner that is inconsistent with our current practices, in which case we could be subject to government-imposed fines or orders requiring that we change our practices. These fines can be very high. For instance, the GDPR introduces fines of up to approximately $22 million or 4% of a group's worldwide annual turnover for certain infringements. In addition, privacy regulations differ widely from country to country. Complying with these various laws or any new laws or interpretations of their application could involve significant time and substantial costs or require us to change our business practices and compliance procedures in a manner adverse to our business. We may not be able to obtain or maintain compliance with the diverse privacy and security requirements in all of the jurisdictions in which we currently or plan to do business, and failure to comply with any of these requirements could result in civil or criminal penalties, harm our reputation and materially adversely affect our business.

Complying with numerous statutes and regulations pertaining to our business is expensive and time-consuming and any failure by us, our consultants or commercial partners to comply could result in substantial penalties.

Our operations are subject to extensive federal, state, local and foreign laws and regulations, all of which are subject to change. These laws and regulations currently include, among others:

- the FDA's enforcement discretion with respect to LDTs and its expressed intention to begin enforcing the medical device requirements with respect to LDTs in a risk-based manner;
- CLIA's and CAP's regulation of our laboratory activities;
- federal and state laws and standards affecting reimbursement by government payors, including certain coding requirements to obtain reimbursement and certain changes to the payment mechanism for clinical laboratory services resulting from the Protecting Access to Medicare Act of 2014, or PAMA;

- HIPAA, which establishes comprehensive federal standards with respect to the privacy and security of PHI, and requirements for the use of certain standardized electronic transactions with respect to transmission of such information;
- amendments to HIPAA under HITECH, which strengthen and expand HIPAA privacy and security compliance requirements, increase penalties for violators, expand vicarious liability, extend enforcement authority to state attorneys general and impose requirements for breach notification;
- state laws governing the maintenance of personally identifiable information of state residents, including medical information, and which impose varying breach notification requirements, some of which allow private rights of action by individuals for violations and also impose penalties for such violations;
- the federal Anti-Kickback Statute, which prohibits knowingly and willfully offering, paying, soliciting or receiving remuneration, directly or indirectly, overtly or covertly, in cash or in kind, in return for or to induce a person to refer an individual, or to purchase, lease, order, arrange for, or recommend purchasing, leasing or ordering, any good, facility, item or service that is reimbursable, in whole or in part, under a federal healthcare program. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. A violation of the federal Anti-Kickback Statute can serve as a basis for liability under federal false claims law (as described below);
- the federal Stark Law, which prohibits a physician from making a referral for certain designated health services covered by the Medicare program, including laboratory and pathology services, if the physician or an immediate family member has a financial relationship with the entity providing the designated health services, and prohibits that entity from billing or presenting a claim for the designated health services furnished pursuant to the prohibited referral, unless an exception applies. If a referring physician does not meet the requirements of a Stark Law exception, then the physician is prohibited from making Medicare and Medicaid referrals to the laboratory and any such referrals will result in overpayments to the laboratory and subject the laboratory to the Stark Law's penalties;
- the federal false claims laws, which impose liability on any person or entity that, among other things, knowingly presents, or causes to be presented, a false or fraudulent claim for payment to the federal government. Actions under the federal False Claims Act may be brought by the Attorney General or as a qui tam action by a private individual in the name of the government. Violations of the federal False Claims Act can result in significant monetary penalties and treble damages. The federal government has used the False Claims Act, and the accompanying threat of significant liability, in its investigation and prosecution of biotechnology companies, including clinical diagnostic laboratories, throughout the country, for example, in connection with their sales and marketing practices. The government has obtained multi-million and multi-billion dollar settlements under the False Claims Act in addition to individual criminal convictions under applicable criminal statutes. Given the significant size of actual and potential settlements, it is expected that the government will continue to devote substantial resources to investigating healthcare providers' and manufacturers' compliance with applicable fraud and abuse laws;
- the federal Civil Monetary Penalties Law, which prohibits, among other things, the offering or transfer of remuneration to a Medicare or state healthcare program beneficiary if the person knows or should know it is likely to influence the beneficiary's selection of a particular provider, practitioner or supplier of services reimbursable by Medicare or a state healthcare program, unless an exception applies, and imposes penalties against any person or entity that, among other things, is determined to have presented or caused to be presented a claim to a federal health program that the person knows or should know is for an item or service that was not provided as claimed or for a claim that is false or fraudulent;
- The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, collectively referred to as the "Affordable Care Act," which established a requirement for providers and suppliers to report and return any overpayments received from government payors under the Medicare and Medicaid programs within 60 days of identification. Failure to identify and return such overpayments exposes the provider or supplier to liability under federal false claims laws;

- federal criminal statutes under HIPAA that prohibit, among other things, defrauding healthcare programs, willfully obstructing a criminal investigation of a healthcare offense and falsifying or concealing a material fact or making any materially false statements in connection with the payment for healthcare benefits, items or services. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;
- other federal and state fraud and abuse laws, such as anti-kickback laws, prohibitions on self-referral, fee-splitting restrictions, insurance fraud laws, anti-markup laws, prohibitions on the provision of tests at no or discounted cost to induce physician or patient adoption and false claims acts, some of which may extend to services reimbursable by any third-party payor, including private insurers;
- the federal Physician Sunshine Payment Act and various state laws on reporting relationships with healthcare providers and customers, which are applicable to certain manufacturers of covered products, such as kits that require FDA approval or clearance, and could be determined to apply to our LDTs;
- the prohibition on reassignment of Medicare claims, which, subject to certain exceptions, precludes the reassignment of Medicare claims to any other party;
- state laws that prohibit other specified practices, such as billing physicians for testing that they order, waiving coinsurance, copayments, deductibles and other amounts owed by patients, business corporations practicing medicine or employing or engaging physicians to practice medicine and billing a state Medicaid program at a price that is higher than what is charged to one or more other payors;
- the FCPA's prohibition of, among other things, making improper payments to foreign or non-U.S. government officials for the purpose of obtaining or retaining business or securing any other improper advantage;
- federal, state and local regulations relating to the handling and disposal of regulated medical waste, hazardous waste and biohazardous waste and workplace safety for healthcare employees; and
- similar foreign laws and regulations that apply to us in the countries in which we operate or may operate in the future.

We have adopted policies and procedures designed to comply with these laws and regulations and, in the ordinary course of our business, we conduct internal reviews of our compliance with these laws and our policies and procedures. Our compliance is also subject to review by applicable government agencies. The growth of our business and our planned expansion outside of the United States and our use of consultants and commercial partners may increase the potential of violating these laws or our internal policies and procedures. Our risk of violating these or other laws and regulations is further increased because of the lack of their complete interpretation by applicable regulatory authorities or the courts, and their provisions are thus open to a variety of interpretations. It is not always possible to identify and deter misconduct by employees, distributors, consultants and commercial partners, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from government investigations or other actions or lawsuits stemming from a failure to be in compliance with applicable laws or regulations. Additionally, we are subject to the risk that a person or government could allege such fraud or other misconduct, even if none occurred. Any action brought against us for violation of these or other laws or regulations, even if we successfully defend against it, could cause us to incur significant legal expenses, divert our management's attention from the operation of our business and harm our reputation. If our operations, including the conduct of our employees, distributors, consultants and commercial partners, are found to be in violation of any of these laws and regulations, we may be subject to any applicable penalty associated with the violation, including administrative, civil and criminal penalties, damages, fines, individual imprisonment, exclusion from participation in federal healthcare programs, refunding of payments received by us and curtailment or cessation of our operations. Any of the foregoing consequences could seriously harm our business and our financial results.

Healthcare policy changes, including recently enacted legislation reforming the U.S. healthcare system, could cause significant harm to our business, operations and financial condition.

The Affordable Care Act made a number of substantial changes to the way healthcare is financed both by governmental and private insurers. For example, the Affordable Care Act requires each medical device manufacturer to pay a sales tax equal to 2.3% of the price for which such manufacturer sells its medical devices. The medical device tax has been suspended for 2016 and 2017, but is scheduled to return beginning in 2018. It is unclear at this time when, or if, the provision of our LDTs will trigger the medical device tax if the FDA ends its policy of general enforcement discretion and regulates certain LDTs as medical devices, and it is possible that this tax will apply to some or all of our existing tests or tests we may develop in the future. Additionally, the Affordable Care Act establishes an Independent Payment Advisory Board, or IPAB, to propose reductions to payments in order to reduce the per capita rate of growth in Medicare spending if expenditures exceed certain targets. The expenditure targets for IPAB proposals have not been exceeded at this time, and it is unclear when such targets may be exceeded in the future, when any IPAB-proposed reductions to payments could take effect and how any such reductions would affect reimbursement payments for our tests. The Affordable Care Act also contains a number of other provisions, including provisions governing enrollment in federal and state healthcare programs, reimbursement matters and fraud and abuse, which we expect will impact our industry and our operations in ways that we cannot currently predict.

In April 2014, Congress passed PAMA, which included substantial changes to the way in which clinical laboratory services will be paid under Medicare. Under PAMA, certain clinical laboratories are required to report to CMS, beginning in 2017 and every three years thereafter (or annually for "advanced diagnostic laboratory tests"), private payor payment rates and volumes for their tests. Laboratories that fail to report the required payment information may be subject to substantial civil monetary penalties. We do not believe that our tests meet the current definition of advanced diagnostic laboratory tests, and therefore we believe we will be required to report private payor rates for our tests every three years. As required under PAMA, CMS will use the rates and volumes reported by laboratories to develop Medicare payment rates for laboratory tests equal to the volume-weighted median of the private payor payment rates for the tests. On June 23, 2016, CMS published the final rule implementing the reporting and rate-setting requirements under PAMA. The impact of the new payment system on rates for our tests, including any current or future clinical diagnostic laboratory tests or advanced diagnostic laboratory tests we may develop, is not clear at this time.

We cannot predict whether these or other recently enacted or future healthcare initiatives will be implemented at the federal or state level or how any such legislation or regulation may affect us. For instance, the payment reductions imposed by the Affordable Care Act and the changes to reimbursement amounts paid by Medicare for tests such as ours based on the procedure set forth in PAMA, as well as the expansion of the federal and state governments' role in the U.S. healthcare industry generally and the social, governmental and other pressures to reduce healthcare costs while expanding individual benefits, could limit the prices we will be able to charge or the amount of available reimbursement for our tests, which would reduce our revenue and have a materially adverse effect on our business, financial condition, results of operations and cash flows.

If we use hazardous materials in a manner that causes contamination or injury, we could be liable for resulting damages.

Our activities require the use of regulated medical waste, hazardous waste and biohazardous waste, including chemicals, biological agents and compounds, blood and other tissue specimens. We cannot eliminate the risk of accidental contamination or injury to employees or third parties from the use, storage, handling or disposal of these materials. In the event of contamination or injury, we could be held liable for any resulting damages, and any liability could exceed our resources or any applicable insurance coverage we may have secured. Additionally, we are subject on an ongoing basis to federal, state and local laws and regulations governing the use, storage, handling and disposal of these materials and specified waste products. Although we typically use outside vendors to dispose of such waste that are licensed or otherwise qualified to handle and dispose of the waste, applicable laws and regulations may hold us liable for damages and fines as a result of

others' actions should contamination of the environment or individual exposure to hazardous substances occur. The cost of compliance with these laws and regulations could become significant and our failure to comply could result in substantial fines or other consequences, either of which could negatively affect our operating results and significantly harm our reputation.

We could be adversely affected by violations of the FCPA and other anti-bribery laws.

Our international operations are subject to various anti-bribery laws, including the FCPA. The FCPA prohibits companies and their intermediaries from offering, making, or authorizing improper payments to non-U.S. or foreign officials for the purpose of obtaining or retaining business or securing any other improper advantage. If we engage independent distributors to sell our tests internationally, we will need to exercise a high degree of vigilance in maintaining, implementing and enforcing our policy against participation in corrupt activity, as these distributors could be deemed to be our agents and we could be held responsible for their actions. We also may be subject to similar anti-bribery laws in the jurisdictions in which we operate, such as the United Kingdom's Bribery Act of 2010, which prohibits commercial bribery and the acceptance of bribes, and makes it a crime for companies subject to its jurisdiction to fail to prevent bribery. These laws are complex and far-reaching in nature and, as a result, we may be required in the future to alter one or more of our practices to be in compliance with these laws or any changes to these laws or their interpretation. We currently engage in some business outside of the United States, and we plan to increase our international operations in the future. These operations could involve dealings with governments and state-owned entities, such as government hospitals, outside of the United States. In addition, we may engage third-party intermediaries, such as representatives, contractors, partners, and agents, to promote and sell our products and solutions abroad and to obtain necessary permits, licenses, and other regulatory approvals. We or our third-party intermediaries may have direct or indirect interactions with foreign officials, which expose us to risks under the FCPA and other anti-corruption laws. Other U.S. companies in the medical device and pharmaceutical fields have faced substantial fines and criminal penalties for violating the FCPA. We have instituted policies, procedures, and internal controls reasonably designed to promote compliance with the FCPA and other anti-corruption laws. We could be held liable for the corrupt or other illegal activities of our employees and intermediaries, even if we do not explicitly authorize or have actual knowledge of such activities, and our employees or third-party intermediaries may not comply with our policies, procedures, or applicable anti-corruption laws. Any violations of these laws, or allegations of such violations, could disrupt our operations, involve significant management distraction, involve significant costs and expenses, including legal fees, and could result in a material adverse effect on our business, prospects, financial condition, or results of operations. We could also incur severe penalties, including criminal and civil penalties, disgorgement, and other remedial measures, as well as reputational harm.

Our services present the potential for embezzlement, identity theft or other similar illegal behavior by our employees, consultants or commercial partners.

Our operations involve the use and disclosure of personal and business information that could be used to impersonate third parties or otherwise gain access to their data or funds. If any of our employees, consultants or commercial partners takes, converts or misuses such funds, documents or data, we could be liable for damages, and our business reputation could be damaged or destroyed.

Intellectual Property Risks

We currently own no patents related to our technology platform and rely upon trade secret protection, non-disclosure agreements and invention assignment agreements to protect our proprietary information, which may not be effective to protect our proprietary technologies and other information.

We currently rely upon trade secret protection, non-disclosure agreements and invention assignment agreements with our employees, consultants and third-parties to protect our confidential and proprietary information. Although our competitors have utilized and are expected to continue to utilize similar methods and

have aggregated and are expected to continue to aggregate similar libraries of genetic testing information, our success will depend upon our ability to develop proprietary methods and libraries and to defend any advantages afforded to us by such methods and libraries relative to our competitors. If we do not protect our intellectual property adequately, competitors may be able to use our methods and libraries and thereby erode any competitive advantages they provide us.

We will be able to protect our proprietary rights from unauthorized use by third parties only to the extent that our proprietary technologies are effectively maintained as trade secrets. We expect to rely primarily upon trade secret and proprietary know-how protection for our confidential and proprietary information and we have taken security measures to protect this information. These measures, however, may not provide adequate protection for our trade secrets, know-how or other confidential information. Among other things, we seek to protect our trade secrets and other confidential information by entering into confidentiality agreements with employees, consultants and other third parties. These confidentiality agreements may not provide meaningful protection for our trade secrets and confidential information and may not provide adequate remedies in the event of unauthorized use or disclosure of such information. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive and time-consuming and the outcome could be unpredictable. In addition, trade secrets or other confidential information could otherwise become known or be independently developed by others in a manner that could prevent legal recourse by us. If any of our trade secrets or other confidential or proprietary information were to be disclosed or misappropriated or if any such information was independently developed by a competitor, our competitive position could be harmed.

Litigation or other proceedings or third-party claims of intellectual property infringement or misappropriation could require us to spend significant time and money and could prevent us from selling our tests.

Our commercial success will depend in part upon our ability to avoid infringement of patents and other proprietary rights owned by third parties, including the intellectual property rights of competitors. There are numerous U.S. and foreign patents and pending patent applications and other intellectual property rights that cover technologies relevant to genetic testing and that are owned by third parties. We may be unaware of patents or other intellectual property rights that a third-party might assert are infringed by our business and there may be patent applications that, if issued, could be asserted against us. As a result, our existing or future operations may be found or alleged to infringe existing or future patents or other intellectual property rights of others. As we continue to sell our existing tests, launch new tests and enter new markets, competitors may claim that our tests infringe or misappropriate their intellectual property rights as part of business strategies designed to impede our successful entry into new markets.

If a patent infringement or misappropriation of intellectual property suit were brought against us, we could be forced to discontinue or delay our development or sales of any tests or other activities that are the subject of the suit while it is pending. Additionally, defense of these claims, regardless of merit, could cause us to incur substantial expenses, be a substantial diversion of our management and other employee resources and significantly harm our reputation. In the event of a successful claim of infringement against us, we may be forced to pay substantial damages, including treble damages and attorneys' fees if we are found to have willfully infringed patents, obtain one or more licenses, which may not be available when needed, on commercially reasonable terms or at all, pay royalties, which may be substantial, or redesign any infringing tests or other activities, which may be impossible or require substantial time and monetary expenditure. Further, third parties making claims against us for infringement or misappropriation of their patents or other intellectual property rights could seek and obtain injunctive or other equitable relief, which, if granted, could prohibit us from performing our tests. Any of these outcomes could delay our introduction of new tests, significantly increase our costs or prevent us from conducting certain of our essential activities, which could materially adversely affect our ability to operate and grow our business.

Developments in patent law could have a negative impact on our business.

From time to time, the U.S. Supreme Court, other federal courts, the U.S. Congress or the U.S. Patent and Trademark Office, or USPTO, may change the standards of patentability and any such changes could have a negative impact on our business.

Three cases involving diagnostic method claims and "gene patents" have recently been decided by the Supreme Court. In March 2012, the Supreme Court issued a decision in *Mayo Collaborative v. Prometheus Laboratories*, or Prometheus, a case involving patent claims directed to optimizing the amount of drug administered to a specific patient, holding that the applicable patents' claims failed to incorporate sufficient inventive content above and beyond mere underlying natural correlations to allow the claimed processes to qualify as patent-eligible processes that apply natural laws. In June 2013, the Supreme Court decided *Association for Molecular Pathology v. Myriad Genetics*, or Myriad, a case challenging the validity of patent claims relating to the breast cancer susceptibility genes BRCA1 and BRCA2, holding that isolated genomic DNA that exists in nature, such as the DNA constituting the BRCA1 and BRCA2 genes, is not patentable subject matter, but that cDNA, which is an artificial construct created from RNA transcripts of genes, may be patent eligible. In June 2014, the Supreme Court decided *Alice Corporation Pty. Ltd. v. CLS Bank International*, or Alice, which affirmed the Prometheus and Myriad decisions and provided additional interpretation. Our efforts to seek patent protection for our technology and tests may not be negatively impacted by the Prometheus, Myriad and Alice decisions, rulings in other cases or guidance or procedures issued by the USPTO.

We cannot fully predict the impact of the Prometheus, Myriad and Alice decisions on the ability of genetic testing, biopharmaceutical or other companies to obtain or enforce patents relating to DNA, genes or genomic-related discoveries in the future, as the contours of when claims reciting laws of nature, natural phenomena or abstract ideas may meet patent eligibility requirements are not clear and may take years to develop via interpretation at the USPTO and in the courts. There are many previously issued patents claiming nucleic acids and diagnostic methods based on natural correlations that issued before these recent Supreme Court decisions and, although many of these patents may be invalid under the standards set forth in these decisions, these patents are presumed valid and enforceable until they are successfully challenged and third parties holding these patents could allege that we infringe, or request that we obtain a license under, these patents. Whether based on patents issued prior to or after these Supreme Court decisions, we could be forced to defend against claims of patent infringement or obtain license rights, if available, under these patents. In particular, although the Supreme Court has held in Myriad that isolated genomic DNA is not patent-eligible subject matter, third parties could allege that our activities infringe other classes of gene-related patent claims. There are numerous risks associated with any patent infringement claim against us, which are discussed above under "—Litigation or other proceedings or third-party claims of intellectual property infringement or misappropriation could require us to spend significant time and money and could prevent us from selling our tests."

In addition, the Leahy-Smith America Invents Act, or America Invents Act, which was signed into law in 2011, includes a number of significant changes to U.S. patent law. These changes include a transition from a "first-to-invent" system to a "first-to-file" system, changes to the way issued patents are challenged and changes to the way patent applications are disputed during the examination process. These changes may favor larger and more established companies that have greater resources to devote to patent application filing and prosecution. The USPTO has developed new regulations and procedures to govern the full implementation of the America Invents Act, but the impact of the America Invents Act on the cost of prosecuting our patent applications, our ability to obtain patents based on our discoveries and our ability to enforce or defend any patents that may issue remains unclear.

These and other substantive changes to U.S. patent law could affect our susceptibility to patent infringement claims and our ability to obtain patents and, if obtained, to enforce or defend them, any of which could have a material adverse effect on our business.

We may not be able to enforce our intellectual property rights outside the United States.

The laws of some foreign countries do not protect proprietary rights to the same extent as the laws of the United States and many companies have encountered significant challenges in establishing and enforcing their proprietary rights outside the United States. These challenges can be caused by the absence of rules and methods for the establishment and enforcement of intellectual property rights in certain jurisdictions. In addition, the legal systems of some countries, particularly developing countries, do not favor the enforcement of certain intellectual property protection, especially relating to healthcare. These aspects of many foreign legal systems could make it difficult for us to stop the misappropriation of our other intellectual property rights. Moreover, changes in the law and legal decisions by courts in foreign countries may affect our ability to obtain adequate protection for our technology and the enforcement of intellectual property rights. As a result, our efforts to protect and enforce our intellectual property rights in foreign countries may ultimately prove to be inadequate, in which case our ability to grow our business and our revenue and prospects could be materially harmed.

Third parties may assert that our employees or consultants have wrongfully used or disclosed confidential information or misappropriated trade secrets.

We employ individuals who were previously employed at universities, biometric solution or genetic testing, diagnostic or other healthcare companies, including our competitors or potential competitors. Although we try to ensure that our employees and consultants do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or our employees or consultants have inadvertently or otherwise used or disclosed intellectual property, including trade secrets or other proprietary information, of a former employer or other third-party. Further, we may be subject to ownership disputes in the future arising from, for example, conflicting obligations of consultants or others who are involved in developing our technology and other intellectual property. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, we could be subject to monetary damages and the loss of valuable intellectual property rights or personnel. Even if we are successful in defending against any such claims, litigation could result in substantial costs, distract management and other employees and damage our reputation.

Public Company Risks

We will incur increased costs and demands as a result of compliance with laws and regulations applicable to public companies.

As a public company, we will experience significant additional demands that we did not experience as a private company. For example, the Sarbanes-Oxley Act and related and other rules implemented by the Securities and Exchange Commission, or SEC, and The NASDAQ Stock Market LLC, or NASDAQ, impose a number of requirements on public companies, including with respect to corporate governance practices. For instance, as a result of becoming a public company, a majority of our directors are required to be independent and we are required to establish audit and compensation committees comprised solely of independent directors, adopt a variety of corporate governance policies, adopt policies regarding internal controls and disclosure controls and procedures and prepare reports on internal controls over financial reporting. For all periods during which financial statements are presented in this prospectus and until completion of the Reorganization, we have and will continue to operate without a board of directors under the direction of the Manager of Fulgent LLC, Mr. Hsieh. Further, the SEC and other regulators have continued to adopt new rules and regulations and make additional changes to existing regulations that require our compliance, including pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, or Dodd-Frank Act, which was enacted in July 2010. There are significant corporate governance and executive compensation-related disclosure provisions in the Dodd-Frank Act that require the SEC to adopt additional rules and regulations in these areas.

Moreover, the rules and regulations applicable to public companies will substantially increase our legal, accounting and financial compliance costs. For instance, we will need to hire additional personnel for, and devote

more resources to, our financial reporting function. Additionally, if we continue to grow as anticipated, we will need to implement new and more sophisticated financial and accounting systems and adopt additional procedures for financial reporting in order to meet our obligations as a public company. Any transition of accounting systems can be expensive and can result in delays in our ability to process and report transactions in a timely manner. Our management and other personnel will need to devote a substantial amount of attention to maintaining our compliance with these obligations, which could be time-consuming and expensive. If these requirements divert the attention of our management and personnel from other aspects of our business concerns or if they require substantial costs that we cannot afford, they could have a material adverse effect on our business, financial condition and results of operations. We also expect that, as a public company, it will be more expensive for us to attract and compensate qualified directors and officers and obtain adequate director and officer liability insurance.

If we are unable to maintain effective internal control over financial reporting, investors could lose confidence in the accuracy and completeness of our reported financial information and the market price of our common stock could decline.

As a public company, we will be required to maintain internal control over financial reporting and to report any material weaknesses in such internal controls. Section 404 of the Sarbanes-Oxley Act requires that we evaluate and determine the effectiveness of our internal control over financial reporting and, beginning with our annual report for the year ended December 31, 2017, provide a management report on our internal control over financial reporting. If we have a material weakness in our internal control over financial reporting, we may not detect errors on a timely basis and our financial statements may be materially misstated. We have only started to implement the systems and processes necessary to perform the evaluation needed to comply with Section 404 of the Sarbanes-Oxley Act. We will need to maintain and enhance these systems, processes and controls as we grow and we may need to hire additional personnel and devote more resources to our financial reporting function in order to do so.

During the process of evaluating our internal controls, if we identify one or more material weaknesses, our management will be unable to conclude that our internal control over financial reporting is effective. Moreover, when we are no longer an emerging growth company, our independent registered public accounting firm will be required to issue an attestation report on the effectiveness of our internal control over financial reporting. Even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm may conclude that there are material weaknesses with respect to our internal controls or the level at which our internal controls are documented, designed, implemented or reviewed.

If we are unable to conclude that our internal control over financial reporting is effective or, when we are no longer an emerging growth company, our auditors were to express an adverse opinion on the effectiveness of our internal control over financial reporting because one or more material weaknesses had been identified or if internal control deficiencies result in the restatement of our financial results, investors could lose confidence in the accuracy and completeness of our financial disclosures and the price of our common stock to decline.

Our disclosure controls and procedures may not prevent or detect all errors or acts of fraud.

Upon completion of this offering, we will become subject to the periodic reporting requirements of the Exchange Act. Upon completion of this offering we will have implemented disclosure controls and procedures designed to provide reasonable assurance that information we must disclose in reports we file or submit under the Exchange Act is accumulated and communicated to management and recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. However, any disclosure controls and procedures, no matter how well-conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more

people or by an unauthorized override of the controls. As a result, because of these inherent limitations in our control system, misstatements or omissions due to error or fraud may occur and may not be detected, which could result in failures to file required reports in a timely manner and filing reports containing incorrect information. Any of these outcomes could result in SEC enforcement actions, monetary fines or other penalties, damage to our reputation and harm to our financial condition.

We are an emerging growth company and may elect to comply with reduced public company reporting requirements available to emerging growth companies, which could make our common stock less attractive to investors.

We are an emerging growth company, as defined under the JOBS Act. We will remain an emerging growth company until December 31, 2021, unless our gross revenue exceeds $1.0 billion in any fiscal year before that date, we issue more than $1.0 billion of non-convertible debt in any three-year period before that date or the market value of our common stock held by non-affiliates exceeds $700 million as of the last business day of our second fiscal quarter of any fiscal year before that date. As an emerging growth company, we are eligible for certain exemptions from various reporting requirements applicable to certain other public companies, including exemption from the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced financial statement and other financial disclosures, reduced disclosure obligations regarding executive compensation and exemption from the requirements of holding a nonbinding advisory vote on executive compensation and obtaining stockholder approval of any golden parachute payments not previously approved. Even after we no longer qualify as an emerging growth company, we may still qualify as a “smaller reporting company,” which would allow us to take advantage of many of the same exemptions from disclosure requirements, including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and having reduced disclosure obligations regarding executive compensation. We have relied on many of these exemptions in this prospectus and investors may find our common stock less attractive if we choose to continue to rely on any of these exemptions, in which case there may be a less active trading market for our common stock and our stock price may be more volatile.

Under the Securities Act of 1933, as amended, or Securities Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this exemption and, as a result, will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

Common Stock and Offering Risks

An active, liquid trading market for our common stock may never develop, which could make it difficult for you to sell your shares of our common stock.

Prior to this offering, no public market for shares of our common stock existed. An active trading market for our shares may never develop following completion of this offering or, if developed, may not be sustained. The lack of an active trading market could impair your ability to sell your shares at the time you wish to sell them or at a price you consider reasonable. Further, an inactive trading market may impair our ability to raise capital in the future by selling shares of our common stock and may impair our ability to enter into strategic relationships or acquire companies or technologies using shares of our common stock as consideration.

Upon completion of this offering, we expect that our common stock will be listed on the NASDAQ Global Market. If we fail to satisfy the continued listing standards of NASDAQ, however, we could be de-listed, which would negatively impact the price of our common stock.

The price of our common stock may be volatile and you could lose all or part of your investment.

The initial public offering price for the shares of our common stock sold in this offering is determined through negotiations with the underwriters, and the negotiated price may not be indicative of the market price of our common stock that develops after completion of this offering. As a result, investors in this offering may not be able to sell the shares of our common stock purchased in this offering at or above the price paid for these shares. The trading price of our common stock following this offering may be volatile and subject to wide fluctuations in response to various factors, including, among others:

- actual or anticipated fluctuations in our operating results;
- competition from existing tests or new tests that may emerge;
- announcements by us or our competitors of significant acquisitions, investments, strategic partnerships, joint ventures, collaborations or capital commitments;
- failure to meet or exceed financial estimates and projections of the investment community or that we provide to the public;
- issuance of new or updated research or reports by securities analysts or changed recommendations for our common stock;
- the timing and amount of our investments in the growth of our business;
- disputes or other developments with respect to our or others' intellectual property rights;
- actual or anticipated changes in regulatory oversight of our business;
- changes in laws or regulations applicable to our tests;
- additions or departures of key management or other personnel;
- changes in coverage and reimbursement by current or potential payors;
- inability to obtain additional funding;
- product liability claims or other litigation;
- sales of our common stock by us or our stockholders in the future;
- general economic, industry and market conditions, including factors unrelated to our operating performance or the operating performance of our competitors; and
- the other risk factors discussed in this prospectus.

In addition, the stock market in general, and the market for stock of companies in the life sciences and technology industries in particular, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of specific companies. Broad market and industry factors may negatively affect the market price of our common stock, regardless of our actual operating performance. These fluctuations may be even more pronounced in the trading market for our common stock shortly following this offering. In addition, in the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against the company. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

We will have broad discretion in the use of the net proceeds from this offering, and we may not use them effectively.

Although we currently intend to use the net proceeds from this offering in the manner described under "Use of Proceeds" in this prospectus, our management will have broad discretion in the application of these net proceeds. You will not have the opportunity, as part of your investment decision, to assess whether we are using the net proceeds appropriately and you will be relying on the judgment of our management regarding the use of these net proceeds. Our management may not apply the net proceeds in ways that increase the value of your

investment. In addition, pending their use, we may invest the net proceeds in a manner that does not produce income or that loses value. If we do not invest or apply the net proceeds from this offering in ways that enhance stockholder value, we may fail to achieve expected financial results, which could cause the price of our common stock to decline.

Our principal stockholders and management own a significant percentage of our capital stock and are able to exert significant control over matters subject to stockholder approval.

As of June 30, 2016, our executive officers, directors, holders of 5% or more of our outstanding voting equity and their respective affiliates beneficially owned approximately 96.7% of our outstanding voting equity and, upon completion of this offering, will hold approximately % of our outstanding voting equity (assuming no purchases of shares in this offering by any of these stockholders, including through the directed share program). Our founder and Chief Executive Officer, Mr. Hsieh, beneficially owned approximately 52.6% of our outstanding voting equity as of June 30, 2016, which, upon completion of this offering, will be approximately % of our outstanding voting equity (assuming no purchases of shares in this offering by Mr. Hsieh, including through the directed share program). As a result, these stockholders will have the ability to control matters submitted to our stockholders for approval even if they do not purchase any additional shares in this offering, including elections of directors, amendments to our organizational documents or approval of any merger, sale of assets or other major corporate transaction. This concentration of ownership may prevent or discourage unsolicited acquisition proposals or offers for our common stock that you may feel are in your best interest as one of our stockholders, as the interests of these stockholders may not coincide with your interests or the interests of other stockholders and they may act in a manner that advances their best interests and not necessarily those of all stockholders. Further, this concentration of ownership could adversely affect the prevailing market price for our common stock.

If you purchase shares of our common stock in this offering, you will incur immediate and substantial dilution in the book value of your shares.

The initial public offering price in this offering is substantially higher than the pro forma as further adjusted net tangible book value per share of our common stock, which gives effect to (i) the distribution of approximately $4.6 million to Mr. Hsieh as a return of capital contribution that was approved on August 12, 2016 and will be paid before completion of this offering, (ii) the Reorganization, which will be completed immediately prior to completion of this offering and (iii) this offering. As a result, investors purchasing common stock in this offering will pay a price per share that substantially exceeds the book value of our tangible assets after subtracting our liabilities and will incur immediate dilution of $ per share, based on an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus. Further, assuming our issuance and sale of shares of common stock in this offering at the assumed initial public offering price, investors purchasing common stock in this offering will contribute approximately % of the total amount invested by stockholders since our inception, but will own only approximately % of the shares of common stock outstanding after giving effect to this offering. Any exercise of outstanding options would result in further dilution. As of June 30, 2016, there were outstanding options to acquire up to 4,478,000 common units of Fulgent LLC, which will become options to acquire up to shares of our common stock upon completion of the Reorganization. As a result of the dilution to investors purchasing shares in this offering, investors may receive significantly less than the purchase price paid in this offering, if anything, in the event of our liquidation or a sale of our company. See “Dilution” for additional information.

Sales of a substantial number of shares of our common stock in the public market, or the perception that such sales could occur, could cause the price of our common stock to fall.

Sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that such sales are pending or could occur, could reduce the market price of our common stock. Upon completion of this offering, we will have outstanding shares of

common stock based on the number of shares outstanding as of June 30, 2016, after giving effect to the Reorganization. Of these shares, the shares of our common stock sold in this offering, plus any shares sold pursuant to the underwriters' option to purchase additional shares, will be immediately freely tradable without restriction in the public market, except for any shares of our common stock that may be held or acquired by our "affiliates," as that term is defined in the Securities Act, which will be restricted securities under the Securities Act, or by our directors and executive officers through the directed share program. Restricted securities may not be sold in the public market unless the sale is registered under the Securities Act or an exemption from registration is available. See "Shares Eligible for Future Sale" in this prospectus for additional information.

Moreover, Xi Long, which, after giving effect to the Reorganization, will hold an aggregate of shares of our common stock, will have the right, subject to certain conditions, to include its shares in registration statements we may file for ourselves or other stockholders following completion of this offering, and require us to file registration statements covering its shares following May 16, 2019. See "Description of Capital Stock—Registration Rights" in this prospectus for additional information. We also intend to register shares of our common stock that we may issue under our equity incentive plans, totaling shares subject to outstanding awards and additional shares reserved for issuance as of the completion of this offering. Once we register these shares, they will be freely tradable in the public market upon issuance, subject to volume and manner of sale limitations applicable to affiliates and other legal and contractual limitations.

Future issuances of our common stock or rights to purchase our common stock, including pursuant to our equity incentive plans, could result in additional dilution to the percentage ownership of our stockholders and could cause the price of our common stock to fall.

To raise capital in the future, we may sell common stock, convertible securities or other equity securities in one or more transactions at prices and in a manner we determine from time to time. If we sell common stock, convertible securities or other equity securities, our then-existing stockholders could be materially diluted by such issuances and new investors could gain rights, preferences and privileges senior to the holders of our common stock, including the shares of our common stock sold in this offering.

We do not intend to pay dividends on our common stock, so any returns will be limited to the value of our common stock.

We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. Further, if we were to enter into a credit facility or issue debt securities or preferred equity securities in the future, we may be contractually restricted from paying dividends. If we do not pay dividends, our common stock may be less valuable because stockholders must rely on sales of their common stock after price appreciation, which may never occur, to realize any future gains on their investment.

If securities or industry analysts do not publish research or reports about our business or if they issue an adverse or misleading opinion regarding our common stock, our stock price and trading volume could decline.

If a trading market for our common stock develops, that trading market will be influenced to some extent by the research and reports that industry or securities analysts publish about us or our business. We do not currently have and may never obtain research coverage by securities and industry analysts. If no or few securities or industry analysts commence coverage of us, the trading price for our common stock would be negatively affected. If we obtain securities or industry analyst coverage and any of the analysts who covers us issues an adverse or misleading opinion regarding us, our business model, our industry or our stock performance or if our operating results fail to meet analyst expectations, the price of our common stock could significantly decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets, which could cause the price and trading volume of our common stock to decline.

Provisions in our charter documents and Delaware law could discourage, delay or prevent a change in control of our company or changes in our management and depress the market price of our common stock.

Our certificate of incorporation and bylaws contain provisions that could depress the market price of our common stock by acting to discourage, delay or prevent a change in control of our company or changes in our management that the stockholders of our company may deem advantageous. These provisions, among other things:

- authorize our board of directors to issue, without further action by our stockholders, up to 1,000,000 shares of undesignated or "blank check" preferred stock;
- prohibit stockholder action by written consent, thus requiring all stockholder actions to be taken at a duly noticed and held meeting of our stockholders;
- specify that special meetings of our stockholders can be called only by our board of directors, the Chairman of our board of directors or our President, thereby eliminating the ability of our stockholders to call special meetings;
- permit only the board of directors to establish the number of directors and fill vacancies on the board of directors, except as may be required by law;
- permit the board of directors to amend our bylaws, subject to the power of the stockholders to repeal such amendment;
- do not permit cumulative voting on the election of directors; and
- establish advance notice requirements for stockholders to propose nominees for election as directors or matters to be acted upon at annual meetings of stockholders.

In addition, we are subject to Section 203 of the Delaware General Corporation Law, or DGCL, which may discourage, delay or prevent a change in control of our company. Section 203 imposes certain restrictions on mergers, business combinations and other transactions between us and holders of 15% or more of our common stock.

Holders of our common stock could be adversely affected if we issue preferred stock.

Pursuant to our certificate of incorporation, our board of directors is authorized to issue up to 1,000,000 shares of preferred stock without any action on the part of our stockholders. Our board of directors will also have the power, without stockholder approval, to set the terms of any series of preferred stock that may be issued, including voting rights, dividend rights, preferences over our common stock with respect to dividends or in the event of a dissolution, liquidation or winding up and other terms. In the event that we issue preferred stock in the future that has preferences over our common stock with respect to payment of dividends or upon our liquidation, dissolution or winding up, or if we issue preferred stock that is convertible into our common stock at greater than a one-to-one ratio, the voting and other rights of the holders of our common stock or the market price of our common stock could be adversely affected.

Our certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or other employees.

Our certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or to our stockholders;

- any action asserting a claim against us arising pursuant to any provision of the DGCL, our certificate of incorporation or our bylaws; or
- any action asserting a claim against us governed by the internal affairs doctrine.

Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and consented to this provision of our certificate of incorporation. This choice-of-forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees. Alternatively, if a court were to find these provisions of our certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition or results of operations.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including the discussions under “Prospectus Summary,” “Risk Factors,” “Use of Proceeds,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business,” contains forward-looking statements. The words “believe,” “may,” “will,” “potentially,” “estimate,” “continue,” “anticipate,” “intend,” “could,” “would,” “project,” “plan,” “expect” and similar expressions that convey uncertainty of future events or outcomes identify forward-looking statements.

The forward-looking statements in this prospectus include statements about, among other things:

- developments and projections relating to us, our competitors and our industry;
- our strategic plans for our business;
- our operating performance, including our ability to achieve equal or higher levels of revenue and achieve or grow profitability;
- our ability to maintain the low internal costs of our business model;
- the rate and degree of market acceptance and adoption of our tests and genetic testing generally;
- our ability to continue to expand the number of genes covered by our tests and introduce other improvements to our tests;
- advancements in technology by us and our competitors;
- our ability to grow our customer base and increase demand for our tests from existing and new customers;
- our ability to maintain relationships with existing international customers and increase our global presence;
- our ability to effectively manage any growth we may experience, including expanding our infrastructure and hiring additional skilled personnel in order to support any such growth;
- our ability to obtain and maintain coverage and adequate reimbursement for our tests;
- our ability to comply with U.S. and foreign regulations applicable to our business and developments with respect to these regulations;
- our sales and marketing plans, including our sales and marketing strategies and our expansion of our sales and marketing team;
- the state of the U.S. and foreign healthcare markets, including the role of governments in the healthcare industry generally and pressures or incentives to reduce healthcare costs while expanding individual benefits;
- our ability to attract, retain and motivate key scientific and management personnel;
- our expectations regarding our ability to obtain and maintain protection of our trade secrets and other intellectual property rights and not infringe the rights of others;
- our expectations regarding our future capital requirements and our ability to appropriately forecast and plan our expenses; and
- our anticipated uses of the net proceeds from this offering.

These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described under “Risk Factors” and elsewhere in this prospectus. Moreover, we operate in a competitive and rapidly evolving industry and new risks emerge from time to time. It is not possible for our management to predict all of the risks we may face, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, could cause actual results to differ materially from those described in or implied by any forward-looking statements we make. In light of these risks, uncertainties and assumptions,

the forward-looking events and circumstances discussed in this prospectus may not occur and actual results could differ materially and adversely from those described in or implied by our forward-looking statements. Although we have based the forward-looking statements we make in this prospectus on expectations we believe to be reasonable, we cannot guarantee future results, levels of activity, performance or achievements. As a result, you should not rely upon forward-looking statements as predictions of future events. You should read this prospectus and the documents we reference in this prospectus and have filed with the SEC as exhibits to the registration statement of which this prospectus is a part with the understanding that our actual future results, levels of activity, performance and achievements may be materially different than what we expect.

Except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason after the date of this prospectus to conform these statements to actual results or to changes in our expectations.

MARKET AND INDUSTRY DATA

This prospectus contains market information and industry forecasts that are based on data from various independent sources, on assumptions we have made based on this data and on our knowledge of the industry in which we operate and the markets for our tests. This information involves a number of assumptions and limitations and you are cautioned not to give it undue weight. Although we have not independently verified any of this information, we believe it is reliable and the conclusions contained in the information are reasonable. However, such market position, market opportunity and market size information is inherently imprecise. In addition, projections, assumptions and estimates of the future performance of our industry and our performance within this industry are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described under “Risk Factors” and elsewhere in this prospectus. These and other factors could cause results to differ materially from those expressed in the estimates made by these independent sources and by us.

PHARMA SPLIT-OFF AND REORGANIZATION

Pharma Split-Off

Prior to April 4, 2016, Fulgent LLC conducted the following two lines of business: the business described in this prospectus, which Fulgent LLC conducted directly and which is the only business we are presently pursuing; and the Pharma Business, which was conducted through Fulgent LLC's former subsidiary, Fulgent Pharma LLC, or Fulgent Pharma. Prior to the Pharma Split-Off, all of Fulgent LLC's authorized, issued and outstanding equity interests were separated into two series based on these two lines of business, such that holders of Fulgent LLC's Class D-1 preferred units and Class D voting and non-voting common units had economic rights based on the assets, income, earnings and profits and any liabilities, expenses, costs and charges of the business described in this prospectus, and holders of Fulgent LLC's Class P preferred units and Class P voting and non-voting common units had economic rights based on the assets, income, earnings and profits and any liabilities, expenses, costs and charges of the Pharma Business. On April 4, 2016, Fulgent LLC completed the Pharma Split-Off to separate the Pharma Business from the business described in this prospectus. To effect the Pharma Split-Off, Fulgent LLC redeemed each member's Class P preferred and common units, distributed to each such member substantially identical units of Fulgent Pharma and caused Fulgent Pharma to assume all then-outstanding options to acquire Class P common units.

Since completion of the Pharma Split-Off, (i) Fulgent LLC has not pursued any aspect of the Pharma Business and its entire operations have been focused on the business described in this prospectus, (ii) Fulgent Pharma is no longer Fulgent LLC's subsidiary, Fulgent LLC does not own any securities of Fulgent Pharma and, except as described below and elsewhere in this prospectus, neither Fulgent LLC nor Fulgent Inc. is associated with Fulgent Pharma, and (iii) Fulgent LLC has no Class P preferred or common units authorized, issued or outstanding and all of Fulgent LLC's authorized, issued and outstanding equity interests consist of Class D common units, two classes of preferred units convertible into Class D common units and options to acquire Class D common units. As used in this prospectus, unless the context otherwise requires, the term "common units" refers to Fulgent LLC's Class D voting and non-voting common units and the term "units" refers to Fulgent LLC's Class D common units and preferred units convertible into Class D voting common units.

The following affiliates of Fulgent LLC and Fulgent Inc. have continuing relationships with Fulgent Pharma: (i) Mr. Hsieh, the Manager and largest equity holder of Fulgent LLC and President and Chief Executive Officer of Fulgent Inc., remains the Manager and largest equity holder of Fulgent Pharma, and (ii) Dr. Yun Yen, a director nominee of Fulgent Inc., is an equity holder of Fulgent Pharma. In Mr. Hsieh's capacity as the Manager of Fulgent Pharma, Mr. Hsieh retains full authority, power and discretion to manage and control the business and affairs of Fulgent Pharma. He has delegated certain day-to-day oversight responsibility to subordinates, but remains active in significant decisions and policy making.

The operating results of the Pharma Business have been reported as discontinued operations for all periods presented in the consolidated financial data included in this prospectus.

Reorganization

Fulgent Inc. was formed on May 13, 2016 as a Delaware corporation solely for the purpose of effecting this offering. Immediately prior to completion of this offering, Fulgent LLC will become our wholly owned subsidiary in the Reorganization. In order to effect the Reorganization, we will enter into an agreement and plan of merger with Fulgent LLC and Fulgent MergerSub, LLC, our wholly owned subsidiary formed solely for the purpose of the Reorganization, pursuant to which, immediately prior to completion of this offering, Fulgent MergerSub, LLC will merge with and into Fulgent LLC, with Fulgent LLC surviving the merger as our wholly owned subsidiary.

Prior to completion of the Reorganization:

- Fulgent LLC's authorized, issued and outstanding equity interests, which are referred to as "shares" in its operating agreement but are referred to as "units" in this prospectus, consist of voting and non-voting

common units and two classes (Class D-1 and Class D-2) of preferred units convertible into Class D common units;

- Fulgent LLC's outstanding equity holders are referred to as "members;"
- in accordance with Fulgent LLC's operating agreement, its business and affairs are managed fully and completely by the Manager of Fulgent LLC, Mr. Hsieh; and
- Fulgent Inc. will not have conducted any activities other than activities incidental to its formation and the preparation of this prospectus.

Upon completion of the Reorganization:

- each outstanding units of Fulgent LLC will be cancelled in exchange for one share of our common stock, such that (i) all outstanding Class D common units of Fulgent LLC (including Class D common units that constitute profits interests) will be cancelled in exchange for an aggregate of shares of our common stock, (ii) all outstanding Class D-1 preferred units of Fulgent LLC will be cancelled in exchange for an aggregate of shares of our common stock and (iii) all outstanding Class D-2 preferred units will be cancelled in exchange for an aggregate of shares of our common stock. Class D common units that constitute profits interests are a type of equity award containing a participation threshold (which we sometimes refer to as a profits interest threshold) that entitles the recipient of the award to participate in the value of Fulgent LLC only to the extent it appreciates from and after the grant date of the award. Pursuant to the determination of the Manager of Fulgent LLC, the participation thresholds applicable to all Class D common units that constitute profits interests (i) will be ignored and not applied in calculating the number of shares of our common stock to be issued in exchange for such units in the Reorganization and (ii) will not carry over to such shares. As a result, the holders of Fulgent LLC's Class D common units that constitute profits interests will receive shares of our common stock in the Reorganization at the same ratio as the holders of Fulgent LLC's Class D common units that are not subject to profits interest thresholds. Ignoring all profits interest thresholds upon the conversion of the Class D common units that constitute profits interests into shares of our common stock at the effective time of the Reorganization will result in an equity-based compensation expense that we will record during the period in which the Reorganization occurs;
- all outstanding options to acquire common units of Fulgent LLC will become equivalent options to acquire up to an aggregate of shares of our common stock, and all such options will become immediately exercisable, to the extent vested, which will result in an equity-based compensation expense that we will record during the period in which the Reorganization occurs;
- all outstanding restricted share units relating to common units of Fulgent LLC will become restricted stock units relating to shares of our common stock;
- we will continue to exist as a holding company with no material assets other than 100% of the equity interests in Fulgent LLC;
- we will consolidate the financial results of Fulgent LLC and the historical financial statements of Fulgent LLC will be our financial statements;
- we will assume the obligations of Fulgent LLC under the investor's rights agreement between Fulgent LLC and Xi Long, which we refer to as the Investor's Rights Agreement, the terms of which are described below under "Certain Relationships and Related Party Transactions—Investor's Rights Agreement" and "Description of Capital Stock—Registration Rights;"
- our board of directors, composed of the individuals and with the other features described under "Management" below, will manage our business and affairs; and
- all of our business operations will continue to be conducted through Fulgent LLC, which will be managed by us as the Manager of Fulgent LLC.

The completion of the Reorganization is a condition to closing this offering.

USE OF PROCEEDS

We estimate the net proceeds from our issuance and sale of shares of common stock in this offering will be approximately $ million, or $ million if the underwriters exercise in full their option to purchase additional shares, assuming an initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the net proceeds to us from this offering by approximately $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of one million in the number of shares of common stock offered by us would increase (decrease) the net proceeds to us from this offering by approximately $ million, assuming the initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The principal purposes of this offering are to establish a public market for our common stock, facilitate our future access to the public capital markets, increase our visibility in the marketplace and obtain additional capital to support our operations. We currently intend to use the net proceeds we receive from this offering for working capital and general corporate purposes.

Our management will have broad discretion in the application of the net proceeds we receive from this offering and, as of the date of this prospectus, we cannot predict with certainty all of the particular uses for these net proceeds. The amounts and timing of our actual expenditures will depend on numerous factors, including the amount of cash generated by our operations, competitive and technological developments, demand for our tests, the number of billable tests we deliver and the number of billable tests for we collect full or partial payment, our ability to develop our sales and marketing team, the timing and amount of other investments in our business, including sequencing or other equipment or systems, and unforeseen cash needs.

We also may use a portion of the net proceeds for the acquisition of, investment in or partnership with new and complementary businesses, technologies or assets. Although we presently have no specific agreements, commitments or understandings with respect to any such acquisition, investment or partnership, we evaluate such opportunities and engage in related discussions with other companies from time to time.

Pending their use as described above, we intend to invest the net proceeds from this offering in short term, investment-grade, interest-bearing securities such as money market accounts, certificates of deposit, commercial paper and guaranteed obligations of the U.S. government.

DIVIDEND POLICY

We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any dividends on our common stock in the foreseeable future. Any future determination to declare dividends will be made at the discretion of our board of directors and will depend on our financial condition, operating results, capital requirements, general business conditions and other factors that our board of directors may deem relevant. Our ability to pay dividends may also be restricted by the terms of any future credit facility we may establish or any future debt or preferred equity securities we may issue, although we presently have no specific plans, agreements or commitments with respect to establishing any such credit facility or issuing any such securities.

CAPITALIZATION

The following table sets forth the cash and capitalization as of June 30, 2016 of:

- Fulgent LLC, on an actual basis;
- Fulgent LLC, on a pro forma basis after giving effect to the distribution of approximately $4.6 million to Mr. Hsieh as a return of capital contribution that was approved on August 12, 2016 and will be paid before completion of this offering;
- us, on a pro forma as adjusted basis after giving effect to the pro forma adjustment described above and the Reorganization; and
- us, on a pro forma as further adjusted basis after giving effect to the pro forma as adjusted adjustments described above and our issuance and sale in this offering of shares of common stock at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The pro forma as further adjusted information set forth in the table below is illustrative only and will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing. You should read this table together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes included in this prospectus.

	As of June 30, 2016			
	Actual (Fulgent LLC)	Pro Forma (Fulgent LLC)	Pro Forma As Adjusted (Fulgent Inc.)	Pro Forma As Further Adjusted (Fulgent Inc.)[1]
	(in thousands, except par value data and as noted)			
Cash	$ 16,060	$ 11,468	$ 11,468	$
Members' equity:				
Class D-1 convertible preferred units—51,382 units authorized, issued and outstanding, actual and pro forma; no units authorized, issued or outstanding, pro forma as adjusted and pro forma as further adjusted	33,617	29,025	—	
Class D-2 convertible preferred units—15,395 units authorized, issued and outstanding, actual and pro forma; no units authorized, issued or outstanding, pro forma as adjusted and pro forma as further adjusted	32,452	32,452	—	
Class D common units—51,250 units authorized and 30,855 issued and outstanding, actual and pro forma; no units authorized, issued or outstanding, pro forma as adjusted and pro forma as further adjusted	10,494	10,494	—	
Stockholders' equity:				
Preferred stock, $0.0001 par value per share, 1,000 shares authorized, no shares issued or outstanding, actual, pro forma, pro forma as adjusted and pro forma as further adjusted	—	—	—	
Common stock, $0.0001 par value per share, 200,000 shares authorized, 1 share[2] issued and outstanding, actual and pro forma; 200,000 shares authorized, shares issued or outstanding, pro forma as adjusted; 200,000 shares authorized, shares issued or outstanding, pro forma as further adjusted	—	—		
Additional paid in capital	—	—	71,971	
Accumulated deficit	(54,860)	(54,860)	(54,860)	
Total members'/stockholders' equity	21,703	17,111	17,111	
Total capitalization	$ 21,703	$ 17,111	$ 17,111	$

(1) Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) each of our pro forma as further adjusted cash, additional paid in capital, total stockholders' equity and total capitalization by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of one million shares in the number of shares of common stock offered by us would increase (decrease) each of our pro forma as further adjusted cash, additional paid in capital, total stockholders' equity and total capitalization by approximately $ million, assuming the initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

(2) Share amount not in thousands.

The number of shares of our common stock to be outstanding immediately after this offering is based on shares of our common stock issued and outstanding as of June 30, 2016, after giving effect to the exchange of all outstanding units of Fulgent LLC on such date for shares of our common stock in the Reorganization immediately prior to completion of this offering, and excludes the following:

- shares of our common stock issuable upon exercise of options with a weighted-average exercise price of $ per share, which, prior to completion of the Reorganization, were exercisable for 4,478,000 common units of Fulgent LLC with a weighted-average exercise price of $0.09 per unit and were outstanding as of June 30, 2016;
- shares of our common stock issuable upon exercise of options with a weighted-average exercise price of $ per share, which, prior to completion of the Reorganization, were exercisable for common units of Fulgent LLC with a weighted-average exercise price of $ per unit and were issued after June 30, 2016;
- shares of our common stock issuable upon settlement of restricted stock units, which, prior to completion of the Reorganization, were outstanding with respect to 500,000 common units of Fulgent LLC and were issued after June 30, 2016; and
- shares of our common stock that will be reserved for future issuance under the 2016 Plan, which we will adopt prior to completion of this offering.

DILUTION

If you purchase our common stock in this offering, your interest will be diluted to the extent of the difference between the amount you pay per share of our common stock in this offering and the pro forma as further adjusted net tangible book value per share of our common stock immediately after this offering. Net tangible book value per share is determined by dividing our total tangible assets (total assets less intangible assets) less total liabilities by the number of shares of our common stock outstanding.

Our actual net tangible book value as of June 30, 2016 was approximately $21.7 million, or $0.22 per Class D common unit (assuming conversion at a one-to-one ratio of all Class D-1 and Class D-2 preferred units into Class D common units).

On a pro forma basis, after giving effect to the distribution of approximately $4.6 million to Mr. Hsieh as a return of capital contribution that was approved on August 12, 2016 and will be paid before completion of this offering, our net tangible book value as of June 30, 2016 would have been approximately $17.1 million, or $0.18 per unit (assuming conversion at a one-to-one ratio of all Class D-1 and Class D-2 preferred units into Class D common units).

On a pro forma as adjusted basis, after giving effect to the pro forma adjustment described above and the Reorganization, our net tangible book value as of June 30, 2016 would have been approximately $ million, or $ per share.

On a pro forma as further adjusted basis, after giving effect to the pro forma as adjusted adjustments described above and our issuance and sale in this offering of shares of our common stock at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, our net tangible book value as of June 30, 2016 would have been approximately $ million, or $ per share. This represents an immediate increase in pro forma as adjusted net tangible book value of $ per share to our existing stockholders and an immediate dilution of $ per share to investors purchasing shares in this offering, as follows:

Assumed initial public offering price per share		$
Pro forma as adjusted net tangible book value per share as of June 30, 2016	$	
Increase in pro forma as adjusted net tangible book value per share attributable to new investors		
Pro forma as further adjusted net tangible book value per share after this offering		
Dilution per share to investors in this offering		$

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) our pro forma as further adjusted net tangible book value per share by approximately $ per share, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of one million shares in the number of shares of common stock offered by us would increase (decrease) our pro forma as further adjusted net tangible book value per share by approximately $ per share, assuming the initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

If the underwriters exercise in full their option to purchase additional shares, our pro forma as further adjusted net tangible book value per share as of June 30, 2016, after giving effect to the pro forma as adjusted adjustments and our issuance and sale in this offering of shares of common stock at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, would be $ per share, the increase in pro forma as further adjusted net tangible book value per

share to our existing stockholders would be $ per share and the dilution to investors purchasing shares in this offering would be $ per share.

The following table summarizes, on the pro forma as further adjusted basis as of June 30, 2016 described above, the difference between existing stockholders and new investors with respect to the number of shares of common stock purchased from us, the total consideration paid to us, and the average price per share paid, before deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us:

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders		%	$	%	$
New investors					$
Total		100%	$	100%	

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the total consideration paid by new investors by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

To the extent that any outstanding options are exercised, investors in this offering will experience further dilution.

Except as otherwise indicated, the above discussion and tables assume no exercise of the underwriters' option to purchase additional shares. If the underwriters exercise in full their option to purchase additional shares, our existing stockholders would own % and our new investors would own % of the total number of shares of our common stock outstanding upon the closing of this offering. Additionally, the above discussion and tables assume that none of our existing stockholders will purchase shares of our common stock in this offering through the directed share program or otherwise.

The above discussion and tables are based on shares of our common stock issued and outstanding as of June 30, 2016, after giving effect to the exchange of all outstanding units of Fulgent LLC on such date for shares of our common stock in the Reorganization immediately prior to completion of this offering, and excludes the following:

- shares of our common stock issuable upon exercise of options with a weighted-average exercise price of $ per share, which, prior to completion of the Reorganization, were exercisable for 4,478,000 common units of Fulgent LLC with a weighted-average exercise price of $0.09 per unit and were outstanding as of June 30, 2016;
- shares of our common stock issuable upon exercise of options with a weighted-average exercise price of $ per share, which, prior to completion of the Reorganization, were exercisable for common units of Fulgent LLC with a weighted-average exercise price of $ per unit and were issued after June 30, 2016;
- shares of our common stock issuable upon settlement of restricted stock units, which, prior to completion of the Reorganization, were outstanding with respect to 500,000 common units of Fulgent LLC and were issued after June 30, 2016; and
- shares of our common stock that will be reserved for future issuance under the 2016 Plan, which we will adopt prior to completion of this offering.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The tables below reflect selected consolidated financial and other data of Fulgent LLC for the periods presented. Following the Reorganization, Fulgent LLC will be considered our predecessor for accounting purposes and its financial statements will be our historical financial statements. The selected consolidated statements of operations data for the years ended December 31, 2014 and 2015 and the selected consolidated balance sheet data as of December 31, 2014 and 2015 are derived from Fulgent LLC's audited consolidated financial statements included in this prospectus. The selected consolidated statements of operations data for the six months ended June 30, 2015 and 2016 and the selected consolidated balance sheet data as of June 30, 2016 are derived from Fulgent LLC's unaudited condensed consolidated financial statements included in this prospectus. We have prepared the unaudited condensed consolidated financial statements on the same basis as the audited financial statements and we have included, in our opinion, all adjustments, consisting only of normal recurring adjustments, that we consider necessary for a fair presentation of the financial information set forth in these financial statements.

The following selected consolidated financial and other data should be read together with "Pharma Split-Off and Reorganization," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes included in this prospectus. Historical results are not necessarily indicative of the results that may be expected in any future period, and interim results are not necessarily indicative of the results that may be expected in the full year or any other period. The selected consolidated financial and other data in this section are not intended to replace the financial statements from which they are derived and are qualified in their entirety by the financial statements and related notes included in this prospectus.

Historical financial information of Fulgent Inc. is included elsewhere in this prospectus, but selected historical financial and other data of Fulgent Inc. have not been presented below, as Fulgent Inc. is a newly incorporated entity, has had no business transactions or activities to date and had no assets or liabilities during the periods presented.

	Year Ended December 31,		Six Months Ended June 30,	
	2014	2015	2015	2016
	(in thousands, except per unit and per share data)			
Consolidated Statements of Operations Data:				
Revenue	$ 1,278	$ 9,576	$ 3,769	$ 7,411
Cost of revenue(1)	936	5,069	1,425	2,715
Gross profit	342	4,507	2,344	4,696
Operating expenses:				
Research and development(1)	521	4,431	470	1,217
Selling and marketing(1)	581	2,670	477	778
General and administrative(1)	230	2,418	246	2,346
Total operating expenses	1,332	9,519	1,193	4,341
Operating income (loss)	(990)	(5,012)	1,151	355
Interest and other income (expense)	—	27	20	(5,449)
Income (loss) before income taxes	(990)	(4,985)	1,171	(5,094)
Provision for income taxes	—	—	—	—
Income (loss) from continuing operations	(990)	(4,985)	1,171	(5,094)
Income (loss) from discontinued operations(2)	(3,293)	(3,329)	(1,299)	41
Net loss	(4,283)	(8,314)	(128)	(5,053)
Basic and diluted loss per common unit:(3)				
Continuing operations—Class D common units—profits interests		$ (0.21)		$ (0.27)
Continuing operations:(3)				
Weighted-average Class D common units—profits interests—outstanding—basic and diluted		34,000		32,511
Pro forma loss attributable to common stockholders (unaudited):(4)				
Pro forma loss per share attributable to common stockholders (unaudited):(4)				
Basic and diluted				
Shares used in computing pro forma loss per share attributable to common stockholders (unaudited):(4)				
Basic and diluted				

(1) Includes equity-based compensation expense as follows:

	Year Ended December 31,		Six Months Ended June 30,	
	2014	2015	2015	2016
	(in thousands)			
Cost of revenue	$—	$1,673	$ —	$ —
Research and development	—	3,241	—	—
Selling and marketing	—	1,569	—	—
General and administrative	—	1,673	—	1,625
Total equity-based compensation expense	$—	$8,156	$ —	$ 1,625

(2) On April 4, 2016, we completed the Pharma Split-Off. The financial results of the Pharma Business through the separation date of April 4, 2016 are included in Fulgent LLC's results as discontinued operations for all periods presented. See "Pharma Split-Off and Reorganization" for additional information.

(3) See Notes 2 and 10 to Fulgent LLC's audited consolidated financial statements for the year ended December 31, 2015 and Note 3 to Fulgent LLC's unaudited condensed consolidated financial statements for the six months ended June 30, 2016, each included in this prospectus, for an explanation of the method used to calculate basic and diluted loss per unit from continuing operations and the weighted-average number of units used in the computation of the per unit amounts.

(4) See Note 2 to Fulgent LLC's audited consolidated financial statements for the year ended December 31, 2015 and Note 2 to Fulgent LLC's unaudited condensed consolidated financial statements for the six months ended June 30, 2016, each included in this prospectus, for an explanation of the method used to calculate basic and diluted pro forma loss per share attributable to common stockholders.

	Year Ended December 31,		Six Months Ended June 30,	
	2014	2015	2015	2016
Other Operating Data:				
Billable tests(1)	966	6,852	2,762	5,209

(1) Billable tests represent the number of tests delivered in a period for which we bill our customers. We consider the number of billable tests we deliver to be an important indicator of the growth of our business.

	December 31,		June 30,
	2014	2015	2016
	(in thousands)		
Consolidated Balance Sheet Data:			
Cash	$ 172	$ 489	$ 16,060
Total assets	2,120	5,832	26,778
Total liabilities	436	686	5,075
Accumulated deficit	(10,316)	(53,160)	(54,860)
Total members' equity	1,684	5,146	21,703

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with "Selected Consolidated Financial and Other Data" and the financial statements and related notes included in this prospectus. The statements in this discussion and analysis regarding expectations of our future performance, liquidity and capital resources and all other non-historical statements are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, among others, the risks and uncertainties described in "Risk Factors" and "Special Note Regarding Forward-Looking Statements." Our actual results could differ materially from the results described in or implied by the forward-looking statements contained in this discussion and analysis.

Immediately prior to closing this offering, we will complete the Reorganization, as defined and described below, pursuant to which Fulgent Therapeutics LLC will become a wholly owned subsidiary of Fulgent Genetics, Inc., a holding company and the issuer of common stock in this offering. Unless the context otherwise requires, (i) the term "Fulgent LLC" refers to Fulgent Therapeutics LLC, (ii) the term "Fulgent Inc." refers to Fulgent Genetics, Inc. and (iii) the terms "Fulgent," the "company," "we," "us" and "our" refer, for periods prior to completion of the Reorganization, to Fulgent LLC and, for periods after completion of the Reorganization, to Fulgent Inc. and its consolidated subsidiary after giving effect to the Reorganization. This discussion and analysis is based upon the historical financial statements of Fulgent LLC included in this prospectus, as Fulgent Inc. is a newly incorporated entity, has had no business transactions or activities to date and had no assets or liabilities during the periods presented.

Overview

We are a rapidly growing technology company with an initial focus on offering comprehensive genetic testing to provide physicians with clinically actionable diagnostic information they can use to improve the overall quality of patient care. We have developed a proprietary technology platform that integrates sophisticated data comparison and suppression algorithms, adaptive learning software, advanced genetic diagnostics tools and integrated laboratory processes. This platform allows us to offer a broad and flexible test menu while maintaining accessible pricing, high accuracy and competitive turnaround times. We believe our current test menu offers more genes for testing than our competitors in today's market, which enables us to provide expansive options for test customization and clinically actionable results. We have generated growing demand for our tests with relatively little marketing efforts to date, which we believe demonstrates the advantages of our offering compared to other available testing alternatives.

After launching our first commercial genetic tests in 2013, our tests covered more than 1,000 genes in 100 pre-established, multi-gene, disease-specific panels by the first quarter of 2014 and more than 10,000 genes in over 170 panels by the end of 2015. Today, we have further expanded our test menu to offer more than 18,000 single-gene tests and more than 200 panels that collectively test for more than 7,500 genetic conditions, including various cancers, cardiovascular diseases and neurological disorders. We offer tests at competitive prices, averaging approximately $1,400 per billable test delivered in the six months ended June 30, 2016, and with competitive turnaround times. Our volume has grown rapidly since our commercial launch, with over 13,000 billable tests delivered to over 600 total customers as of June 30, 2016. We delivered 6,852 billable tests in 2015 compared to 966 billable tests delivered in 2014, and we delivered 5,209 billable tests in the six months ended June 30, 2016 compared to 2,762 billable tests delivered in the six months ended June 30, 2015. We have experienced compound quarterly growth of 19.5% in the number of billable tests delivered from the first quarter of 2015 through the second quarter of 2016. Further, approximately 86% of our test billings which were generated and due in 2015 were paid during that period. We recorded revenue and net loss of $9.6 million and $8.3 million in 2015, respectively, and revenue and net loss of $7.4 million and $5.1 million in the six months ended June 30, 2016, respectively.

Factors Affecting Our Performance

Number of Billable Tests Delivered

Our performance is closely correlated with the number of tests for which we bill our customers, which we refer to as billable tests. We believe the number of billable tests delivered in any period is an important indicator of the performance of our business.

Mix of Customers

Our existing customer base consists primarily of hospitals and medical institutions, which are frequent and high-volume users of genetic tests. We are focused on more deeply penetrating our relationships with existing customers to increase the volume of tests they order. In addition, we are seeking to grow our customer base by continuing to acquire new hospital and medical institution customers and expand into additional customer groups, such as individual physicians and other practitioners, as well as research institutions. For example, in 2016, we have contracted with a regional physician services organization based in Southern California and a national health insurance company to become an in-network provider and we have enrolled as a supplier in the Medicare program. We have also established a vendor code with, and started to receive orders from, a national clinical laboratory that orders our tests to fulfill some of the genetic testing orders it receives from certain U.S. government agencies. Although establishing these relationships does not obligate this laboratory or any physicians to order our tests at any agreed volume or frequency or at all, we believe our ability to establish these types of relationships and relationships with other new customers and achieve increased sales to existing customers are significant indicators of the potential for growth of our business.

Ability to Maintain Our Broad and Flexible Test Menu

We believe the number of genes that we incorporate into our test menu provides a meaningful competitive advantage. We believe the breadth of genes in our portfolio allows us to provide more comprehensive genetic information and improves our variant detection rate, which can increase the clinical actionability of the data we produce. The breadth of genes in our portfolio also allows us to provide a flexible and customizable test menu for our customers. We believe that our ability to continue to offer more genes than our competitors could be a key contributor to the rate of growth of our business.

Ability to Maintain Low Costs

We have developed various proprietary technologies that improve our laboratory efficiency and reduce the costs we incur to perform our tests. Our technology platform enables us to perform each test and deliver its results at a lower cost to us than many of our competitors, totaling approximately $521 per billable test delivered in the six months ended June 30, 2016. This low cost per billable test allows us to maintain affordable pricing for our customers, averaging approximately $1,400 per billable test delivered in the six months ended June 30, 2016, which we believe encourages repeat ordering from existing customers and attracts new customers. We believe this low internal cost is a key contributor to our ability to grow our business and drive profitability.

Expand into New Markets

We intend to continue to expand our test menu to include more options and to cover more genes. For example, we intend to expand our offering of oncology, cardiology and pediatrics test panels, which represent large genetic testing markets in which we believe our comprehensive and flexible tests will be competitive. We also believe there is a large potential for growth of genetic testing in many international markets due to the presence of high unmet diagnostic and predictive testing needs, rapidly rising healthcare expenditures and patient awareness of next generation sequencing technologies. We plan to engage distributors or establish other types of arrangements, such as joint ventures, in an effort to expand our presence and test volume in new geographic markets. We believe expanding our test menu and our geographic presence will appeal to a broader base of potential customers and increase our revenue potential.

Success Obtaining Reimbursement

In today's market, third-party payors generally restrict the reimbursement of genetic testing to a limited subset of genetic tests and only for those patients that meet specific criteria. This lack of widespread favorable reimbursement policies has presented a challenge for genetic testing companies in building sustainable business models. As part of our strategy for growth, we intend to pursue coverage and reimbursement from third-party payors at a level adequate for us to achieve profitability with this payor group. To this end and as described above, we have contracted with a regional physician services organization and a national health insurance company to become an in-network provider and enrolled as a supplier with Medicare in 2016, which means that we have agreed with these payors to provide certain of our tests at negotiated rates. Although this does not guarantee that we will receive reimbursement for our tests from these or any other payors at adequate levels, we believe our low cost per billable test will enhance our ability to compete effectively in the third-party payor market and our flexibility in establishing additional relationships with third-party payors. Our level of success in obtaining and maintaining adequate coverage and reimbursement from third-party payors for our testing services will, we believe, be a key factor in the rate of growth of our business over the long term.

Equity-Based Compensation Awards

Fulgent LLC granted awards of fully vested equity to employees and non-employees in October 2015 and January 2016. The equity-based compensation expense associated with these awards was recorded in full in the period in which the awards were granted. As a result, there was a substantial increase in cost of revenue in the quarter ended December 31, 2015 and in operating expenses in the quarters ended December 31, 2015 and March 31, 2016. We do not intend to make additional awards of fully vested equity and, as a result, we do not expect that we will experience similar levels of equity-based compensation expense in future periods.

During 2015 and 2016, Fulgent LLC issued options that are not exercisable, whether or not vested, until the earlier of a liquidity event or an incorporation of Fulgent LLC, each as defined in Fulgent LLC's equity incentive plan under which the awards were granted. An incorporation will be deemed to have occurred upon completion of the Reorganization, at which time the options will become immediately exercisable, to the extent vested. No expense has been recorded for such options as of June 30, 2016; however, beginning with the period in which we complete the Reorganization, we will begin to record equity-based compensation expense as option awards become exercisable and vest.

Xi Long Financing

In May 2016, Fulgent LLC completed a transaction with Xi Long USA, Inc., or Xi Long, an independent investor, and certain members of Fulgent LLC. In this transaction, (i) Xi Long acquired 4,618,421 Class D-1 preferred units and 5,644,737 Class D common units from certain existing members of Fulgent LLC for an aggregate purchase price of approximately $12.0 million, which units were required to be redeemed by Fulgent LLC in exchange for its issuance to Xi Long of an equivalent number of Class D-2 preferred units, and (ii) Fulgent LLC sold an additional 5,131,579 Class D-2 preferred units to Xi Long for gross proceeds of approximately $15.2 million. Fulgent LLC incurred issuance costs of $185,000 for the transaction, resulting in net proceeds to Fulgent LLC of approximately $15.0 million. As a result of the transaction, Xi Long acquired an aggregate of 15,394,737 Class D-2 preferred units for an aggregate purchase price of approximately $27.2 million, even though, at issuance, the fair value of 15,394,737 Class D-2 preferred units as evidenced by Fulgent LLC's then most recent third-party valuation was approximately $32.6 million. The $5.5 million difference between the fair value of, and the aggregate consideration paid by Xi Long for, the Class D-2 preferred units issued in the transaction was not attributable to any stated rights or privileges. Rather Fulgent LLC, Xi Long and the members of Fulgent LLC that were party to the transaction determined to complete the transaction in line with their discussions, notwithstanding that the fair value of the Class D-2 preferred units as evidenced by Fulgent LLC's third-party valuation had increased from the time these discussions were initiated to the time the transaction was completed. The $5.5 million difference was determined to be a cost of completing

the transaction with Xi Long and was recorded as an expense in the accompanying condensed consolidated statement of operations.

Discontinued Operations

Prior to April 4, 2016, Fulgent LLC conducted the following two lines of business: the business described in this prospectus, which Fulgent LLC conducted directly and which is the only business we are presently pursuing; and our former pharmaceutical business, or the Pharma Business, which was conducted through Fulgent LLC's former subsidiary, Fulgent Pharma LLC, or Fulgent Pharma. Prior to April 4, 2016, all of Fulgent LLC's authorized, issued and outstanding equity interests were separated into two series based on these two lines of business, such that holders of Fulgent LLC's Class D-1 preferred units and Class D voting and non-voting common units had economic rights based on the assets, income, earnings and profits and any liabilities, expenses, costs and charges of the business described in this prospectus, and holders of Fulgent LLC's Class P preferred units and Class P voting and non-voting common units had economic rights based on the assets, income, earnings and profits and any liabilities, expenses, costs and charges of the Pharma Business. On April 4, 2016, Fulgent LLC separated the Pharma Business from the business described in this prospectus in a transaction we refer to as the "Pharma Split-Off." To effect the Pharma Split-Off, Fulgent LLC redeemed each member's Class P preferred and common units, distributed to each such member substantially identical units of Fulgent Pharma and caused Fulgent Pharma to assume all then-outstanding options to acquire Class P common units.

Since completion of the Pharma Split-Off, (i) Fulgent LLC has not pursued any aspect of the Pharma Business and its entire operations have been focused on the business described in this prospectus, (ii) Fulgent Pharma is no longer Fulgent LLC's subsidiary, Fulgent LLC does not own any securities of Fulgent Pharma and, except as described in the prospectus of which this discussion and analysis is a part, neither Fulgent LLC nor Fulgent Inc. is associated with Fulgent Pharma, and (iii) Fulgent LLC has no Class P preferred or common units authorized, issued or outstanding and all of Fulgent LLC's authorized, issued and outstanding equity interests consist of Class D common units, two classes of preferred units convertible into Class D common units and options to acquire Class D common units. As used in this discussion and analysis, unless the context otherwise requires, the term "common units" refers to Fulgent LLC's Class D voting and non-voting common units and the term "units" refers to Fulgent LLC's Class D common units and preferred units convertible into Class D voting common units.

The operating results of the Pharma Business have been reported as discontinued operations for all periods presented in the consolidated financial data included in this prospectus. In the six months ended June 30, 2015 and 2016, we recorded an income (loss) from discontinued operations of $(1,299) and $41, respectively, and in the years ended December 31, 2014 and 2015, we recorded a loss from discontinued operations of $(3.3) million and $(3.3) million, respectively.

Reorganization

Fulgent Inc. was formed on May 13, 2016 as a Delaware corporation solely for the purpose of effecting this offering. Immediately prior to completion of this offering, Fulgent LLC will become our wholly owned subsidiary in a transaction that we refer to throughout this discussion and analysis as the "Reorganization." In order to effect the Reorganization, we will enter into an agreement and plan of merger with Fulgent LLC and Fulgent MergerSub, LLC, our wholly owned subsidiary formed solely for the purpose of the Reorganization, pursuant to which, immediately prior to completion of this offering, Fulgent MergerSub, LLC will merge with and into Fulgent LLC, with Fulgent LLC surviving the merger as our wholly owned subsidiary.

Prior to completion of the Reorganization, among other things:

- Fulgent LLC's authorized, issued and outstanding equity interests, which are referred to as "shares" in its operating agreement but are referred to as "units" in this discussion and analysis, consist of voting and

non-voting common units and two classes (Class D-1 and Class D-2) of preferred units convertible into Class D common units;

- Fulgent LLC's outstanding equity holders are referred to as "members;" and
- Fulgent Inc. will not have conducted any activities other than activities incidental to its formation and the preparation of this prospectus.

Upon completion of the Reorganization, among other things:

- each outstanding units of Fulgent LLC will be cancelled in exchange for one share of our common stock, such that (i) all outstanding Class D common units of Fulgent LLC (including Class D common units that constitute profits interests) will be cancelled in exchange for an aggregate of shares of our common stock, (ii) all outstanding Class D-1 preferred units of Fulgent LLC will be cancelled in exchange for an aggregate of shares of our common stock and (iii) all outstanding Class D-2 preferred units will be cancelled in exchange for an aggregate of shares of our common stock. Class D common units that constitute profits interests are a type of equity award containing a participation threshold (which we sometimes refer to as a profits interest threshold) that entitles the recipient of the award to participate in the value of Fulgent LLC only to the extent it appreciates from and after the grant date of the award. Pursuant to the determination of the Manager of Fulgent LLC, the participation thresholds applicable to all Class D common units that constitute profits interests (i) will be ignored and not applied in calculating the number of shares of our common stock to be issued in exchange for such units in the Reorganization and (ii) will not carry over to such shares. As a result, the holders of Fulgent LLC's Class D common units that constitute profits interests will receive shares of our common stock in the Reorganization at the same ratio as the holders of Fulgent LLC's Class D common units that are not subject to profits interest thresholds. Ignoring all profits interest thresholds upon the conversion of the Class D common units that constitute profits interests into shares of our common stock at the effective time of the Reorganization will result in an equity-based compensation expense that we will record during the period in which the Reorganization occurs;
- all outstanding options to acquire common units of Fulgent LLC will become equivalent options to acquire up to an aggregate of shares of our common stock, and all such options will become immediately exercisable, to the extent vested, which will result in an equity-based compensation expense that we will record during the period in which the Reorganization occurs;
- all outstanding restricted share units relating to common units of Fulgent LLC will become restricted stock units relating to shares of our common stock;
- we will continue to exist as a holding company with no material assets other than 100% of the equity interests of Fulgent LLC; and
- we will consolidate the financial results of Fulgent LLC and the historical financial statements of Fulgent LLC will be our historical financial statements.

Financial Overview

Revenue

We generate revenue from sales of our genetic tests. We recognize revenue upon delivery of a report to the ordering physician based on the established billing rate less contractual and other adjustments to arrive at the amount that we expect to collect. We generally bill directly to a hospital, medical institution or research institution customer or to a patient, a third-party payor or a combination of the patient and third-party payor.

Cost of Revenue

Cost of revenue reflects the aggregate costs incurred in delivering test results and consists of: personnel costs, including salaries, employee benefit costs, bonuses and equity-based compensation expenses; costs of

laboratory supplies; depreciation of laboratory equipment; amortization of leasehold improvements and allocated overhead, including rent and utilities. Costs associated with performing tests are recorded as tests are processed. We expect cost of revenue to generally increase as we increase the number of tests we deliver.

Operating Expenses

Our operating expenses are classified into the following three categories: research and development; selling and marketing; and general and administrative. For each category, the largest component is personnel costs, which include salaries, employee benefit costs, bonuses and equity-based compensation expenses.

Research and Development Expenses

Research and development expenses represent costs incurred to develop our technology and future tests. These costs consist of personnel costs, laboratory supplies, consulting costs and allocated overhead, including rent and utilities. We expense all research and development costs in the periods in which they are incurred. We expect our research and development expenses will increase in absolute dollars in future periods as we continue to invest in research and development.

Selling and Marketing Expenses

Selling and marketing expenses consist of personnel costs, customer service expenses, direct marketing expenses, educational and promotional expenses, market research and analysis and allocated overhead, including rent and utilities. We expense all selling and marketing costs as incurred. We expect our selling and marketing costs will continue to increase in absolute dollars, primarily driven by our efforts to expand our sales and marketing team, increase our presence within and outside the United States and expand our brand awareness and customer base through targeted marketing initiatives.

General and Administrative Expenses

General and administrative expenses include executive, finance and accounting, legal and human resources functions. These expenses consist of personnel costs, audit and legal expenses, consulting costs and allocated overhead, including rent and utilities. We expense all general and administrative expenses as incurred. We expect our general and administrative expenses will increase as we scale our operations. We also expect to incur additional general and administrative expenses as a result of our initial public offering and operating as a public company, including expenses related to compliance with the rules and regulations of the Securities and Exchange Commission and the NASDAQ Stock Market, additional insurance expenses, investor relations activities and other administration and professional services.

Results of Operations

Comparison of the Six Months Ended June 30, 2015 and 2016

The following table summarizes the results of Fulgent LLC's continuing operations for each of the periods indicated:

	Six Months Ended June 30,		Dollar change	% change
	2015	2016		
	(in thousands, except percent change and other operating data)			
Statement of Operations Data:				
Revenue	$ 3,769	$ 7,411	$ 3,642	97%
Cost of revenue	1,425	2,715	1,290	91%
Gross profit	2,344	4,696	2,352	100%
Operating expenses:				
Research and development	470	1,217	747	159%
Selling and marketing	477	778	301	63%
General and administrative	246	2,346	2,100	854%
Total operating expenses	1,193	4,341	3,148	264
Operating income (loss)	1,151	355	(796)	(69)%
Interest and other income (expense)	20	(5,449)	(5,469)	*
Income (loss) before income taxes	1,171	(5,094)	(6,265)	(535)%
Provision for income taxes	—	—	—	—
Income (loss) from continuing operations	$ 1,171	$ (5,094)	$ (6,265)	(535)%
Other Operating Data:				
Billable tests	2,762	5,209	—	89%

* Percentage not meaningful.

Revenue

Revenue increased $3.6 million, or 97%, from the six months ended June 30, 2015 to the six months ended June 30, 2016, primarily due to the increased number of billable tests delivered. The number of billable tests delivered increased from 2,762 in the six months ended June 30, 2015 to 5,209 in the same period in 2016. The increase in number of billable tests delivered that positively impacted our revenue between periods was primarily attributable to the expansion of our test menu, including single-gene tests and multi-gene panels, and an increase in sales to our existing customers, combined with growth in the genetic testing market and increased physician awareness and acceptance of genetic tests. The average price of the billable tests we delivered remained relatively consistent between periods. Revenue from international customers accounted for 49% and 44% of total revenue in the six months ended June 30, 2015 and 2016, respectively.

Cost of Revenue

Cost of revenue increased $1.3 million, or 91%, from the six months ended June 30, 2015 to the six months ended June 30, 2016. The increase was primarily attributable to increases of $463,000 in personnel costs related to increased headcount and $372,000 in reagents and supplies expenses. Our gross profit increased $2.4 million between periods, primarily due to increased revenue, and our cost of revenue as a percent of revenue, or gross margin, increased from 62% to 63% between periods, primarily due to lower costs per billable test resulting from economies of scale.

Research and Development

Research and development expenses increased $747,000, or 159%, from the six months ended June 30, 2015 to the six months ended June 30, 2016, primarily due to a $457,000 increase in personnel costs related to increased headcount.

Selling and Marketing

Selling and marketing expenses increased $301,000, or 63%, from the six months ended June 30, 2015 to the six months ended June 30, 2016, primarily due to a $188,000 increase in marketing costs from our targeted marketing initiatives and a $113,000 increase in personnel costs related to increased headcount.

General and Administrative

General and administrative expenses increased $2.1 million, or 854%, from the six months ended June 30, 2015 to the six months ended June 30, 2016, primarily due to a $1.6 million increase in equity-based compensation expense, which relates to the grant of a fully-vested equity award in the 2016 period, a $218,000 increase in personnel costs related to increased headcount and a $180,000 increase in accounting fees.

Interest and Other Income (Expense)

Interest and other income (expense) was a $5.5 million expense for the six months ended June 30, 2016, compared to income of $20,000 for the six months ended June 30, 2015. The expense in the 2016 period related to the difference between the fair value and the effective issuance price of the Class D-2 preferred units we issued in the Xi Long financing in May 2016. Interest income was not significant in either the six months ended June 30, 2015 or 2016.

Comparison of the Years Ended December 31, 2014 and 2015

The following table summarizes the results of Fulgent LLC's continuing operations for each of the periods indicated:

	Year Ended December 31,		Dollar change	% change
	2014	2015		
	(in thousands, except percent change and other operating data)			
Statement of Operations Data:				
Revenue	$1,278	$ 9,576	$ 8,298	649%
Cost of revenue	936	5,069	4,133	442%
Gross profit	342	4,507	4,165	1,218%
Operating expenses:				
Research and development	521	4,431	3,910	750%
Selling and marketing	581	2,670	2,089	360%
General and administrative	230	2,418	2,188	951%
Total operating expenses	1,332	9,519	8,187	615%
Operating loss	(990)	(5,012)	(4,022)	406%
Interest and other income (expense)	—	27	27	—
Loss before income taxes	(990)	(4,985)	(3,995)	404%
Provision for income taxes	—	—	—	—
Loss from continuing operations	$ (990)	$(4,985)	$(3,995)	404%
Other Operating Data:				
Billable tests	966	6,852	—	609%

Revenue

Revenue increased $8.3 million, or 649%, in 2015 compared to 2014, primarily due to the increased number of billable tests delivered. The number of billable tests delivered increased from 966 in 2014 to 6,852 in 2015. The increase in number of billable tests delivered that positively impacted our revenue was primarily attributable to the expansion of our test menu, including single-gene tests and multi-gene panels, and an increase in sales to our existing customers, combined with growth in the genetic testing market and increased physician awareness and acceptance of genetic tests. The average price of the billable tests we delivered increased slightly in 2015 compared to 2014. Revenue from international customers accounted for 50% and 47% of total revenue in 2014 and 2015, respectively.

Cost of Revenue

Cost of revenue increased $4.1 million, or 442%, from 2014 to 2015. The increase was primarily due to increases of $1.7 million in equity-based compensation expense, which relates to grants of fully vested equity awards in 2015, $1.2 million in reagents and supplies expenses, $687,000 in personnel costs related to increased headcount and $233,000 in depreciation of laboratory equipment. Our gross profit increased $4.2 million between periods, primarily due to increased revenue, and our gross margin increased from 27% to 47% between periods primarily due to lower costs per billable test resulting from economies of scale.

Research and Development

Research and development expenses increased $3.9 million, or 750%, from 2014 to 2015, primarily due to a $3.2 million increase in equity-based compensation expense, which relates to grants of fully vested equity awards in 2015, and a $546,000 increase in other personnel costs related to increased headcount.

Selling and Marketing

Selling and marketing expenses increased $2.1 million, or 360%, from 2014 to 2015, primarily due to a $1.6 million increase in equity-based compensation expense, which relates to grants of fully vested equity awards in 2015, and a $402,000 increase in other personnel costs related to increased headcount.

General and Administrative

General and administrative expenses increased $2.2 million, or 951%, from 2014 to 2015, primarily due to a $1.7 million increase in equity-based compensation expense, which relates to grants of fully vested equity awards in 2015, a $200,000 increase in outside professional service fees and a $131,000 increase in other personnel costs related to increased headcount.

Quarterly Results of Operations and Other Operating Data

The following table sets forth Fulgent LLC's unaudited quarterly statements of operations data for each of the six quarters in the period ended June 30, 2016. We have prepared the quarterly data on a basis consistent with the audited consolidated financial statements included elsewhere in this prospectus. In the opinion of management, the quarterly information reflects all necessary adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of this data. This information should be read in conjunction with Fulgent LLC's consolidated financial statements and related notes included elsewhere in this prospectus. The results of historical quarterly periods are not necessarily indicative of results of operations for a full year or for any future period.

	Three Months Ended					
	Mar. 31, 2015	June 30, 2015	Sept. 30, 2015	Dec. 31, 2015	Mar. 31, 2016	June 30, 2016
	(in thousands, except other operating data)					
Statement of Operations Data:						
Revenue	$1,588	$2,182	$2,905	$ 2,901	$3,440	$ 3,971
Cost of revenue(1)	653	772	918	2,726	1,304	1,411
Gross profit	935	1,410	1,987	175	2,136	2,560
Operating expenses:						
Research and development(1)	217	252	312	3,650	561	656
Selling and marketing(1)	234	243	280	1,913	301	477
General and administrative(1)	79	168	215	1,956	1,889	457
Total operating expenses	530	663	807	7,519	2,751	1,590
Operating income (loss)	405	747	1,180	(7,344)	(615)	970
Interest and other income (expense)	20	—	—	7	13	(5,462)
Income (loss) before income taxes	425	747	1,180	(7,337)	(602)	(4,492)
Provision for income taxes	—	—	—	—	—	—
Income (loss) from continuing operations	$ 425	$ 747	$1,180	$(7,337)	$ (602)	$(4,492)
Other Operating Data:						
Billable tests	1,141	1,621	2,052	2,038	2,428	2,781

(1) Includes equity-based compensation expense as follows:

	Three Months Ended					
	Mar. 31, 2015	June 30, 2015	Sept. 30, 2015	Dec. 31, 2015	Mar. 31, 2016	June 30, 2016
	(in thousands)					
Cost of revenue	$ —	$ —	$ —	$ 1,673	$ —	$ —
Research and development	—	—	—	3,241	—	—
Selling and marketing	—	—	—	1,569	—	—
General and administrative	—	—	—	1,673	1,625	—
Total equity-based compensation expense	$ —	$ —	$ —	$ 8,156	$ 1,625	$ —

Our quarterly operating results were materially affected by the inclusion of $8.2 million and $1.6 million of equity-based compensation expense in the quarters ended December 31, 2015 and March 31, 2016, respectively, and $5.5 million of other expense in the quarter ended June 30, 2016 related to the difference between the fair value and the effective issuance price of the Class D-2 preferred units we issued in the Xi Long financing. Cost of revenue increases were directly related to the increase in the number of billable tests delivered during each of the quarters through June 30, 2016, as well as the effect of equity-based compensation expenses in the quarter ended December 31, 2015. Operating expenses, other than equity-based compensation expenses, generally increased consistently with the growth of the business. Our expenditures in research and development, other than equity-based compensation expenses, were higher in the quarters ended March 31, 2016 and June 30, 2016

because of increased personnel costs related to increased headcount and the costs related to further development of our laboratory and testing expenses. Our general and administrative expenses, other than equity-based compensation expenses, increased as a result of increased outside professional service fees and personnel costs related to increased headcount.

Liquidity and Capital Resources

Liquidity and Sources of Cash

Since inception, our operations have been financed primarily by our founder and Manager, Ming Hsieh, and, in recent periods, by cash from our operations. As of December 31, 2015 and June 30, 2016, we had $0.5 million and $16.1 million of cash, respectively.

In May 2016, we closed the Xi Long financing for net proceeds to us of approximately $15.0 million.

Our primary uses of cash are to fund our operations as we continue to grow and invest in our business. Cash used to fund operating expenses is impacted by the timing of our payment of expenses, as reflected in the changes in our outstanding accounts payable and accrued expenses.

Our cash as of June 30, 2016 was $16.1 million, which includes approximately $4.6 million that will be distributed to Mr. Hsieh as a return of capital contribution prior to completion of this offering. We believe that our existing cash, along with cash from our operations and estimated net proceeds from this offering, will be sufficient to meet our anticipated cash requirements for at least the next 12 months. Much of the losses we incurred during the quarters ended December 31, 2015, March 31, 2016 and June 30, 2016 are attributable to non-cash charges for equity-based compensation expense associated with grants of awards of fully vested equity during certain of these periods and for other expense associated with the difference between the fair value and the effective issuance price of the units we issued to Xi Long in May 2016. Thus, in spite of the losses we recorded, cash provided by operating activities has been positive since 2015 and has significantly contributed to our ability to meet our liquidity needs during these periods, including our ability to pay capital expenditures. Additionally, if our business continues to grow as we anticipate and we are able to achieve increased efficiencies and economies of scale in line with this growth, we expect that increased revenue will increase our ability to rely on cash from our operations to support our business in future periods, even if our expenses also increase as a result of the growth of our business. As a result, we anticipate that cash from our operations will play a meaningful role in our ability to meet our liquidity requirements and pursue our business plan and strategies, both in the 12-month period following this offering and in the longer term.

However, our expectations regarding the cash to be provided by our operations and our cash needs in future periods could be wrong, in which case we may require additional financing to support our operations, as we do not presently have any commitments for future capital. Further, even if our liquidity expectations are correct, we may seek to raise additional capital through securities offerings, credit facilities or other debt financings, asset sales or collaborations or licensing arrangements. Additional funding may not be available to us when needed, on acceptable terms or at all. If we raise funds by issuing equity securities, our stockholders, including investors purchasing common stock in this offering, could experience substantial dilution. Additionally, any preferred equity securities we issue could provide for rights, preferences or privileges senior to those of our common stock and our issuance of any additional equity securities, or the possibility of such an issuance, could cause the market price of our common stock to decline. The terms of debt securities issued or borrowings, if available, could impose significant restrictions on our operations, such as limitations on our ability to incur additional debt or issue additional equity, limitations on our ability to acquire or license intellectual property rights and other operating restrictions that could adversely affect our ability to conduct our business, and would result in increased fixed payment obligations. In the event that we seek to sell assets or enter into collaborations or licensing arrangements to raise capital, we may be required to accept unfavorable terms or relinquish or license to a third party our rights to important or valuable technologies or tests we may otherwise seek to develop

ourselves. Moreover, we may incur substantial costs in pursuing future capital, including investment banking fees, legal fees, accounting fees, printing and distribution expenses and other costs. If we are not able to secure additional funding when needed and on reasonable terms, we may be forced to delay, reduce the scope of or eliminate one or more research and development programs, sales and marketing initiatives or other growth plans or strategies. In addition, we may be forced to work with a partner on one or more aspects of our tests or market development programs, which could lower the economic value of these tests or programs to our company. Any such outcome could significantly harm our business, performance and prospects.

Cash Flows

Continuing Operations

The following table summarizes Fulgent LLC's cash flows from continuing operations for each of the periods indicated:

	Year Ended December 31,		Six Months Ended June 30,	
	2014	2015	2015	2016
	(in thousands)			
Cash provided by (used in) operating activities	$(1,084)	$ 2,026	$ 632	$ 2,384
Cash provided by (used in) investing activities	(731)	(2,030)	(599)	(563)

Operating Activities

Cash provided by operating activities in the six months ended June 30, 2016 was $2.4 million. The difference between net loss and cash provided by operating activities for the period was primarily due to the effect of $5.5 million of non-cash charges related to the difference between the fair value and the effective issuance price of the units we issued to Xi Long, which was recorded as other expense, and $1.6 million of non-cash equity-based compensation charges associated with a fully-vested equity award granted in January 2016. Cash provided by operating activities increased between periods primarily due to a $0.6 million increase in accounts payable, which resulted from increased revenue and purchases, offset by the negative effect of a $0.6 million increase in accounts receivable from increased revenue. Cash provided by operating activities in the six months ended June 30, 2015 was $0.6 million. The difference between net loss and cash provided by operating activities for the period was primarily due to a $0.3 million increase in accounts payable, which resulted from increased revenue and purchases, offset by the negative effect of a $0.9 million increase in accounts receivable.

Cash provided by operating activities in 2015 was $2.0 million. The difference between net loss and cash provided by operations for the period was primarily due to the effect of $8.2 million of non-cash equity-based compensation charges associated with fully vested equity awards granted in October 2015. Cash provided by operations was negatively affected by a $1.8 million increase in accounts receivable related to increased revenue. Cash used in operating activities in 2014 was $1.1 million, which primarily resulted from a net loss of $1.0 million and a $0.4 million increase in accounts receivable related to increased revenue.

Investing Activities

Cash used in investing activities in the six months ended June 30, 2016 was $563,000, which was primarily related to purchases of fixed assets consisting mainly of computer hardware, software and leasehold improvements. Cash used in investing activities in the six months ended June 30, 2015 was $599,000, which was primarily related to purchases of fixed assets consisting mainly of computer hardware and medical laboratory equipment.

Cash used in investing activities in 2015 was $2.0 million, which was primarily related to purchases of DNA sequencing equipment and reagent kits. Cash used in investing activities in 2014 was $731,000, which was primarily related to purchases of fixed assets consisting mainly of medical laboratory equipment and leasehold improvements.

Discontinued Operations

The following table summarizes Fulgent LLC's cash flows from discontinued operations for each of the periods indicated:

	Year Ended December 31,		Six Months Ended June 30,	
	2014	2015	2015	2016
	(in thousands)			
Cash used in operating activities	$(3,313)	$(2,995)	$(1,268)	$ (31)
Cash used in investing activities	(49)	(175)	(89)	—

Financing Activities

Cash provided by financing activities in the six months ended June 30, 2016 was $14.0 million, compared to cash provided by financing activities in the six months ended June 30, 2015 of $1.5 million. Cash provided by financing activities in 2015 and 2014 was $3.5 million and $4.0 million, respectively. All cash provided by financing activities in 2015 and 2014 represents capital contributions received from Mr. Hsieh, and all cash provided by financing activities in the six months ended June 30, 2016 represents net proceeds of approximately $15.0 million received from the issuance of Class D-2 preferred units to Xi Long, partially offset by $1.1 million of costs related to this offering.

Contractual Obligations

The following table summarizes Fulgent LLC's contractual obligations as of December 31, 2015:

		Payments Due by Period			
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
	(in thousands)				
Operating lease obligations	$212	$ 92	$120	$ 0	—
Total	$212	$ 92	$120	$ 0	—

During the six months ended June 30, 2016, we leased additional space and extended the lease for certain already occupied space at our corporate headquarters located in Temple City, California for an additional two years ending in April 2018.

Critical Accounting Policies and Use of Estimates

This management's discussion and analysis of our financial condition and results of operations is based on Fulgent LLC's consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. On an ongoing basis, we evaluate our estimates. These estimates are based on historical data and experience, as well as various other factors that management believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or circumstances.

While our significant accounting policies are described in more detail in the notes to the financial statements included in this prospectus, we believe the accounting policies discussed below used in the preparation of Fulgent LLC's consolidated financial statements require the most significant estimates.

Revenue Recognition

We generate revenue from sales of our genetic tests. We currently receive payments from: hospitals and medical institutions with which we have direct-bill relationships; research institutions; individual patients and commercial third-party payors.

We recognize revenue when all of the following criteria are met: (i) persuasive evidence of an arrangement exists; (ii) delivery has occurred; (iii) the fee is fixed or determinable and (iv) collectability is reasonably assured. Criterion (i) is satisfied when we have an arrangement or contract in place. Criterion (ii) is satisfied when we deliver a report to the ordering physician or test results to the research institution. Determination of criteria (iii) and (iv) are based on management's judgments regarding whether the fee is fixed or determinable, and whether the collectability of the fee is reasonably assured. We recognize revenue on a cash basis when we cannot conclude that either criterion (iii) or (iv) has been met.

Our test results are delivered electronically, and as such there are no shipping and handling fees incurred by us or billed to customers. Our sales are exempt from state sales taxation due to the nature of the results delivered. As a result, we do not charge customers state sales tax.

Equity-Based Compensation

We have included equity-based compensation expense as part of our cost of revenue and our operating expenses in our statements of operations as follows:

	Year Ended December 31, 2015	Six Months Ended June 31, 2016
	(in thousands)	
Cost of revenue	$ 1,673	$ —
Research and development	3,241	—
Selling and marketing	1,569	—
General and administrative	1,673	1,625
Total equity-based compensation expense	$ 8,156	$ 1,625

We also recorded equity-based compensation expense of $120,000 and $0 related to the Pharma Business for the year ended December 31, 2015 and the six months ended June 30, 2016, respectively, which amounts are recorded in discontinued operations for the respective periods.

We account for equity-based compensation arrangements with our employees, consultants and non-employee directors using a fair value method, which requires us to recognize compensation expense for costs related to all equity-based payments. To date, our equity-based awards have included fully vested equity awards, including common units subject to profits interest thresholds (which we sometimes refer to in this discussion and analysis as "profits interests") and grants of options subject to time-based vesting and exercisability restrictions until a liquidity event or incorporation of Fulgent LLC, each as defined in the equity incentive plan under which the awards were granted. An incorporation will be deemed to have occurred upon completion of the Reorganization, at which time the options will become immediately exercisable, to the extent vested. The fair value method requires us to estimate the fair value of equity-based awards to employees and non-employees on the date of grant, and we have utilized the Black-Scholes option-pricing model to make this estimation. The fair value is then recognized as equity-based compensation expense over the requisite service period, which is typically the vesting period, of the award. For fully vested equity awards, the entire fair value is recognized as equity-based compensation expense in the period the award is granted. Equity-based awards granted to non-employees are subject to periodic revaluation over their vesting term.

The Black-Scholes option-pricing model requires the input of subjective assumptions, including the expected term of the option or other award, risk-free interest rates, assumed dividend yield of the underlying units, expected volatility of the price of the underlying units and the fair value of the underlying units.

- *Expected Term*. The expected term represents the period that our equity-based awards are expected to be outstanding. We determine the expected term assumption based on the vesting terms, exercise terms and contractual terms of the options, and in the case of equity-based awards subject to a profits interest threshold, based on the estimated time to liquidity.
- *Risk-Free Interest Rate*. We determine the risk-free interest rate by using the equivalent to the expected term based on the U.S. Treasury yield curve in effect as of the date of grant.
- *Dividend Yield*. The assumed dividend yield is based on our expectation that we will not pay dividends in the foreseeable future, which is consistent with our history of not paying dividends.
- *Expected Volatility*. We do not have sufficient history to estimate the volatility of the price of our common units or the expected term of our options. We calculate expected volatility based on historical volatility data of a representative group of companies that are publicly traded. We selected representative companies with comparable characteristics to us, including risk profiles and position within the industry, and with historical equity price information sufficient to meet the expected term of the equity-based awards. We compute the historical volatility of this selected group using the daily closing prices for the selected companies' equity during the equivalent period of the calculated expected term of our equity-based awards. We will continue to use the representative group volatility information until the historical volatility of our equity is relevant to measure expected volatility for future option grants.
- *Forfeiture Rate*. We have early adopted Accounting Standards Update No. 2016-09, *Stock Compensation (Topic 718); Improvements to Employee Share-Based Payment Accounting*, and have elected to account for forfeitures as they occur.

We did not grant any equity-based awards prior to October 2015. For the year ended December 31, 2015 and the six months ended June 30, 2016, we estimated the fair value of options and awards subject to profits interest thresholds at their respective grant dates using the following assumptions:

Options:

	Year Ended December 31, 2015	Six Months Ended June 30, 2016
Expected term (in years)	6.1	6.1
Risk-free interest rates	1.6%	1.4%
Dividend yield	0	0
Expected volatility	86.0%	95.5%

Profits Interests:

	Year Ended December 31, 2015 Employee
Expected term (in years)	2
Risk-free interest rates	0.6%
Dividend yield	0
Expected volatility	68.1%

There is a high degree of subjectivity involved when using option-pricing models to estimate equity-based compensation. There is not currently a market-based mechanism or other practical application to verify the

reliability and accuracy of the estimates stemming from these valuation models, nor is there a means to compare and adjust the estimates to actual values. Although the fair value of equity-based awards is determined using an option-pricing model, this value may not be indicative of the fair value that would be observed in a market transaction between a willing buyer and willing seller. If factors change and different assumptions are used when valuing our options or other equity awards, our equity-based compensation expense could be materially different in the future.

Determination of the Fair Value of Common Units on Grant Dates

Fulgent LLC is a privately held company with no active public market for our common units. Therefore, in determining the fair value of equity-based awards, our Manager considered valuations prepared by an independent third party.

The independent third party performed the valuations in a manner consistent with the American Institute of Certified Public Accountants Practice Aid, Valuation of Privately-Held Company Equity Securities Issued as Compensation, also known as the Practice Aid. In conducting the valuations, we considered all objective and subjective factors that we believed to be relevant in each valuation conducted, including management's best estimate of our business condition, prospects and operating performance at each valuation date. Within the valuations, a range of factors, assumptions and methodologies were used. The significant factors included:

- the fact that we are a privately held company with illiquid securities;
- our stage of commercialization;
- the likelihood of achieving a liquidity event for our equity, such as an initial public offering, given prevailing market conditions;
- our historical operating results;
- valuations of comparable public companies;
- our discounted future cash flows, based on our projected operating results; and
- our capital structure, including the rights and preferences of our various classes of equity.

There are significant judgments and estimates inherent in these valuations. These judgments and estimates include assumptions regarding our future operating performance, stage of commercial growth, average selling price, continued penetration into hospital and medical institution customers, reimbursement from commercial third-party payors, the timing of a potential initial public offering or other liquidity event and the determination of the appropriate valuation method at each valuation date. If we had made different assumptions, our equity-based compensation expense, income (loss) applicable to common unitholders and income (loss) per unit applicable to common unitholders could have been materially different.

The valuations utilized the market approach, the income approach or a combination of both. The market approach and the income approach are both acceptable valuation methods in accordance with the Practice Aid. There are three general methodologies under the market approach:

- *Guideline Company Method*. This method involves the identification and analysis of publicly traded companies that are comparable to the subject company. Pricing multiples of the publicly traded companies are applied to representative financial metrics of the subject company.
- *Similar Transaction Method*. This method includes the identification of transactions in which the targets are comparable to the subject company. This method can also include identification of transactions completed by the most likely buyers in the subject company's industry. Transaction multiples from the identified transactions are applied to the representative financial metrics of the subject company.
- *Precedent Transaction Method*. By considering the sale price of equity in a recent financing, the equity value can be "backsolved" using an option-pricing model that gives consideration to a company's capitalization structure and rights of preferred and common equity holders.

Under the income approach, enterprise value can be estimated using the discounted cash flow, or DCF, method, which assumes:

- a business is worth today what it can generate in future cash to its owners;
- cash received today is worth more than an equal amount of cash received in the future; and
- future cash flows can be reasonably estimated.

The DCF analysis is comprised of the sum of the present value of two components: discrete period projected cash flows and a residual or terminal value.

Additionally, each valuation reflects a marketability discount, resulting from the illiquidity of our common units.

As provided in the Practice Aid, there are several approaches for allocating enterprise value of a privately held company among the securities held in a complex capital structure. The possible methodologies include the probability-weighted expected return method, or PWERM, the option-pricing method, or OPM, the current-value method or a hybrid of the PWERM and the OPM, which is referred to as the hybrid method. Under the PWERM, equity is valued based upon the probability-weighted present value of expected future returns, considering various future outcomes available to us, as well as the rights of each class of equity. The OPM treats common equity and preferred equity as call options on the enterprise's value. The exercise prices associated with these call options vary according to the liquidation preference of the preferred equity, the preferred equity conversion price, the exercise prices of common equity options and other features of a company's equity capital structure. The current-value method, which is generally only used for early stage companies, is based on first determining enterprise value using a market, income or asset-based approach, and then allocating that value to the preferred equity based on its liquidation preference or conversion value, whichever would be greater.

The valuation of Class D units related to awards of Class D units and options to acquire Class D units granted in the year ended December 31, 2015 incorporated the income approach (Gordon Growth Analysis) and the market approach (Guideline Public Company Method) in determining value, and we applied 50% weight to each approach. For the valuation of Class D units related to awards of Class D units and options to acquire Class D units granted in the six months ended June 30, 2016, we incorporated the PWERM and utilized the market approach (Precedent Transactions Method) incorporating the Xi Long financing, applying a 20% discount for lack of marketability.

The valuation of Class P units related to awards of Class P units and options to acquire Class P units granted in the year ended December 31, 2015 incorporated the market approach (Precedent Transactions Method), utilizing OPM to backsolve.

Recent Accounting Pronouncements

See Note 2 to Fulgent LLC's audited consolidated financial statements for the year ended December 31, 2015, included in this prospectus, for a description of recent accounting pronouncements.

The JOBS Act

As a company with less than $1.0 billion in revenue during our last fiscal year, we qualify as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, or JOBS Act.

The JOBS Act provides that an emerging growth company may take advantage of an extended transition period for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this extended transition period and, as a result, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

The JOBS Act also provides that we, as an emerging growth company, may take advantage of reduced reporting requirements that are otherwise applicable to public companies, including, among others, the following:

- being permitted to present in the prospectus of which this discussion and analysis is a part only two years of audited financial statements and only two years of financial information in the selected financial data and this discussion and analysis;
- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended, or Sarbanes-Oxley Act;
- reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements, including the registration statement of which this discussion and analysis is a part; and
- exemption from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We may take advantage of these reduced reporting requirements as an emerging growth company until the last day of our fiscal year following the fifth anniversary of the closing of this offering. However, if certain events occur prior to the end of such five-year period, including if we become a “large accelerated filer” under the Securities Exchange Act of 1934, as amended, or Exchange Act, our annual gross revenue exceeds $1.0 billion or we issue more than $1.0 billion of non-convertible debt in any three-year period, we will cease to be an emerging growth company prior to the end of such five-year period.

We have elected to take advantage of certain of these reduced reporting requirements in the registration statement of which this discussion and analysis is a part and we may elect to take advantage of other reduced reporting requirements in future filings. As a result, the information that we provide to our stockholders may be different than the information disclosed by other public companies that are not emerging growth companies.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the Securities and Exchange Commission, that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risks in the ordinary course of our business. We had cash of $0.5 million and $16.1 million as of December 31, 2015 and June 30, 2016, respectively, which consist of bank deposits. Such interest-bearing instruments carry a degree of risk; however, we have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in interest rates. A hypothetical 10% change in interest rates during any of the periods presented would not have had a material impact on our financial results.

Revenue from sales outside of the United States represented 47% and 44% of our revenue in 2015 and the six months ended June 30, 2016, respectively. Currently, our revenue-producing transactions are primarily denominated in U.S. dollars; however, as we continue to expand internationally, our results of operations and cash flows may increasingly become subject to fluctuations due to changes in foreign currency exchange rates. In periods when the U.S. dollar declines in value as compared to foreign currencies in which we incur expenses, our foreign-currency based expenses will increase when translated into U.S. dollars. In addition, future fluctuations in the value of the U.S. dollar may affect the price at which we sell our tests outside the United States. To date, our foreign currency risk has been minimal and we have not historically hedged our foreign currency risk; however, we may consider doing so in the future.

BUSINESS

Overview

We are a rapidly growing technology company with an initial focus on offering comprehensive genetic testing to provide physicians with clinically actionable diagnostic information they can use to improve the overall quality of patient care. We have developed a proprietary technology platform that integrates sophisticated data comparison and suppression algorithms, adaptive learning software, advanced genetic diagnostics tools and integrated laboratory processes. This platform allows us to offer a broad and flexible test menu while maintaining accessible pricing, high accuracy and competitive turnaround times. Combining next generation sequencing with our technology platform, we can perform full-gene sequencing with deletion/duplication analysis in single-gene tests, pre-established, multi-gene, disease-specific panels and customized panels that can be tailored to meet specific customer needs. We believe our current test menu offers more genes for testing than our competitors in today's market, which enables us to provide expansive options for test customization and clinically actionable results. After launching our first commercial genetic tests in 2013, our tests covered more than 1,000 genes in 100 panels by the first quarter of 2014 and more than 10,000 genes in over 170 panels by the end of 2015. Today, we have further expanded our test menu to offer more than 18,000 single-gene tests and more than 200 panels that collectively test for more than 7,500 genetic conditions, including various cancers, cardiovascular diseases and neurological disorders.

Genetic testing has experienced significant growth in recent years. As this trend continues, we believe genetic testing will become a more accepted part of standard medical care and the knowledge of a person's unique genetic makeup will begin to play a more important role in the practice of medicine. Genetic testing offers the possibility of early identification of a disease or a genetic predisposition to a disease. As a result, we believe widespread genetic testing could enable significant health improvements and healthcare cost reductions. Furthermore, we believe genetic testing and existing and future diagnostics tools will facilitate production of more comprehensive information that physicians can use to enhance disease prognosis and prediction, as well as for pharmacogenomic purposes. According to GrandView Research, the size of the global NGS genetic testing market, which includes presequencing, sequencing and data analysis, is estimated to be approximately $4.0 billion in 2016, including approximately $1.4 billion in the United States, and is expected to reach approximately $10.5 billion by 2022, including approximately $3.6 billion in the United States.

While adoption of genetic testing has increased in recent years, we believe widespread utilization has been limited because many tests are prohibitively expensive, are produced through inefficient processes and often do not result in clinically actionable data. Through our technology, we have developed genetic tests designed to address these limitations and provide a robust platform for future growth. The key features of our technology platform include: proprietary gene probes we develop and manufacture that are engineered to interact with our software; data comparison algorithms that allow for the efficient comparison of DNA sequences to publicly available databases and our proprietary reference library of genetic information; data suppression algorithms that reduce irrelevant noise in the genetic data we collect; internally developed adaptive learning software supporting our reporting systems; and integrated laboratory information management systems that allow us to efficiently manage workflow, monitor quality and ensure the fidelity of information generation and analytics for reporting. This technology platform allows us to deliver comprehensive, adaptable, clinically actionable and affordable genetic analysis while maintaining a low cost per billable test, enabling us to efficiently meet customer needs with the latest genes, panels and custom offerings. We believe our technology platform provides a sustainable competitive advantage in genetic testing today and as we implement new diagnostic tools in the future.

We believe we are well-positioned to succeed in today's market because our technology platform has enabled us to develop a test menu that we believe produces more actionable results than available alternatives. A retrospective study conducted by the University of Southern California, or USC, Norris Comprehensive Cancer Center of 475 individuals with a personal or family history of cancer who had undergone a clinically indicated multi-gene panel test from one of six commercial laboratories found that multi-gene panel testing increases the yield of mutations detected and adds to the capability of providing individualized cancer risk assessment. Of the

17 Fulgent tests evaluated in the study, approximately 35% identified a genetic mutation compared to an average of approximately 17% of the other commercial laboratories' tests included in the study. We believe our tests' comprehensive data output and improved detection rate, both made possible by our expansive genetic coverage, provide physicians with information they can readily incorporate into treatment decisions for their patients, which we refer to as clinical actionability. In addition, our technology platform enables us to perform customized genetic tests using our expansive library of genes, and we believe this flexibility increases efficiency and the utility of the genetic data we produce. We have generated growing demand for our tests with relatively little marketing efforts to date, which we believe demonstrates the advantages of our offering compared to other available testing alternatives.

Our existing customer base consists primarily of hospitals and medical institutions, which are frequent and high-volume users of genetic tests and which typically pay us directly for our tests. We believe our relationships with these customers provide an avenue for further growth as we seek to deepen these relationships and drive increased ordering. We believe the key to further penetrating our existing customer base and expanding into new customer markets is to continue to focus on delivering a superior test menu while maintaining affordable prices. In order to offer our customers affordable price points, we continue to enhance our technology platform to develop tests that we can perform at a low internal cost.

Our headquarters are located in Temple City, California, where we have our corporate offices and a CLIA-certified, CAP-accredited and CA DPH-licensed laboratory where we receive tissue specimens and perform genetic tests. We offer tests at competitive prices, averaging approximately $1,400 per billable test delivered in the six months ended June 30, 2016, and with competitive turnaround times. Our volume has grown rapidly since our commercial launch, with over 13,000 billable tests delivered to over 600 customers as of June 30, 2016. We delivered 6,852 billable tests in 2015 compared to 966 billable tests delivered in 2014, and we delivered 5,209 billable tests in the six months ended June 30, 2016 compared to 2,762 billable tests delivered in the six months ended June 30, 2015. We have experienced compound quarterly growth of 19.5% in the number of billable tests delivered from the first quarter of 2015 through the second quarter of 2016. Further, approximately 86% of our test billings that were generated and due in 2015 were paid during that period. We recorded revenue and net loss of $9.6 million and $8.3 million, respectively, in 2015, and revenue and net loss of $7.4 million and $5.1 million, respectively, in the six months ended June 30, 2016.

We have assembled a highly qualified team of 55 employees as of September 1, 2016. Our team includes personnel with expertise in a number of fields important to our business, such as bioinformatics, genetics, software engineering, laboratory management and sales and marketing. We have relied upon this team to develop our proprietary technology platform and differentiated business model, which we believe have driven our commercial success to date and provide us with significant opportunity for future growth.

Genetic Testing Industry

Overview

Genetic testing identifies mutations in genes or chromosomal abnormalities to confirm or rule out a suspected genetic condition or to evaluate a person's likelihood of developing a genetic condition. For example, a person displaying symptoms of one or more conditions could use genetic testing to determine or confirm a diagnosis, which can be especially useful for conditions that are difficult to diagnose. Further, a person with a family history of a particular condition, such as breast cancer, could use genetic testing to predict the likelihood of developing the condition. For instance, a mutation in the BRCA1 gene indicates an estimated 84% cumulative risk of developing breast cancer by age 70. The results of genetic testing can also be used to improve the selection and implementation of drug treatment programs targeting specific diseases.

The availability and accessibility of genetic testing has grown significantly in recent years, due in large part to improvements in testing technologies that have driven costs down. The National Institutes of Health gene

testing registry includes over 400 genetic testing companies and, as of August 15, 2016, genetests.org estimates that over 4,600 disorders can be identified via genetic testing. Due to the continued expansion of testing availability and accessibility, a growing and aging population and the increasing overall incidence of disease, among other factors, the global market for genetic testing is expected to grow significantly. According to GrandView Research, the size of the global NGS genetic testing market, which includes presequencing, sequencing and data analysis, is estimated to be approximately $4.0 billion in 2016, including approximately $1.4 billion in the United States, and is expected to reach approximately $10.5 billion by 2022, including approximately $3.6 billion in the United States.

The process for conducting a genetic test begins with the extraction of genomic DNA from a tissue specimen collected and provided by an ordering physician. The extracted DNA is then sequenced using various equipment and other tools depending on the nature of the test. For instance, tests relying upon next generation sequencing technology use NGS sequencers and associated reagents to sequence DNA. Additionally, gene probes are an important tool used in the sequencing process. A gene probe is a single strand of DNA that has a base sequence complementary to the base sequence of a targeted gene. During the sequencing process, gene probes are introduced and will bind to the complementary base sequence, identifying the presence and location of the gene. After the DNA is sequenced using all appropriate equipment and tools, the fully sequenced genes are analyzed in a process known as curation, in which every DNA sequence is aligned with a known reference sequence and differences between the DNA sequence and the reference sequence are identified. These differences, which represent potential genomic alterations, are then compared to publicly available sources and proprietary genetic libraries to identify pathogenic alterations associated with disease or disease risk. The data produced by this sequencing and analysis is then synthesized into a report that is delivered to the ordering physician.

The genetic testing market is characterized by several testing methods based on different techniques, including microarray-based tests and NGS tests. Microarray-based tests are used to measure the expression levels of large numbers of genes simultaneously. Although microarray technologies are older than NGS technologies, the market for these tests continues to be significant, totaling approximately $960 million, or 15.4% of the overall market, in 2014, according to GrandView Research. NGS technology, a relatively new genetic testing technique, has dramatically improved genetic testing by enabling millions of DNA fragments to be sequenced in parallel. As the cost of NGS testing continues to decline and the performance of NGS testing continues to improve, the availability and demand for genetic tests is expected to continue to accelerate. Furthermore, with the innovations in genomic medicine in recent years and the expected further advances in this area in the near term, pharmacogenomics, the practice of selecting and implementing drug treatment programs based on genetic information, is expected to continue to grow.

Industry Challenges

While adoption of genetic testing has increased in recent years, we believe widespread utilization has been limited in large part because of certain barriers to adoption that exist in today's market, including:

- **Genetic testing can be prohibitively expensive.** The price of a genetic test can range from $300 to more than $9,000, depending on the nature and complexity of the test, and the overall price increases if more than one test is necessary or if multiple family members must be tested to obtain a meaningful result. While the price of genetic testing has decreased over time, prices remain significant enough that many payors and physicians limit the scope of genetic tests to only those conditions for which the test has direct clinical application, rather than performing a more thorough genetic evaluation of a patient's health.
- **Only a limited number of genetic tests are currently reimbursable.** In today's market, third-party payors generally restrict the reimbursement of genetic testing to a limited subset of genetic tests and only for those patients that meet specific criteria. This lack of widespread favorable reimbursement policies has contributed to slower adoption of genetic testing by a broad market and has presented a challenge for genetic testing companies in building sustainable business models.

- **Certain genetic conditions cannot be diagnosed due to the limited scope of genetic analysis.** It is estimated that there are 10,000 human diseases that are caused by single-gene mutations within the human genome, which consists of approximately 25,000 genes. Genetic testing laboratories that offer tests covering a limited set of genes may not be capable of diagnosing or identifying a predisposition to a disease that is caused by mutations in genes that are not included in the gene set that is analyzed.
- **Genetic testing can be an inefficient process.** The genetic testing process can be inefficient due to sequential retesting that can involve multiple companies and continue for extended periods. UnitedHealth Group estimates that there are 1,000 to 1,300 genetic tests currently available; however, many of these tests are not sufficiently comprehensive in their gene coverage to identify genetic mutations. Additionally, many laboratories offer only a small subset of the available tests and a physician may be forced to submit specimens to multiple laboratories in order to obtain all of the desired genetic information for a patient. Moreover, many genetic tests are specific to a single disease, which has created a sequential retesting process—often called a diagnostic odyssey—in cases where initial tests return negative results or where patients require testing for more than one condition. These challenges are further exacerbated by long and unpredictable turnaround times associated with each test, which limit clinical applicability of genetic testing for patients in need of time-sensitive treatment.
- **The interpretation of genetic test results can be cumbersome and time-consuming.** The scientific curation of individual genetic disorders, genes and variants is relatively new and rapidly evolving. Although genetic tests are available to assist in the diagnosis or treatment planning of thousands of disorders, the implications of gene mutations are subject to substantial uncertainty due to a number of factors. Genetic curation has historically been done manually through the review of information from the broader scientific community to understand the implications of variants that have been identified in a genetic test. This process is often performed through a time-consuming search of biomedical literature that does not have standard nomenclature or expression, is subject to individual interpretation of data from genetic analyses and literature and often includes outdated, incomplete or otherwise flawed information. As a result, functional predictions based on simple categorization of gene variations can be limited and interpretation of genetic test results can be cumbersome and time-consuming, especially when the scope of the test is narrowed to a few selected genes.

We believe a significant market exists for a genetic testing option that provides broad genetic coverage and the flexibility to customize tests for individual patient needs, while maintaining accuracy and affordability.

Our Technology Platform

We have approached the competitive and operational challenges of our industry by building a multi-faceted technology platform. Through this technology-driven approach, we have developed a system of proprietary tools and processes that we believe enable us to overcome many of the challenges facing our industry today. The key features of our technology platform include:

- **Proprietary gene probes.** All genetic testing providers use gene probes in the sequencing process to extract and target specific genomic regions, and many companies obtain these probes from third-party suppliers. We have developed technologies to design and formulate proprietary gene probes that, when combined with our proprietary genetic reference library and publicly available genetic databases, support our ability to sequence DNA regions that we believe laboratories using commercial probes cannot and improve the detection rate of our test data. In turn, we believe this enables us to produce clinically actionable results physicians can use to improve care for their patients. Our proprietary gene probes are specifically engineered to generate genetic data that is optimized for our software, which enables us to rapidly incorporate new genes into our test menu, develop new panels of disease-specific tests and customize tests for our customers. Moreover, once we develop a probe for a new gene, we can efficiently reproduce, validate and assure the quality of that probe under CLIA and CAP guidelines, which allows us to continuously and rapidly expand our library of genetic content while increasing the breadth of our test

menu. Additionally, we believe our probes more effectively enrich the targeted genes to improve the quality of the sequenced data we produce.

- **Advanced database algorithms.** We have developed proprietary data comparison and data suppression algorithms to improve and simplify the curation process by highlighting identified pathogenic mutations. Our advanced data comparison algorithms measure DNA sequences from patient specimens against genetic data available from the broader scientific community and our own proprietary reference library of genetic information, which enables us to rapidly and effectively detect pathogenic mutations. Our advanced data suppression algorithms reduce irrelevant noise in the genetic data we analyze to improve the efficiency and speed of our data analysis while reducing the need for manual curation.
- **Adaptive learning software.** We have developed software that automatically incorporates the data from each completed test into our expansive genetic reference library, enabling it to continuously evolve and support the improvement of our gene probes. This software leverages the capabilities of our gene probes to improve the speed and effectiveness of curation and reporting. Our adaptive learning software also communicates with our integrated laboratory systems, which leads to increasing efficiency and effectiveness.
- **Proprietary laboratory information management systems.** We have developed proprietary laboratory information management systems that are highly integrated with our laboratory processes and adaptive learning software. These systems provide the backbone by which we efficiently manage workflow, monitor quality and ensure the fidelity of information generation and analytics for reporting to our customers. The result is a highly connected platform that allows us to process tests and information in an efficient manner. Our talented team of software engineers continuously iterates with our laboratory and customer-facing personnel to improve the efficiencies of these systems.

Our Solution

The benefits provided by our technology platform include the following:

- **Low cost per billable test.** We have developed various proprietary technologies that improve our laboratory efficiency and reduce the costs we incur to perform our tests. Our technology platform enables us to perform each test and deliver its results at a lower internal cost than many of our competitors, averaging approximately $521 per billable test delivered in the six months ended June 30, 2016. This low cost per billable test allows us to maintain affordable pricing for our customers, averaging approximately $1,400 per billable test delivered in the six months ended June 30, 2016, which we believe encourages repeat ordering from existing customers and attracts new customers. We believe our low cost per billable test will also facilitate the process for establishing coverage and reimbursement from third-party payors at a level adequate for us to achieve profitability with this payor group.
- **Broad and flexible test menu.** We offer single-gene tests on over 18,000 genes, which, to our knowledge, is thousands more than any of our competitors' portfolios. We believe the breadth of genes in our portfolio allows us to provide more comprehensive genetic information and improves our variant detection rate, which can increase the clinical actionability of the data we produce. The breadth of genes in our portfolio also allows us to provide a flexible and customizable test menu for our customers that can reduce sequential retesting. We offer single-gene tests on all of the genes in our portfolio, as well as deletion/duplication analysis and site-specific tests. If customers desire a broader test, we offer more than 200 pre-established, multi-gene panels that focus on various genetic conditions. These panels can be adjusted up or down to include more or fewer genes, or customers can design their own panels to their exact specifications. We also offer clinical and full gene exome testing options. We offer our tests at different price points and turnaround times depending on the size and complexity of the test, which increases optionality for our customers. We believe the flexibility of our offering improves the efficiency and utility of the data output by our tests and decreases overall customer costs. We also offer our customers access to our highly qualified genetic counselors and laboratory experts to assist in interpreting the data we provide, which further increases the utility of our test results for ordering physicians.

- **Expansive and growing genetic library.** Using our proprietary gene probes and testing processes, we are able to capture large amounts of genetic information on each test we perform—oftentimes more than is ordered for the test—without an incremental increase in our costs. Through this data collection process, we have developed a proprietary reference library of expansive genetic information. This reference library is automatically curated by our adaptive learning software and supplemented with manual curation by our team of highly trained professionals, which adds to and improves upon the information available in public genetic databases. This software allows us to leverage publicly available information from the broader scientific community with our internally developed reference library to develop what we believe is a more reliable catalog of genetic information and to accelerate, standardize and improve our reporting process.

The benefit of including multiple genes on a single panel was recently discussed in a study published by the USC Norris Comprehensive Cancer Center in *Cancer Genetics*. The study retrospectively evaluated 475 individuals with a personal or family history of cancer who had undergone a clinically indicated multi-gene panel test of six to 110 genes from one of the following six commercial laboratories: Myriad Genetics (n=354), Ambry Genetics (n=100), Fulgent (n=17), University of Washington Genetics Laboratory (n=2), City of Hope Molecular Diagnostics (n=1) and Baylor Genetics Laboratory (n=1). The study concluded that multi-gene panel testing increases the yield of mutations detected and adds to the capability of providing individualized cancer risk assessment. More specifically, the study reported that deleterious mutations were identified in 15.6% of patients tested on a variety of multi-gene panels, which included 8.6% of patients who would not have a mutation detected if a targeted gene-by-gene-approach had been used. The study also presented evidence that, as the number of genes on a panel increased, a higher proportion of panels identified a mutation. The Fulgent panels evaluated in the study contained over 100 genes compared to less than 30 genes in the next largest panel. Additionally, approximately 35% of our panels identified a genetic mutation, and in comparison, the test with the next highest percentage of detected mutations identified mutations in approximately 17% of its tests.

Our Strategy

We aim to be a leading provider of genetic information and other diagnostic tools to physicians for disease prediction and prognosis, as well as for pharmacogenomic purposes. Our strategy for long-term growth is to focus on the following key drivers of our business:

- **Grow our customer base.** Our existing customer base consists primarily of hospitals and medical institutions, which are frequent and high-volume users of genetic tests. We believe we must expand our customer base laterally and vertically to achieve our desired growth. We are seeking to grow our customer base laterally by continuing to acquire new hospital and medical institution customers and expand into additional customer groups, such as individual physicians and other practitioners, as well as research institutions. To achieve this lateral customer growth, we plan to continue to increase our direct sales force and to invest in our sales and marketing efforts, including continued efforts to obtain coverage and adequate reimbursement for our tests. For example, in 2016, we have contracted with a regional physician services organization based in Southern California and a national health insurance company to become an in-network provider and we have enrolled as a supplier in the Medicare program. We have also established a vendor code with, and started to receive orders from, a national clinical laboratory that orders our tests to fulfill some of the genetic testing orders it receives from certain U.S. government agencies. Our vertical customer growth strategy focuses on more deeply penetrating our relationships with existing customers to increase the volume of tests they order. We plan to achieve this vertical customer growth by continuing to broaden our test menu and by educating the medical community about the benefits of our genetic tests and genetic testing in general.
- **Further broaden our test menu.** We intend to continue to expand our test menu to include more options and to cover more genes. For example, we recently launched our first *Focus* and *Comprehensive* panels, which are designed to offer customers an efficient ordering process for comprehensive and customizable tests at an attractive price. Our first *Focus* and *Comprehensive* panels are focused on oncology, and we intend to launch additional panels targeting other areas, including cardiology and pediatrics, all of which represent large genetic testing markets in which we believe our comprehensive and flexible tests will be

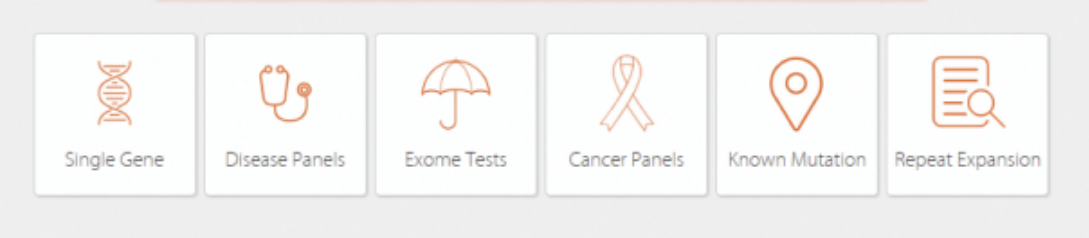
competitive. Further, we recently launched a new chromosomal test that is designed to use NGS technology to detect copy number variants with similar or improved results as compared to microarray-based genomic tests, which we anticipate will expand our potential customer market to include users of these tests. We believe offering a broad and flexible test menu will appeal to potential customers and increase our revenue potential.

- **Increase the global presence of our business.** Approximately $4.5 million and $3.3 million of our revenue came from non-U.S. customers in 2015 and the six months ended June 30, 2016, respectively, and of this, approximately $2.7 million and $1.7 million in the respective periods came from customers located in Canada. We aim to increase this volume in the near term, from customers in Canada and other geographic markets, including potentially Asia and Europe. We believe there is a large potential for growth of genetic testing in many international markets due to the presence of high unmet diagnostic and predictive testing needs, rapidly rising healthcare expenditures and patient awareness of NGS technologies. We plan to engage distributors or establish other types of arrangements, such as joint ventures, in an effort to expand our presence and test volume in new geographic markets.
- **Maintain our low-cost operations.** Our low costs for each test we perform allow us to provide customers with clinically actionable genetic information at an accessible price. In order to maintain the low costs we incur to perform our tests and, in turn, the affordability of our tests for our customers, we plan to continue to improve our internal processes, increase their scalability and implement additional automation procedures to further increase efficiencies. As our business grows, we believe our investment in these processes and procedures will allow us to achieve further cost advantages in our specimen collection, genetic testing, report preparation and customer service functions.
- **Develop relationships with payors by focusing on established genetic testing markets.** In order to effectively market our tests to non-hospital customers, we intend to pursue coverage and adequate levels of reimbursement from third-party payors. To this end and as described above, we have contracted with a regional physician services organization and a national health insurance company to become an in-network provider and enrolled as a supplier with Medicare in 2016. As part of our strategy for obtaining adequate reimbursement for our tests, we intend to increase our focus on established genetic testing markets, including primarily oncology, cardiology and pediatrics. We believe this approach will enable us to develop relationships with third-party payors in connection with tests for which coverage and reimbursement are well-established, which we anticipate will allow us to demonstrate the benefits of our platform and improve the reimbursement profile for many of the other genetic conditions covered by our broad test offering. Further, we believe our low cost per billable test will enhance our ability to compete effectively in, and our flexibility in approaching, the third-party payor market.
- **Pursue additional opportunities in pharmacogenomics and drug discovery.** We plan to pursue relationships with pharmaceutical companies to deepen our opportunities in pharmacogenomics and drug discovery. We expect that we will attract pharmaceutical partners with our comprehensive reference library of genetic information, which allows us to aggregate the role genetic variations play in diseases and drug responses. We believe pharmaceutical companies could use our reference library to enhance clinical trial design, identify novel gene targets, support precision medicine strategies and improve existing or develop new targeted drug therapies. In addition, we intend to pursue relationships with research institutions, which use genetic tests to find unknown genetic disease relationships, learn how genes work, advance current knowledge about genetic conditions and for other research purposes. Like hospitals, research institutions can be frequent and high-volume users of genetic tests, and we believe these users represent a potentially large customer market for our tests.
- **Leverage our technology platform into other diagnostic modalities.** We believe genetic testing and other existing and future diagnostic tools will facilitate production of more comprehensive information to physicians, enabling enhanced disease prognosis and prediction and pharmacogenomic advances. We have constructed our technology platform to be highly adaptive and scalable, which could allow us to apply it to other types of diagnostic tools in the future. We could use these tools to analyze other

components of biology in addition to DNA, which may include RNA, proteins and metabolic systems. By utilizing a complement of diagnostic tools with our highly adaptive technology platform, we believe we will be able to develop new tests in the future that further enhance our offering. We may also seek to expand our business through opportunistic acquisitions, investments, collaborations or other strategic relationships in order to enhance our tests, enter new geographical or other markets or leverage our existing capabilities, among other things.

Our Genetic Tests

Our offering consists of the following types of full-gene sequencing and deletion/duplication analysis:



Our customers have a high degree of choice when selecting a test from our menu. A customer may select a single-gene test of any of the more than 18,000 genes in our portfolio. A customer may also select one of our more than 200 panels, which are designed to test for particular genes and mutations within these genes that relate to a wide range of conditions and diseases. For example, our *Focus* and *Comprehensive* oncology panels test 28 genes and 126 genes, respectively, that relate to various cancers. We also offer whole exome and clinical exome panel tests, which test all genes included in our portfolio and up to 4,616 genes located in the exome, respectively, and produce results that we combine with the individual's unique clinical presentation and family history to enhance the clinical relevance of the results. Our whole exome and clinical exome tests also include the option for Trio testing, which involves sequencing the genes of a patient's parents and is thought to enhance the utility of the test results. We also provide known mutation testing, which can be used to target familial specific or other desired mutations, as well as repeat expansion testing, which tests for a particular type of mutation known as "copy choice" DNA replication. Importantly, all of our pre-established panels are completely customizable, offering customers the ability to add up to 20 additional genes to, or remove any number of genes from, any of these panels when ordering, at no additional cost.

Our Customers

Since inception, we have sold our tests to over 600 total customers. We typically consider each single billing and paying unit to be an individual customer, even though the unit may represent multiple physicians and healthcare providers ordering tests. We have primarily sold our tests to hospitals, including children's hospitals, and medical institutions. We have approached the genetic testing market with a focus on these customers in part because they are frequent and high-volume users of genetic tests. We believe this customer base provides a meaningful opportunity for further growth by vertically deepening these relationships to drive increased ordering. Additionally, collection of billings from these institutional customers is more attainable than other types of customers in today's reimbursement environment. Approximately 86% of our test billings that were generated and due in 2015 were paid during that period. In addition, we believe hospitals and medical institutions are early adopters of NGS technology and could influence broader clinical acceptance of genetic testing as a predictive, diagnostic and pharmacogenetics tool due to their influential position in the medical community. As a result, we have pursued and attained as customers many hospitals and medical institutions that we believe are recognized leaders in the medical field, including the following representative list of some of our top 50 hospital and medical institution and children's hospital customers by number of billable tests delivered in the six months ended June 30, 2016:

Hospitals and Medical Institutions	Children's Hospitals
Dartmouth-Hitchcock Medical Center	Alberta Children's Hospital
Harbor-UCLA Medical Center	Arkansas Children's Hospital
Kaiser Permanente	Children's Hospital (Boston)
Loma Linda University Medical Center	Children's Hospital Colorado
LSU Health Sciences Center Shreveport	Children's Hospital Oakland
Mayo Clinic	Children's Hospital of Orange County
McGill University Health Centre	Children's Mercy Hospital
Royal University Hospital	Cincinnati Children's Hospital Medical
UC Davis Medical Center	Johns Hopkins All Children's Hospital, Inc.
Vanderbilt University Medical Center	Rady Children's Hospital—San Diego

We intend to continue to expand our reach laterally to include new customer groups, such as individual physicians and other practitioners, as well as research institutions, as we increase our focus on our sales and marketing activities, including our efforts to obtain coverage and adequate reimbursement for our tests. For example, in 2016, we have contracted with a regional physician services organization based in Southern California and a national health insurance company to become an in-network provider and we have enrolled as a supplier in the Medicare Program. We have also established a vendor code with, and started to receive orders from, a national clinical laboratory that orders our tests to fulfill some of the genetic testing orders it receives from certain U.S. government agencies.

Additionally, the majority of our business to date has been from U.S. customers, with approximately 50%, 53% and 56% of our total revenue generated from sales to U.S. customers in 2014, 2015 and the six months ended June 30, 2016, respectively. We intend to grow our non-U.S. customer base and the volume of tests ordered from non-U.S. customers in the near-term. We intend to pursue international distributor relationships or establish other types of arrangements, such as joint ventures, to cover new geographic markets and expand our international customer base.

Generally, our customers can be divided into three categories based on the party from which we receive payment for our tests: hospitals and medical institutions; patients and third-party payors. Hospitals and medical institutions are responsible for paying for the vast majority of the tests we have delivered since our inception. We bill these organizations for our tests and they are responsible for paying us directly and either billing their patients separately or obtaining reimbursement from third-party payors in connection with a patient's diagnosis related group. A small percentage of our customers are patients, whose physicians order our tests and the patients

elect to pay for the tests themselves with out-of-pocket payments. Third-party payors, which consist of private health insurers and CMS, have been responsible for paying for a small number of the tests we have delivered to date; however, as we seek to expand our customer base to include more individual practitioners, we expect this category of payors will be responsible for many of the tests we deliver to these customers.

Third-party payors require us to identify the test for which we are seeking reimbursement using a Current Procedural Terminology, or CPT, code set maintained by the American Medical Association, or AMA. Where we offer a multi-gene panel and there is no CPT code for the full panel but the panel includes a gene for which the AMA has an established CPT code, we identify the test provided under that CPT code when billing a third-party payor for that test. In cases where there is not a specific CPT code, our test may be billed under a miscellaneous code for an unlisted molecular pathology procedure. Because this miscellaneous code does not describe a specific service, the insurance claim must be examined to determine what service was provided, whether the service was appropriate and medically necessary, and whether payment should be rendered, which may require a letter of medical necessity from the ordering physician. Given the changing CPT coding environment and our development of relationships with third-party payors, we expect that our practices regarding billing these payors will evolve in the future.

Sales and Marketing

We currently operate with a lean sales team consisting of sales and marketing experts who are highly trained and educated about the complexities of our tests. Because our sales and marketing personnel serve as a primary interface between our company and many of our customers, we believe the power of this team is directly correlated to its breadth and depth of understanding of our technologies, our offering and the advantages of each. As a result, we expect to invest time and capital in aggressively growing our sales force and delivering rigorous training to these personnel. Our sales and marketing team consisted of eight individuals as of September 1, 2016 and we plan to continue to increase this number. We have experienced our sales to date largely through organic growth of our customer base and in spite of our small marketing presence, which we believe demonstrates the value of our tests and the power of word-of-mouth communication among current and potential future customers as a marketing tool.

Our sales and marketing strategy is designed to expand our brand awareness, laterally grow our customer base and vertically penetrate our relationships with existing customers by educating the medical community, including existing and potential future customers, about the benefits and the full scale of our offering. Our marketing activities include targeted marketing initiatives, such as working with medical professional societies to promote awareness of the benefits of our tests and genetic testing in general, presenting at medical conferences and scientific meetings and pursuing publication in medical and scientific journals. In addition, we conduct email advertising campaigns to existing and potential future customers when we want to send a specific message about our company and our brand, including, for instance, when we launch new tests or new test options, such as our *Focus* and *Comprehensive* oncology panel tests launched in the first half of 2016, and when we add new genes to our test menu.

Our sales and marketing strategy is also focused on offering differentiated and highly available customer service resources, which we believe is an important factor in maintaining and deepening our customer relationships. Genetic tests are highly complex by nature and we recognize that our customers may want to discuss with us available testing options, specimen collection requirements, expected turnaround times, the cost of the test and the clinical reports we produce. As a result, we offer comprehensive customer service designed to enable efficient ordering and increase the accessibility of our clinical reports. We strive to answer phone calls directed to our customer service team with a person, not an auto-attendant, and to provide physicians with the answers they need on their first contact with us, including, as needed, access to our licensed and qualified laboratory directors who review and approve each report we produce. Additionally, all of the reports we produce are accessible by our customers online via an encrypted web portal, allowing our customers flexibility in viewing their reports and seamless access to our customer service resources.

Our Suppliers

We rely on a limited number of suppliers, and, in some cases, sole suppliers, for certain laboratory reagents, sequencers and other equipment and materials that we use in our laboratory operations. We rely on Illumina, Inc. as the sole supplier of our next generation sequencers and associated reagents and as the sole provider of maintenance and repair services for these sequencers. Our laboratory operations would be interrupted if we encounter delays or difficulties in securing these reagents, sequencers or other equipment or materials or if we need a substitute or replacement for any of our suppliers and are not able to locate and make arrangements with an acceptable substitute or replacement.

Competition

Our competitors include dozens of companies focused on molecular genetic testing services, including specialty and reference laboratories that offer traditional single-gene and multi-gene tests. Principal competitors include companies such as Ambry Genetics, Inc.; Counsyl; Foundation Medicine , Inc.; GeneDx, a subsidiary of OPKO Health, Inc.; Invitae Corporation; Myriad Genetics, Inc.; and Pathway Genomics Corporation, as well as other commercial and academic laboratories. In addition, other established and emerging healthcare, information technology and service companies may develop and sell competitive tests, which may include informatics, analysis, integrated genetic tools and services for health and wellness.

Additionally, participants in closely related markets, such as prenatal testing and clinical trial or companion diagnostic testing, could converge on offerings that are competitive with the type of tests we perform. Instances where potential competitors are aligned with key suppliers or are themselves suppliers could provide such potential competitors with significant advantages. Further, hospitals, research institutions and eventually individual physicians and other practitioners may also seek to perform at their own facilities the type of genetic testing we would otherwise perform for them. In this regard, continued development of, and associated decreases in the cost of, equipment, reagents and other materials and databases and genetic data interpretation services may enable broader direct participation in genetic testing and analysis and drive down the use of third-party testing companies such as ours. Moreover, the biotechnology and genetic testing fields continue to undergo significant consolidation, permitting larger clinical laboratory service providers to increase cost efficiencies and service levels, resulting in more intense competition.

We believe the principal competitive factors in our market are:

- breadth and depth of genetic content;
- flexibility of test customization;
- quality of results, including their reliability, accuracy and clinical actionability;
- accessibility of results;
- price of tests;
- turnaround time;
- customer service;
- coverage and reimbursement arrangements with third-party payors;
- convenience of testing; and
- brand recognition.

We believe we compare favorably with our competitors on the basis of these factors. However, many of our existing and potential future competitors have longer operating histories, larger customer bases, greater brand recognition and market penetration, substantially greater financial, technological and research and development resources and selling and marketing capabilities and considerably more experience dealing with third-party payors. As a result, they may be able to respond more quickly to changes in customer requirements or

preferences, devote greater resources to the development, promotion and sale of their tests, devote more resources to and obtain more favorable results from third-party payors regarding coverage and reimbursement for their offerings, adopt more aggressive pricing policies for their tests, secure supplies from vendors on more favorable terms or devote substantially more resources to infrastructure and systems development. In addition, competitors may be acquired by, receive investments from or enter into other commercial relationships with larger, well-established and well-financed companies as use of NGS for clinical diagnosis and preventative care increases. Further, companies or governments that effectively control access to genetic testing through umbrella contracts or regional preferences could promote our competitors or prevent us from performing certain tests in certain territories. We may not be able to compete effectively against these organizations.

Research and Development

We have assembled a highly qualified team with expertise in a number of fields important to our business, such as bioinformatics, genetics, software engineering, laboratory management and sales and marketing, and including 26 employees with a PhD or other advanced degree as of September 1, 2016. We rely upon this team to conduct all of our research and development activities, including efforts to develop and curate our expansive library of genetic information and further develop our technology platform. Our research and development expenses were $0.5 million, $4.4 million and $1.2 million in 2014, 2015 and the six months ended June 30, 2016, respectively.

Intellectual Property

We rely on a combination of unregistered intellectual property rights, including trade secrets, common law trademarks and customary contractual protections, to protect our core technology and intellectual property.

Trade Secrets

We rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain and develop the competitive position afforded by many of our laboratory, analytic and business practices. For example, significant elements of our genetic tests and our testing procedures, including aspects of specimen preparation, bioinformatics algorithms and related processes and software, are based on unpatented trade secrets and know-how. We try to protect trade secrets and know-how by taking reasonable steps to keep them confidential, including entering into nondisclosure and confidentiality agreements with parties who have access to them, such as our employees and certain third parties, and entering into invention assignment agreements with our employees and consultants that obligate them to assign to us any inventions developed in the course of their work for us.

Trademarks

We rely on unregistered common law trademark rights under applicable U.S. and foreign law to distinguish and/or protect our tests and our brand, including our company name. We have also applied for a registered service mark in the United States for our company logo.

Regulation

CLIA

As a clinical laboratory, we are required to hold certain federal licenses, certifications and permits to conduct our business. In 1988, Congress passed CLIA, which establishes quality standards for all laboratory testing designed to ensure the accuracy, reliability and timeliness of patient test results. Our Temple City, California laboratory is CLIA-certified and accredited by CAP, a CLIA-approved accrediting organization.

Under CLIA, a laboratory is any facility that performs laboratory testing on specimens derived from humans for the purpose of providing information for the diagnosis, prevention or treatment of disease or the impairment

or assessment of health. CLIA requires that we hold a certificate applicable to the type of laboratory examinations we perform and that we comply with various standards with respect to personnel qualifications, facility administration, proficiency testing, quality control and assurance and inspections. Laboratories must register and list their tests with CMS, the agency that oversees CLIA, and CLIA compliance and certification is a prerequisite to be eligible to bill government payors and many private payors for our tests. CLIA is user-fee funded, such that all costs of administering the program must be covered by the regulated facilities, including certification and survey costs.

We are subject to survey and inspection every two years to assess compliance with CLIA's program standards, and we may be subject to additional unannounced inspections. If our clinical reference laboratory is found to be out of compliance with CLIA requirements at any of these inspections, we may be subject to sanctions such as suspension, limitation or revocation of our CLIA certificate, a directed plan of correction, on-site monitoring, civil monetary penalties, civil injunctive suits, criminal penalties, exclusion from the Medicare and Medicaid programs and significant adverse publicity.

In addition to CLIA requirements, we elect to participate in the accreditation program of CAP. CMS has deemed CAP standards to be equally or more stringent than CLIA regulations and has approved CAP as a recognized accrediting organization. Inspection by CAP is performed in lieu of inspection by CMS for CAP-accredited laboratories. Because we are accredited by the CAP Laboratory Accreditation Program, we are deemed to also comply with CLIA.

State and Foreign Laboratory Licensure

Under CLIA, states may adopt laboratory regulations that are more stringent than those under federal law, and a number of states have implemented their own more stringent laboratory regulatory requirements. State laws may require that laboratory personnel meet certain qualifications, specify certain quality control procedures or facility requirements or prescribe record maintenance requirements.

We are required to maintain a license to conduct testing in the State of California. California laws establish standards for day-to-day operations of our laboratory in Temple City, including with respect to the training and skills required of personnel, quality control and proficiency testing requirements. If our clinical reference laboratory is out of compliance with California standards, the CA DPH may suspend, restrict or revoke our license to operate our clinical reference laboratory, assess substantial civil money penalties or impose specific corrective action plans. Any such actions could materially affect our business. We maintain a current license in good standing with CA DPH.

Additionally, several states require the licensure of out-of-state laboratories that accept specimens from those states and/or receive specimens from laboratories in those states. Our laboratory holds the required out-of-state laboratory licenses to perform testing on specimens from Florida, Maryland and Pennsylvania. In addition to having a laboratory license in New York, our laboratory is required to obtain approval on a test-specific basis by the New York State Department of Health before specific testing is performed on specimens from New York. Because our licensure application is currently pending in New York, we are currently prohibited from performing tests on specimens from New York until our license is approved.

Other states may adopt similar licensure requirements in the future, which could require us to modify, delay or discontinue our operations in such jurisdictions. If we identify any other state with such requirements or if we are contacted by any other state advising us of such requirements, we intend to follow instructions from the state regulators as to how to comply with such requirements.

We are also subject to regulation in foreign jurisdictions, which we expect will increase as we seek to expand international utilization of our tests or if jurisdictions in which we pursue operations adopt new or modified licensure requirements. Foreign licensure requirements could require review and modification of our

tests in order to offer them in certain jurisdictions or could impose other limitations, such as restrictions on the transport of human blood or other tissue necessary for us to perform our tests that may limit our ability to make our tests available outside of the United States on a broad scale.

FDA

Pursuant to its authority under the FDC Act, the FDA has jurisdiction over medical devices, which are defined to include, among other things, IVDs used for clinical purposes. The tests that we offer are IVDs. The laws and regulations governing the marketing of IVDs are evolving, extremely complex, and in many instances there are no significant regulatory or judicial interpretations of these laws and regulations. The FDA regulates, among other things, the research, testing, manufacturing, safety, labeling, storage, recordkeeping, premarket clearance or approval, marketing and promotion and sales and distribution of medical devices in the United States to ensure that medical products distributed domestically are safe and effective for their intended uses. In addition, the FDA regulates the import and export of medical devices.

The FDC Act classifies medical devices into one of three categories based on the risks associated with the device and the level of control necessary to provide reasonable assurance of safety and effectiveness. Devices deemed by the FDA to pose the greatest risk, such as life-sustaining, life-supporting or implantable devices, or devices deemed not substantially equivalent to a previously 510(k) cleared device are categorized as Class III. These devices typically require submission and approval of a PMA. Devices deemed to pose lower risk are categorized as either Class I or II, which requires the manufacturer to submit to the FDA a 510(k) premarket notification submission requesting clearance of the device for commercial distribution in the United States. Some low risk devices are exempted from this requirement. When a 510(k) is required, the manufacturer must submit to the FDA a premarket notification submission demonstrating that the device is “substantially equivalent” to: (i) a device that was legally marketed prior to May 28, 1976, for which PMA approval is not required, (ii) a legally marketed device that has been reclassified from Class III to Class II or Class I, or (iii) another legally marketed, similar device that has been cleared through the 510(k) process.

After the FDA permits a device to enter commercial distribution, numerous regulatory requirements apply. These include: the Quality System Regulation, which requires manufacturers to follow elaborate design, testing, control, documentation and other quality assurance procedures during the manufacturing process; labeling regulations; the FDA’s general prohibition against promoting products for unapproved or “off-label” uses; and the Medical Device Reporting regulation, which requires that manufacturers report to the FDA if their device may have caused or contributed to a death or serious injury or malfunctioned in a way that would likely cause or contribute to a death or serious injury if it were to recur. The FDA has broad post-market and regulatory and enforcement powers. Failure to comply with the applicable U.S. medical device regulatory requirements could result in, among other things, warning letters, fines, injunctions, consent decrees, civil penalties, repairs, replacements, refunds, recalls or seizures of products, total or partial suspension of production, the FDA’s refusal to grant future premarket clearances or approvals, withdrawals or suspensions of current product applications, and criminal prosecution.

Although the FDA has statutory authority to assure that medical devices, including IVDs, are safe and effective for their intended uses, the FDA has historically exercised its enforcement discretion and not enforced applicable provisions of the FDC Act and regulations with respect to LDTs, which are a subset of IVDs that are intended for clinical use and designed, manufactured and used within a single laboratory. We believe our tests fall within the definition of an LDT. As a result, we believe our diagnostic tests are not currently subject to the FDA’s enforcement of its medical device regulations and the applicable FDC Act provisions.

Even though we commercialize our tests as LDTs, our tests may in the future become subject to more onerous regulation by the FDA. Pursuant to the FDASIA, the FDA notified Congress on July 31, 2014 that the FDA intended to issue in 60 days the Framework Guidance and the Notification Guidance. On October 3, 2014, the FDA issued the anticipated Framework Guidance and Notification Guidance. The Framework Guidance

states that the FDA intends to modify its policy of enforcement discretion with respect to LDTs in a risk-based manner consistent with the existing classification of medical devices. Thus, the FDA plans to begin to enforce its medical device requirements, including premarket submission requirements, for LDTs that have historically been marketed without FDA premarket review and oversight. The FDA states its intention in the Framework Guidance to require registration or listing and adverse event reporting six months after the Framework Guidance is finalized and to publish general LDT classification guidance within 24 months of the date on which the Framework Guidance is finalized. According to the Framework Guidance, the FDA intends to enforce premarket review requirements in a risk-based, phased-in manner, starting with the highest risk LDTs beginning 12 months after the Framework Guidance is finalized, followed by other high risk LDTs in the next four years, and then moderate risk LDTs in the four years after that. Generally, for each category of LDTs, the FDA intends to continue exercising enforcement discretion pending the FDA's review and consideration of the premarket submissions for devices that are already in use at the time—so long as premarket submissions are timely made. However, for certain categories of the highest risk LDTs (specifically, (i) LDTs with the same intended use as a cleared or approved companion diagnostic; (ii) LDTs with the same intended use as an FDA-approved Class III medical device; and (iii) certain LDTs for determining the safety or efficacy of blood or blood products), the FDA intends to begin enforcing premarket review requirements immediately upon publication of the finalized Framework Guidance for all new LDTs in those categories.

If and when the Framework Guidance and Notification Guidance are finalized, or if the FDA disagrees with our assessment that our tests fall within the definition of an LDT, we could for the first time be subject to enforcement of regulatory requirements such as registration and listing requirements, medical device reporting requirements and quality control requirements. Any new FDA enforcement policies affecting LDTs may result in increased regulatory burdens on our ability to continue marketing our tests and to develop and introduce new tests in the future. Additionally, if and when the FDA begins to actively enforce its premarket submission regulations with respect to LDTs generally or our tests in particular, we may be required to obtain premarket clearance for our tests under Section 510(k) of the FDC Act or approval of a PMA. The process for submitting a 510(k) premarket notification and receiving FDA clearance usually takes from three to 12 months, but it can take significantly longer and clearance is never guaranteed. The process for submitting and obtaining FDA approval of a PMA generally takes from one to three years or even longer and approval is not guaranteed. PMA approval typically requires extensive clinical data and can be significantly longer, more expensive and more uncertain than the 510(k) clearance process. If premarket review is required for some or all of our tests, the FDA could require that we stop selling our products pending clearance or approval and conduct clinical testing prior to making submissions to FDA to obtain premarket clearance or approval. The FDA could also require that we label our tests as investigational or limit the labeling claims we are permitted to make.

While there is also the risk that the FDA does not consider our tests to be LDTs, the Framework Guidance states that, in the interest of ensuring continuity in the testing market and avoiding disruption of access to tests marketed as LDTs that do not meet the FDA's definition of LDTs, the FDA intends to apply the same risk-based framework described in the Framework Guidance to any IVD that is offered as an LDT by a CLIA-certified laboratory.

Additionally, the FDA has recently solicited public input and published two draft guidance documents relating to FDA oversight of NGS-based tests. The two draft guidance documents on NGS-based tests describe the FDA's current thinking and proposed approach regarding the possible use of FDA-recognized standards to support analytical validity, and public human genetic variant databases to support clinical validity, of these tests. While it appears that the FDA is striving to provide a flexible pathway to device clearance or approval for manufacturers seeking to market NGS-based tests, it is unknown how the FDA may regulate such tests in the future and what testing and data may be required to support such clearance or approval. If premarket review is required for some or all of our tests and the FDA requires more extensive testing such as clinical trials, for example, we could experience significantly increased development costs and delay.

The FDA enforces its medical device requirements by various means, including inspection and market surveillance. If the FDA finds a violation, it can institute a wide variety of enforcement actions, ranging from an

Untitled Letter or Warning Letter to more severe sanctions, such as: fines, injunctions and civil penalties; recall or seizure of products; operating restrictions, partial suspension or total shutdown of production; and criminal prosecution.

Legislative proposals addressing the FDA's oversight of LDTs have been introduced by Congress in the past and we expect that new legislative proposals may be introduced from time to time in the future. The likelihood that Congress will pass such legislation and the extent to which such legislation may affect the FDA's plans to enforce its medical device requirements with respect to certain LDTs is difficult to predict at this time. If the FDA ultimately lifts its policy of enforcement discretion over LDTs and begins to enforce its medical device requirements with respect to LDTs, our tests may be subject to additional regulatory requirements imposed by the FDA, the nature and extent of which would depend upon applicable final guidance or regulation by the FDA or instruction by Congress. Failure to comply with any applicable FDA requirements could trigger a range of enforcement actions by the FDA, including warning letters, civil monetary penalties, injunctions, criminal prosecution, recall or seizure, operating restrictions, partial suspension or total shutdown of operations and denial of or challenges to applications for clearance or approval, as well as significant adverse publicity.

Reimbursement

CPT Codes

Third-party payors, including private insurers and CMS, require genetic testing companies to identify each test for which reimbursement is sought using a CPT code set maintained by the AMA. These CPT codes in their current form are not readily applied to many of the genetic tests we conduct. For example, for many of our multi-gene panels, there may not be an appropriate CPT code for any genes in a panel, in which case our test would be billed under a miscellaneous code for an unlisted molecular pathology procedure. Because these miscellaneous codes do not describe a specific service, the insurance claim would need to be examined to determine the service that was provided, whether the service was appropriate and medically necessary and whether payment should be rendered. This process can require a letter of medical necessity from the ordering physician and it can result in a delay in processing the claim, a lower reimbursement amount or denial of the claim.

In September 2014, the AMA published new CPT codes for genomic sequencing procedures that are effective for dates of service on or after January 1, 2015. These include genomic sequencing procedure codes for certain multi-gene panel tests. In a final determination under the Medicare Clinical Laboratory Fee Schedule, or CLFS, published in November 2014, CMS set the 2015 payment rate for these codes using the gap-fill process. Under the gap-fill process, local Medicare Administrative Contractors, or MACs, establish rates for the codes that each MAC believes meet the criteria for Medicare coverage and considering laboratory charges and discounts to charges, resources, amounts paid by other payors for the tests and amounts paid by the MAC for similar tests. In 2015, gap-filled payment rates were established for some, but not all, of the published codes for genomic sequencing procedures. For the codes for which local gap-filled rates were established in 2015, a national limitation amount for Medicare was established for 2016. For the codes for which local gap-filled rates were not established in 2015, associated procedures are priced by the local MACs in 2016 if an individual MAC determines that such codes should be covered. Where available, the national limitation amount serves as a cap on the Medicare and Medicaid payment rates for a test procedure, which may not be adequate for all of the procedures covered by the applicable codes, including our tests to the extent we are required to report them under these codes.

PAMA

In April 2014, Congress passed PAMA, which included substantial changes to the way in which clinical laboratory services will be paid under Medicare. Under PAMA, laboratories that receive the majority of their Medicare revenue from payments made under the CLFS or the Physician Fee Schedule are required to report to CMS, beginning in 2017 and every three years thereafter (or annually for "advanced diagnostic laboratory tests"), private payor payment rates and volumes for their tests. Laboratories that fail to report the required payment information may be subject to substantial civil monetary penalties. We do not believe that our tests meet the current definition of advanced diagnostic laboratory tests, and therefore we believe we will be required to report

private payor rates for our tests every three years. As required under PAMA, CMS will use the rates and volumes reported by laboratories to develop Medicare payment rates for laboratory tests equal to the volume-weighted median of the private payor payment rates for the tests. On June 23, 2016, CMS published the final rule implementing the reporting and rate-setting requirements under PAMA.

As set forth under PAMA, for tests furnished on or after January 1, 2018, Medicare payments for clinical diagnostic laboratory tests will be paid based upon these reported private payor rates. For clinical diagnostic laboratory tests that are assigned a new or substantially revised CPT code, initial payment rates will be assigned by the gap-fill methodology, as under prior law. Initial payment rates for new advanced diagnostic laboratory tests will be based on the actual list charge for the laboratory test.

The payment rates calculated under PAMA are set to be effective starting January 1, 2018. Any reductions to payment rates resulting from the new methodology are limited to 10% per test per year in each of the years 2018 through 2020 and to 15% per test per year in each of the years 2021 through 2023.

PAMA codifies Medicare coverage rules for laboratory tests by requiring any local coverage determination to be made following the local coverage determination process. PAMA also authorizes CMS to consolidate coverage policies for clinical laboratory tests among one to four laboratory-specific MACs. These same contractors may also be designated to process claims if CMS determines that such a model is appropriate. It is unclear whether CMS will proceed with contractor consolidation under this authorization.

PAMA also authorizes the adoption of new, temporary billing codes and/or unique test identifiers for FDA-cleared or approved tests as well as advanced diagnostic laboratory tests. The AMA's CPT Editorial Panel has approved a proposal to create a new section of billing codes to facilitate implementation of this section of PAMA. At this time, it is unclear whether or when the new section of billing codes will be implemented, nor is it clear if or how these codes would apply to our tests.

Privacy and Security Laws

HIPAA and HITECH

Under the administrative simplification provisions of HIPAA, as amended by HITECH, the U.S. Department of Health and Human Services, or HHS, has issued regulations that establish uniform standards governing the conduct of certain electronic healthcare transactions and requirements for protecting the privacy and security of PHI used or disclosed by most healthcare providers and other covered entities and their respective business associates, including subcontractors of business associates. The following four principal regulations with which we are required to comply have been issued in final form under HIPAA and HITECH: privacy regulations, security regulations, the breach notification rule and standards for electronic transactions, which establish standards for common healthcare transactions.

The privacy regulations of HIPAA and HITECH cover the use and disclosure of PHI by covered entities and business associates, which include subcontractors that create, receive, maintain or transmit PHI on behalf of a business associate. A subcontractor means any person to whom a business associate delegates a function, activity or service, other than in the capacity of the business associate's workforce. As a general rule, a covered entity or business associate may not use or disclose PHI except as permitted under the privacy regulations of HIPAA and HITECH. The privacy regulations also set forth certain rights of an individual with respect to his or her PHI maintained by a covered entity or business associate, including the right to access or amend certain records containing his or her PHI or to request restrictions on the use or disclosure of his or her PHI.

Covered entities and business associates must also comply with the security regulations of HIPAA and HITECH, which establish requirements for safeguarding the confidentiality, integrity and availability of electronic PHI. In addition, HITECH established, among other things, certain breach notification requirements with which covered entities and business associates must comply. In particular, a covered entity must notify any

individual whose unsecured PHI is breached according to the specifications set forth in the breach notification rule. A covered entity must also notify the Secretary of HHS and, under certain circumstances, the media.

There are significant civil and criminal fines and other penalties that may be imposed for violating HIPAA. A covered entity or business associate is also liable for civil monetary penalties for a violation that is based on an act or omission of any of its agents, including a downstream business associate, as determined according to the federal common law of agency. Penalties for failure to comply with a requirement of HIPAA and HITECH vary significantly depending on the failure and include civil monetary penalties of up to $1.5 million per violation of the same requirement per calendar year. A single breach incident can result in violations of multiple requirements, resulting in potential penalties in excess of $1.5 million. Additionally, a person who knowingly obtains or discloses individually identifiable health information in violation of HIPAA may face a criminal penalty of up to $50,000 and up to one year of imprisonment. These criminal penalties increase if the wrongful conduct involves false pretenses or the intent to sell, transfer or use identifiable health information for commercial advantage, personal gain or malicious harm. Further, to the extent that we submit electronic healthcare claims and payment transactions that do not comply with the electronic data transmission standards established under HIPAA and HITECH, payments to us may be delayed or denied.

The HIPAA privacy, security, and breach notification regulations establish a uniform federal “floor,” but do not supersede state laws that are more stringent or provide individuals with greater rights with respect to the privacy or security of, and access to, their records containing PHI or insofar as such state laws apply to personal information that is broader in scope than PHI as defined under HIPAA. Massachusetts, for example, has a state law that protects the privacy and security of personal information of Massachusetts residents.

Numerous other federal, state and foreign laws, including consumer protection laws and regulations, govern the collection, dissemination, use, access to, confidentiality and security of patient health information. In addition, Congress and some states are considering new laws and regulations that further protect the privacy and security of medical records or medical information. With the recent increase in publicity regarding data breaches resulting in improper dissemination of consumer information, many states have passed laws regulating the actions that a business must take if it experiences a data breach, such as prompt disclosure to affected customers. Generally, these laws are limited to electronic data and make some exemptions for smaller breaches. Congress has also been considering similar federal legislation relating to data breaches. The Federal Trade Commission and states’ Attorneys General have also brought enforcement actions and prosecuted some data breach cases as unfair and/or deceptive acts or practices under the Federal Trade Commission Act. In addition to data breach notification laws, some states have enacted statutes and rules requiring businesses to reasonably protect certain types of personal information they hold or to otherwise comply with certain specified data security requirements for personal information. We intend to continue to comprehensively protect all personal information and to comply with all applicable laws regarding the protection of such information.

Foreign Laws

We are also subject to foreign privacy laws in the jurisdictions in which we sell our tests. The interpretation, application and interplay of consumer and health-related data protection laws in the United States, Europe and elsewhere are often uncertain, contradictory and in flux. For example, a new GDPR and Cybersecurity Directive have been enacted in the European Union and will come into full effect in May 2018. These texts will introduce many changes to privacy and security in the European Union, including stricter rules on consent and security duties for critical industries, including for the health sector. The interpretation of some rules is still unclear, and some requirements may be completed by national legislation. This makes it difficult to assess the impact of these new data protection laws on our business at this time. More generally, foreign laws and interpretations governing data privacy and security are constantly evolving and it is possible that laws may be interpreted and applied in a manner that is inconsistent with our current practices, in which case we could be subject to government-imposed fines or orders requiring that we change our practices. These fines can be very high. For instance, the GDPR introduces fines of up to approximately $22 million or 4% of a group’s worldwide annual turnover for certain infringements. In addition, privacy regulations differ widely from country to country.

Fraud and Abuse Laws

In the United States, we must comply with various fraud and abuse laws and we are potentially subject to regulation by various federal, state and local authorities, including CMS, other divisions of HHS (such as the Office of Inspector General), the U.S. Department of Justice, individual U.S. Attorney offices within the Department of Justice and state and local governments. We also may be subject to foreign fraud and abuse laws.

Anti-Kickback and Fraud Statutes

In the United States, the federal Anti-Kickback Statute prohibits, among other things, knowingly and willfully offering, paying, soliciting or receiving remuneration, directly or indirectly, overtly or covertly, in cash or in kind, in order to induce or in return for the referral of an individual for the furnishing of or arranging for the furnishing of, purchasing, leasing, ordering or arranging for or recommending purchasing, leasing or ordering of any good, facility, service or item for which payment may be made in whole or in part by a federal healthcare program. Courts have stated that a financial arrangement may violate the Anti-Kickback Statute if any one purpose of the arrangement is to encourage patient referrals or other federal healthcare program business, regardless of whether there are other legitimate purposes for the arrangement. The definition of "remuneration" has been broadly interpreted to include anything of value, including gifts, discounts, credit arrangements, payments of cash, consulting fees, waivers of co-payments, ownership interests and providing anything at less than its fair market value. The Anti-Kickback Statute is broad and may technically prohibit many innocuous or beneficial arrangements within the healthcare industry, although it does contain several exceptions. HHS has issued a series of regulatory "safe harbors," which set forth certain provisions that, if met, will assure healthcare providers and other parties that they will not be prosecuted under the Anti-Kickback Statute. Although full compliance with the statutory exceptions or regulatory safe harbors ensures against prosecution under the federal Anti-Kickback Statute, the failure of a transaction or arrangement to fit within a specific statutory exception or regulatory safe harbor does not necessarily mean that the transaction or arrangement is illegal or that prosecution under the Anti-Kickback Statute will be pursued. Furthermore, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. Penalties for violations of the Anti-Kickback Statute are severe and include imprisonment, criminal fines, civil monetary penalties and exclusion from participation in federal healthcare programs. In addition, a violation of the federal Anti-Kickback Statute can serve as a basis of liability under the federal False Claims Act (described below). Many states also have anti-kickback statutes, some of which may apply to items or services reimbursed by any third-party payor, including commercial insurers.

There are also U.S. federal laws related to healthcare fraud and false statements relating to healthcare matters. The healthcare fraud statute prohibits, among other things, knowingly and willfully executing a scheme to defraud any healthcare benefit program, including private payors. A violation of this statute is a felony and may result in fines, imprisonment or exclusion from government payor programs such as the Medicare and Medicaid programs. The false statements statute prohibits knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. A violation of this statute is also a felony and may result in fines, imprisonment or exclusion from government payor programs.

False Claims Act

Another development affecting the healthcare industry is the increased enforcement of the federal False Claims Act and, in particular, actions brought pursuant to the False Claims Act's "whistleblower" or "qui tam" provisions. The False Claims Act imposes liability on any person or entity that, among other things, knowingly presents, or causes to be presented, a false or fraudulent claim for payment by a federal government payor program. The qui tam provisions of the False Claims Act allow a private individual to bring actions on behalf of the federal government alleging that the defendant has defrauded the federal government by submitting a false

claim to the federal government and permit such individuals to share in any amounts paid by the entity to the government in fines or settlement. In addition, the Affordable Care Act establishes a requirement for providers and suppliers to report and return any overpayments received from government payors under the Medicare and Medicaid programs within 60 days of identification. Failure to identify and return such overpayments exposes the provider or supplier to False Claims Act liability. When an entity is determined to have violated the False Claims Act, it may be required to pay up to three times the actual damages sustained by the government, plus civil penalties ranging from $5,500 to $11,000 for each false claim.

In addition, various states have enacted false claim laws analogous to the federal False Claims Act, although many of these state laws apply where a claim is submitted to any third-party payor and not merely a government payor program.

Civil Monetary Penalties Law

The federal Civil Monetary Penalties Law imposes penalties against any person or entity that, among other things, is determined to have presented or caused to be presented a claim to a federal health program that the person knows or should know is for an item or service that was not provided as claimed or for a claim that is false or fraudulent. This law also prohibits the offering or transfer of remuneration to a Medicare or state healthcare program beneficiary if the person knows or should know it is likely to influence the beneficiary's selection of a particular provider, practitioner, or supplier of items or services reimbursable by Medicare or a state healthcare program, unless an exception applies.

Physician Referral Prohibitions

The U.S. federal law directed at "self-referrals," commonly known as the "Stark Law," prohibits a physician from making referrals for certain designated health services, including laboratory services, that are covered by the Medicare program, to an entity with which the physician or an immediate family member has a direct or indirect financial relationship, unless an exception applies. The prohibition also extends to payment for any services referred in violation of the Stark Law. A physician or entity that engages in a scheme to circumvent the Stark Law's referral prohibition may be fined up to $100,000 for each such arrangement or scheme. In addition, any person who presents or causes to be presented a claim to the Medicare program in violation of the Stark Law is subject to civil monetary penalties of up to $15,000 per service, an assessment of up to three times the amount claimed and possible exclusion from participation in federal healthcare programs. The Stark Law is a strict liability statute, meaning that a physician's financial relationship with a laboratory must meet an exception under the Stark Law or the referrals are prohibited. Thus, unlike the Anti-Kickback Statute's safe harbors, if a laboratory's financial relationship with a referring physician does not meet the requirements of a Stark Law exception, then the physician is prohibited from making Medicare and Medicaid referrals to the laboratory and any such referrals will result in overpayments to the laboratory and subject the laboratory to the Stark Law's penalties.

Many states have comparable laws that are not limited to Medicare referrals. The Stark Law also prohibits state receipt of federal Medicaid matching funds for services furnished pursuant to a prohibited referral, but this provision of the Stark Law has not been implemented by regulations. In addition, some courts have held that the submission of claims to Medicaid that would be prohibited as self-referrals under the Stark Law for Medicare could implicate the False Claims Act.

Physician Sunshine Laws

The Affordable Care Act, among other things, imposed new reporting requirements on manufacturers of certain devices, drugs and biologics for certain payments and transfers of value by them and in some cases their distributors to physicians and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members. Because we manufacture our own LDTs solely for use by or

within our own laboratory, we believe we are exempt from these reporting requirements. We may become subject to such reporting requirements, however, if the FDA requires us to obtain premarket clearance or approval for our tests.

Anti-Bribery Laws

FCPA

We are subject to FCPA, which prohibits companies and their intermediaries from making payments in violation of law to non-U.S. government officials for the purpose of obtaining or retaining business or securing any other improper advantage. The sale of our tests internationally demands a high degree of vigilance in maintaining, implementing and enforcing a policy against participation in corrupt activity. Other U.S. companies in the medical device and pharmaceutical fields have faced substantial monetary fines and criminal penalties under the FCPA for allowing their agents to deviate from appropriate practices in doing business with non-U.S. government officials.

Foreign Laws

We are also subject to similar anti-bribery laws in the foreign jurisdictions in which we operate. In Europe, various countries have adopted anti-bribery laws providing for severe consequences, in the form of criminal penalties and/or significant fines for individuals and/or companies committing a bribery offence. For instance, in the United Kingdom, under the Bribery Act 2010, which became effective in July 2011, a bribery occurs when a person offers, gives or promises to give a financial or other advantage to induce or reward another individual to improperly perform certain functions or activities, including any function of a public or private nature. Bribery of foreign public officials also falls within the scope of the Bribery Act 2010. Under the new regime, an individual found in violation of the Bribery Act 2010 faces imprisonment of up to 10 years and could be subject to an unlimited fine, as could commercial organizations for failure to prevent bribery.

Healthcare Policy Laws

In March 2010, the Affordable Care Act was enacted in the United States. The Affordable Care Act made a number of substantial changes to the way healthcare is financed both by governmental and private insurers. For example, the Affordable Care Act requires each medical device manufacturer to pay a sales tax equal to 2.3% of the price for which such manufacturer sells its medical devices. The medical device tax has been suspended for 2016 and 2017, but is scheduled to return beginning in 2018. It is unclear at this time when, or if, the provision of our LDTs will trigger the medical device tax if the FDA ends its policy of general enforcement discretion and regulates certain LDTs as medical devices, and it is possible that this tax will apply to some or all of our existing tests or tests we may develop in the future. Additionally, the Affordable Care Act establishes an IPAB to propose reductions to payments in order to reduce the per capita rate of growth in Medicare spending if expenditures exceed certain targets. The expenditure targets for IPAB proposals have not been exceeded at this time, and it is unclear when such targets may be exceeded in the future, when any IPAB-proposed reductions to payments could take effect and how any such reductions would affect reimbursement payments for our tests. The Affordable Care Act also contains a number of other provisions, including provisions governing enrollment in federal and state healthcare programs, reimbursement matters and fraud and abuse, which we expect will impact our industry and our operations in ways that we cannot currently predict.

Corporate Practice of Medicine

Numerous states have enacted laws prohibiting business corporations, such as us, from practicing medicine and employing or engaging physicians to practice medicine, generally referred to as the prohibition against the corporate practice of medicine. These laws are designed to prevent interference in the medical decision-making process by anyone who is not a licensed physician. For example, California’s Medical Board has indicated that determining the appropriate diagnostic tests for a particular condition and taking responsibility for the ultimate

overall care of a patient, including providing treatment options available to the patient, would constitute the unlicensed practice of medicine if performed by an unlicensed person. Violation of these corporate practice of medicine laws may result in civil or criminal fines, as well as sanctions imposed against the business corporation and/or the professional through licensure proceedings. Typically such laws are only applicable to entities with a physical presence in the applicable state.

Environmental and Other Regulatory Requirements

Our laboratory is subject to federal, state and local laws and regulations relating to the use, storage, handling and disposal of regulated medical waste, hazardous waste and biohazardous waste, including chemicals, biological agents and compounds, blood and other tissue specimens. Typically, we use outside vendors to dispose of such waste that are licensed or otherwise qualified to handle and dispose of the waste. However, many of these laws and regulations provide for strict liability, holding a party potentially liable without regard to fault or negligence. As a result, we could be held liable for damages and fines if our, or others', business operations result in contamination of the environment or individual exposure to hazardous substances. Our costs for complying with these laws and regulations cannot be predicted at this time and will depend upon, among other things, the amount and nature of waste we produce (which will depend in part on the number of tests we perform) and the terms we negotiate with our waste disposal vendors.

Our operations are also subject to extensive requirements established by the U.S. Occupational Safety and Health Administration relating to workplace safety for healthcare employees, including requirements to develop and implement programs to protect workers from exposure to blood-borne pathogens by preventing or minimizing any exposure through needle stick or similar penetrating injuries.

Reporting Segment and Geographical Information

We operate in one reportable business segment. See Note 7 to Fulgent LLC's audited consolidated financial statements for the year ended December 31, 2015 and Note 7 to Fulgent LLC's unaudited condensed consolidated financial statements for the six months ended June 30, 2016, each included in this prospectus, for information about revenue attributable to customers and long-lived assets located in the United States and other regions. We are subject to risks attendant to our foreign operations, which are discussed under "Risk Factors" above.

Employees

We believe growing and retaining a strong team is crucial to our success. As of September 1, 2016, we had 55 employees engaged in bioinformatics, genetics, software engineering, laboratory management, sales and marketing and corporate and administrative activities. None of our employees are represented by a labor union or covered by collective bargaining agreements and we believe our relationship with our employees is good.

Facilities

Our corporate headquarters and laboratory operations are located in Temple City, California, where we lease and occupy approximately 12,000 square feet of office and laboratory space under leases that will expire in March, April and July 2018. We use these facilities for all of our laboratory testing and management activities and certain research and development, administrative and other functions. We also lease approximately 650 square feet of office space near Atlanta, Georgia under a lease that will expire in August 2017, where we conduct certain research and development, customer service, report generation and other administrative functions, although no laboratory activities occur at this facility. We believe our facilities are adequate to meet our current needs and additional space would be available on commercially reasonable terms if required.

Legal Matters

From time to time, we may be involved in legal proceedings arising in the ordinary course of our business. We are not presently a party, and our properties are not currently subject, to any legal proceedings that, in the opinion of management, would have a material adverse effect on our business. Regardless of outcome, litigation can have an adverse impact on us due to defense and settlement costs, diversion of management resources, negative publicity and reputational harm, among other factors.

MANAGEMENT

Executive Officers and Directors

The table and descriptions below set forth certain information with respect to our executive officers, persons to be appointed as executive officers, directors and director nominees. Except as otherwise indicated, each of the executive officers set forth below currently serves in the position indicated next to his name for Fulgent LLC and, following the Reorganization and prior to completion of this offering, will be appointed to the same position at Fulgent Inc. Each of the director nominees set forth below will be appointed as a member of our board of directors prior to completion of this offering.

Name	Age	Position
Executive Officers		
Ming Hsieh.	60	Manager of Fulgent LLC, President, Chief Executive Officer and Chairman of Fulgent Inc.
Paul Kim	49	Chief Financial Officer
Hanlin Gao, M.D., Ph.D., D.A.B.M.G., F.A.C.M.G.	49	Chief Scientific Officer and Lab Director
Non-Employee Directors:		
John Bolger(1, 2, 3)	70	Director nominee
James J. Mulay (Mulé), I.Ph.D.(1, 2, 3)	63	Director nominee
Yun Yen, M.D., Ph.D., F.A.C.P.(1, 2, 3)	61	Director nominee

(1) Member of our Audit Committee.
(2) Member of our Compensation Committee.
(3) Member of our Nominating Committee.

Executive Officers

Ming Hsieh, our founder, has served as Fulgent LLC's Manager since its inception in June 2011 and, until completion of the Reorganization, will continue to serve as the Manager of Fulgent LLC. Upon our incorporation in May 2016, Mr. Hsieh was appointed as our director, President and Chief Executive Officer and, upon completion of this offering, Mr. Hsieh will also serve as Chairman of our board of directors. Prior to founding Fulgent LLC, Mr. Hsieh served as Chief Executive Officer, President and Chairman of the board of directors of Cogent, Inc., or Cogent, a biometric identification services and products company he co-founded in 1990, which was acquired by 3M in 2010. Prior to his tenure at Cogent, Mr. Hsieh founded and served as Vice President of AMAX Technology from 1987 to 1990. Mr. Hsieh currently serves on the board of directors of Fortinet, Inc., a network security company traded on the NASDAQ Global Select Market under the symbol "FTNT." Mr. Hsieh received a B.S.E.E. from USC in 1983 and an M.S.E.E. from USC in 1984, as well as honorary doctoral degrees from USC in 2010 and the University of West Virginia in 2011. Mr. Hsieh has served as a trustee at USC since 2007 and at Fudan University in China since 2011. In 2015, Mr. Hsieh was elected to the National Academy of Engineering. Mr. Hsieh was selected to serve on our board of directors based on his extensive management experience, his knowledge of our business, culture and operations as our founder, his engineering expertise and his service for and leadership of our company since inception.

Paul Kim has served as Fulgent LLC's Chief Financial Officer since January 2016 and our Chief Financial Officer since our incorporation in May 2016. Prior to his service for us, Mr. Kim was retired from 2011 until 2015 and served as Chief Financial Officer of Cogent from January 2004 until 2011. Mr. Kim's past experience also includes service as the Chief Financial Officer of JNI Corporation, or JNI, a publicly traded storage area network technology company, from September 2002 until December 2003, as Vice President, Finance and Corporate Controller at JNI from October 1999 to August 2002 and as Vice President of Finance and Administration for Datafusion Inc., a privately held software development company, from January 1998 until

October 1999. From April 1996 to January 1998, Mr. Kim was the Corporate Controller for Interlink Computer Sciences, Inc., a publicly-traded enterprise software company. From January 1990 to April 1996, Mr. Kim worked for Coopers and Lybrand L.L.P., leaving as an audit manager. Mr. Kim received a B.A. in Economics from the University of California at Berkeley in 1989 and is a Certified Public Accountant.

Hanlin (Harry) Gao, M.D., Ph.D., D.A.B.M.G., F.A.C.M.G. is a founder of our genetic testing business, has served as Fulgent LLC's Lab Director since February 2012, was appointed as Fulgent LLC's Chief Scientific Officer in January 2016 and will be appointed as our Lab Director and Chief Scientific Officer prior to completion of this offering. Dr. Gao's prior experience includes service as Lab Director of both the DNA Sequencing Core Laboratory and Clinical Molecular Diagnostics Laboratory at City of Hope from 2004 until 2013. Dr. Gao completed his clinical molecular genetics training fellowship and post-doctoral fellowship at Harvard Medical School in 2004 prior to joining City of Hope. Dr. Gao received a M.S. in Immunology and an M.D. from Peking University and Inner Mongolia University for Nationalities in China in 1993 and 1990, respectively, as well as a Ph.D. in Microbiology, Immunology and Medical Genetics from The Ohio State University in 2001. Dr. Gao is board certified in clinical molecular genetics by the American Board of Medical Genetics, is a Fellow of the American College of Medical Genetics and Genomics and serves as a team leader for laboratory inspections by CAP.

Non-Employee Director Nominees

John Bolger will be appointed as a member of our board of directors prior to completion of this offering. For the past five years, Mr. Bolger has been retired and has operated as a private investor. Mr. Bolger has also served as a director of Tintri Inc., a virtual machine-aware storage solution company, since January 2016. Mr. Bolger has extensive public company board and audit committee experience, having served as a director and audit committee chair of the following publicly traded companies for various terms during the period from 1993 to 2010: Integrated Device Technology, Inc., Sanmina Corp., Data Race, Inc., TCSI, Inc., Integrated Systems, Inc., Wind River Systems, Inc., Mission West Property, Inc., Cogent, Micromuse, Inc., JNI and Mattson Technology. Mr. Bolger also served as Vice President, Chief Financial and Administrative Officer of Cisco Systems, Inc., a manufacturer of computer networking systems, from 1989 to 1992. Mr. Bolger received a B.A. from the University of Massachusetts and an M.B.A. from Harvard University and he is a Certified Public Accountant. Mr. Bolger was selected to serve on our board of directors based on his more than 30 years of accounting and financial expertise, as well as his extensive public company board and senior management experience.

James J. Mulay (Mulé), I.Ph.D., will be appointed as a member of our board of directors prior to completion of this offering. For the past five years, Dr. Mulé has served in various capacities at the H. Lee Moffitt Comprehensive Cancer Center in Tampa, Florida, including as the Michael McGillicuddy (U.S. Senator Connie Mack & Family) Endowed Chair in Melanoma Research and Treatment, a Senior Member of both the Immunology and Cutaneous Oncology Programs, Associate Center Director for Translational Research and the Director of Cell-Based Therapies, as well as at the National Cancer Institute and the FDA as a Special Government Employee. Dr. Mulé has also served as a director of Moffitt Technologies Corporation, a for-profit corporation that holds equity in various companies that have licensed intellectual property from the Moffitt Cancer Center, since 2009. Dr. Mulé also sits on numerous medical, scientific, business and research advisory boards of for-profit and non-profit entities and has published over 180 articles in the areas of cancer vaccines and cancer immunotherapy. Dr. Mulé received a B.A. from New Jersey City University in 1974, an M.S. in cellular immunology from the University of Washington School of Medicine in 1977 and an I.Ph.D. in tumor immunology from the University of Washington Graduate School and the Fred Hutchinson Cancer Research Center in 1981. Dr. Mulé was selected to serve on our board of directors based on his deep expertise within the life sciences field, as well as his professional experience and background.

Yun Yen, M.D., Ph.D., F.A.C.P., is a founder of our genetic testing business and will be appointed as a member of our board of directors prior to completion of this offering. Dr. Yen is President and Chair Professor at

Taipei Medical University in Taiwan, as well as an Affiliate Professor at the California Institute of Technology. Dr. Yen's prior experience includes service as the Allen and Lee Chao Endowed Chair in Developmental Cancer Therapeutics at the City of Hope Comprehensive Cancer Center from 2008 until 2014, and Chair of the City of Hope's Molecular Pharmacology Department and Associate Director for Translational Research at the City of Hope Comprehensive Cancer Center from 2005 until 2014. Dr. Yen holds memberships in numerous professional organizations and has published more than 140 abstracts and peer-reviewed journal articles. Dr. Yen received a M.D. from Taipei Medical College in 1982 and a Ph.D. in Pathology and Cell Biology from Thomas Jefferson University in 1988. Dr. Yen was selected to serve on our board of directors based on his extensive expertise within the life sciences field, as well as his educational and professional background.

Appointment of Executive Officers

Our executive officers are appointed by, and serve at the discretion of, our board of directors. There are no family relationships among any of our directors, director nominees, executive officers or persons to be appointed as our executive officers.

Board Composition

The primary responsibilities of our board of directors are to provide oversight, strategic guidance, counseling and direction to our management. We expect that our board of directors will meet on a regular basis and additionally as needed. In accordance with our certificate of incorporation, the members of our board of directors will be elected annually. In accordance with the terms of our bylaws, our board of directors will consist of members upon completion of this offering. Since our incorporation, Mr. Hsieh has served as the sole member of our board of directors, and prior to completion of this offering, Mr. Hsieh will appoint the director nominees named in this prospectus as additional members to our board of directors and will be appointed as the Chairman of our board of directors.

Director Independence

In connection with this offering, we have applied to list our common stock on the NASDAQ Global Market. Under the rules of NASDAQ, independent directors must comprise a majority of a listed company's board of directors within a specified period of time after the closing of the company's initial public offering. In addition, the rules of NASDAQ require that, subject to specified exceptions, each member of a listed company's audit, compensation and nominating committees be independent. Audit committee and compensation committee members must also satisfy enhanced independence criteria set forth in Rule 10A-3 and Rule 10C-1 under the Exchange Act, respectively, and applicable NASDAQ rules. We expect that our audit committee and compensation committee will each satisfy these enhanced independence requirements upon completion of this offering.

Based upon information requested from and provided by each director and director nominee concerning his or her background, employment and affiliations, including family relationships, our board of directors has determined that, as of the completion of this offering, Mr. Bolger, Dr. Mulé and Dr. Yen are "independent" within the meaning of applicable rules and regulations of the SEC and the listing requirements and rules of NASDAQ. In making this determination, the current and prior relationships of each non-employee director with our company and all other facts and circumstances deemed relevant were considered, including their beneficial ownership of our capital stock before and after completion of this offering. Mr. Hsieh is not independent because he is an employee of our company.

Board Leadership Structure

As of the completion of this offering, our board of directors will be chaired by Mr. Hsieh. We believe having a single person serve as both Chairman of the board of directors and Chief Executive Officer is the most effective leadership structure for our company at this time. We believe Mr. Hsieh is the director best situated to identify strategic opportunities and focus the activities of the board of directors on the matters most critical to our company's business and strategy, due to his commitment to our business. The board of directors also believes that the combined role of Chairman and Chief Executive Officer promotes effective execution of strategic initiatives and facilitates information flow between management and the board of directors.

Committees of the Board of Directors

Prior to completion of this offering, our board of directors will establish an audit committee, a compensation committee and a nominating committee and adopt a written charter under which each such committee will operate, each of which will satisfy the applicable listing requirements and rules of NASDAQ and will be available on our website, *www.fulgentgenetics.com*, upon completion of this offering. The anticipated composition and functions of each of these committees are described below. Members are expected to serve on these committees until their resignation or until otherwise determined by our board of directors. Our board of directors may in the future establish other committees to facilitate the management of our business, in compliance with our certificate of incorporation, bylaws, applicable Delaware law and applicable SEC and NASDAQ rules.

Audit Committee

Prior to completion of this offering, our audit committee will be comprised of Mr. Bolger, Dr. Mulé, and Dr. Yen, and Mr. Bolger will serve as chair of the committee. We have determined that each member of the audit committee meets all applicable independence requirements under NASDAQ and SEC rules. In addition, our board of directors has determined that Mr. Bolger will qualify as an "audit committee financial expert" within the meaning of applicable SEC rules.

We anticipate the functions of this committee will include, among other things:

- the oversight of our policies and procedures to fulfill our responsibilities regarding the fair and accurate presentation of our financial statements;
- selecting and appointing a firm to serve as the independent registered public accounting firm to audit our financial statements, and fulfilling related obligations, including compensating, retaining, working with and overseeing the work of such firm in various respects;
- reviewing and discussing with management and the independent registered public accounting firm our annual and quarterly audited financial statements and related matters prior to the filing thereof;
- preparing the audit committee report required by SEC rules to be included in our annual proxy statement;
- ensuring the independence of the independent registered public accounting firm;
- discussing the scope and results of the audit with the independent registered public accounting firm, and reviewing, with management and that firm, our interim and year-end operating results;
- establishing procedures for employees to anonymously submit concerns about questionable accounting or audit matters;
- considering the adequacy of our internal controls;
- reviewing and approving material related party transactions or those that require disclosure; and
- approving or, as permitted, pre-approving all audit and non-audit services to be performed by the independent registered public accounting firm.

Compensation Committee

Prior to completion of this offering, our compensation committee will be comprised of Mr. Bolger, Dr. Mulé and Dr. Yen, and Dr. Mulé will serve as chair of the committee. We have determined that each member of the compensation committee meets all applicable independence requirements under NASDAQ and SEC rules, is a non-employee director, as defined in Rule 16b-3 under the Exchange Act, and is an outside director, as defined in Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Code.

We anticipate the functions of this committee will include, among other things:

- reviewing and approving, or recommending that our board of directors approve, the compensation of our executive officers, including reviewing and recommending to our board of directors the terms of any compensatory agreements with our executive officers;
- determining the objectives of our executive officer compensation programs, identifying what the programs are designed to reward, and modifying (or recommending that our board of directors modify) the programs as necessary, consistent with such objectives and intended rewards;
- reviewing and approving any stock option award or any other type of equity-based or equity-linked award as may be required for complying with any tax, securities, or other regulatory (including NASDAQ) requirement, or otherwise determined to be appropriate or desirable by this committee or our board of directors;
- reviewing and approving new incentive compensation and equity plans, as well as material changes to existing incentive compensation and equity plans;
- assisting management with appropriate compensation related disclosure and reports in certain SEC filings; and
- reviewing an annual compensation-risk assessment report and considering whether our compensation policies and practices contain incentives for executive officers and employees to take risks in performing their duties that are reasonably likely to have a material adverse effect on the Company.

Nominating Committee

Prior to completion of this offering, our nominating committee will be comprised of Mr. Bolger, Dr. Mulé and Dr. Yen, and Dr. Yen will serve as chair of the committee. We have determined that each member of the compensation committee meets all applicable independence requirements under NASDAQ rules.

We anticipate the functions of this committee will include, among other things:

- identifying and recommending candidates for membership on our board of directors;
- evaluating, and overseeing the process of evaluating, the performance of our board of directors and individual directors; and
- assisting our board of directors on other matters as requested.

Code of Business Conduct and Ethics

Prior to completion of this offering, we will adopt a code of business conduct and ethics that applies to all of our employees, officers, including our principal executive, financial and accounting officers or persons performing similar functions, and agents and representatives, including directors and consultants. Additionally, prior to completion of this offering, we will adopt a supplemental code of ethics for senior financial officers, which applies to our Chief Executive Officer, Chief Financial Officer and other senior financial officers who have been designated by our Chief Executive Officer. Among other matters, our code of business conduct and ethics and supplemental code of ethics for senior financial officers are designed to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosures in our SEC reports and other public communications;
- compliance with applicable laws, rules, and regulations;
- prompt internal reporting of violations of the code to appropriate persons identified in the code; and
- accountability for adherence to the code of business conduct and ethics.

Copies of our code of business conduct and ethics and supplemental code of ethics for senior financial officers will be available on our website upon completion of this offering. We expect that any amendments to certain provisions of our code of business conduct and ethics or supplemental code of ethics for senior financial officers or any waivers of any such provisions applicable to any director or principal executive, financial or accounting officer or persons performing similar functions will be disclosed on our website to the extent required by applicable law or NASDAQ listing requirements.

Compensation Committee Interlocks and Insider Participation

Prior to completion of this offering, we have not had an established compensation committee. In 2015, Mr. Hsieh, in his capacity as the Manager of Fulgent LLC, made all decisions with respect to compensation matters.

None of the director nominees selected to serve as members of our compensation committee as of the completion of this offering is currently or has at any time been an employee of our company. Our executive officers and the persons to be appointed as our executive officers do not currently serve, nor has any of them served during the past year, as a member of the board of directors or compensation committee of any entity that has one or more executive officers selected to serve as a member of our board of directors or compensation committee as of completion of this offering.

Non-Employee Director Compensation

Historical Director Compensation

Fulgent Inc. was incorporated in May 2016. In 2015, the Manager of Fulgent LLC, Mr. Hsieh, performed the functions that will be performed by our board of directors following completion of this offering. See “Executive Compensation” below for information about Mr. Hsieh’s compensation in his capacity as the Manager of Fulgent LLC.

On each of February 23, 2016, April 13, 2016 and June 22, 2016, we granted to Mr. Bolger an option award to acquire up to 20,000 Class D common units as an inducement to serve on our board of directors upon completion of this offering, each of which vests as follows: one-quarter of the units subject to the award will vest

one year after the grant date and 1/16 of the remainder of the units subject to the award will vest at the end of every three-month period thereafter, subject to Mr. Bolger's continued service for us on each vesting date. The number of shares of our common stock that will become subject to these option awards upon completion of the Reorganization will reduce and offset the number of shares of our common stock to be subject to the equity award that will be granted to Mr. Bolger upon his appointment to our board of directors in accordance with our non-employee director compensation program, as described below.

Post-Offering Director Compensation

Mr. Hsieh, who serves as our President and Chief Executive Officer and, as of the completion of this offering, will serve as the Chairman of our board of directors, will not receive any additional compensation for his service as a director.

Prior to completion of this offering, our board of directors intends to establish a compensation program for our non-employee directors, to be effective from and after effectiveness of this registration statement. Our non-employee director compensation program will consist of cash and equity compensation as set forth below.

Cash Compensation

All of our non-employee directors receive reimbursement for their reasonable out-of-pocket costs and travel expenses in connection with their attendance at board of director and committee meetings, as well as the following annual cash retainer fees for their service as directors, chairs of the committees of our board of directors and members of the committees of our board of directors:

	Fee Amount ($)(1)
Annual Board Retainer Fee:	
All non-employee directors	35,000
Annual Committee Chair Retainer Fees:(2)	
Audit committee chair	15,000
Compensation committee chair	10,000
Nominating committee chair	6,000
Annual Committee Member Retainer Fees:(2)	
Audit committee member	7,500
Compensation committee member	5,000
Nominating committee member	3,000

(1) Directors, committee chairs and committee members receive pro-rated amounts of all annual retainer fees for any partial year of service.
(2) Committee chair and member fees are in addition to the annual board retainer fee.

Equity Compensation

Under our non-employee director compensation program, each person who is initially appointed or elected to our board of directors, including Mr. Bolger (subject to the reduction to the total number of shares subject to Mr. Bolger's equity awards by the number of shares to be subject to the option awards granted to him at the effective time of the Reorganization prior to completion of this offering, as described above) and Dr. Mulé but excluding Dr. Yen, will be eligible to receive, on the date he or she first becomes a non-employee director, initial equity compensation of, at his or her election, a stock option award to acquire up to 20,000 shares of our common stock, a restricted stock unit award relating to 8,000 shares of our common stock or a combination of stock option and restricted stock unit awards that together relate to a number of shares of our common stock equivalent to the foregoing amounts. In addition, each continuing non-employee director except for Dr. Yen will be eligible to receive, on the date of each annual meeting of our stockholders, annual equity compensation of, at his or her election, a stock option award to acquire up to 5,000 shares of our common stock, a restricted stock unit award

relating to 2,000 shares of our common stock or a combination of stock option and restricted stock unit awards that together relate to a number of shares of our common stock equivalent to the foregoing amounts. All equity awards granted to our non-employee directors pursuant to this compensation program will be granted under our 2016 Plan and will vest as follows: one-quarter of the shares subject to the award will vest one year after the grant date and 1/16 of the remainder of the shares subject to the award will vest at the end of every three-month period thereafter, subject to the director's continued service for us on each vesting date.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table presents information about the compensation of Mr. Hsieh, our principal executive, financial and accounting officer in 2015, and Dr. Gao, our only other executive officer who was serving as such at the end of 2015, for services rendered to us in all capacities in 2015:

Name and Principal Position	Year	Salary ($)	Cash Bonus ($)	Stock Awards ($)(1)	All Other Compensation ($)(2)	Total ($)
Ming Hsieh *Manager*	2015	—	—	—	—	—
Hanlin Gao *Chief Scientific Officer and Lab Director*	2015	180,000	—	5,019,056	5,400	5,204,456

(1) Calculated in accordance with Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, Topic 718 on the basis of the fair market value of the awards on the respective grant dates. Assumptions used in the calculation of these amounts are included in Note 9 to Fulgent LLC's audited consolidated financial statements for the year ended December 31, 2015 included in this prospectus.
(2) Amounts consist of Fulgent LLC's matching contributions under its 401(k) retirement savings plan.

Outstanding Equity Awards at Fiscal Year-End

The following table presents information about the outstanding equity awards held by each of Mr. Hsieh and Dr. Gao as of December 31, 2015, after giving effect to the Reorganization:

	Stock Awards	
Name	Number of shares or units of stock that have not vested (#)	Market value of shares or units of stock that have not vested ($)
Ming Hsieh	—	—
Hanlin Gao	(1)	(2)

(1) Represents shares of our common stock to be issued at the effective time of the Reorganization upon the cancellation of 16,000,000 of Fulgent LLC's common units that constitute profits interests (which, as described under "Pharma Split-Off and Reorganization," will convert into shares of our common stock at the same ratio as Fulgent LLC's common units that do not constitute profits interests). Such units were granted on October 16, 2015. Until their exchange for shares of our common stock at the effective time of the Reorganization, such units are subject to repurchase by Fulgent LLC upon termination of Dr. Gao's employment with Fulgent LLC at a repurchase price equal to the fair market value of the units if the termination is other than for cause or $0 if the termination is for cause. Such units are not subject to vesting provisions.
(2) The market value of the shares of our common stock that will be issued in exchange for the common units is based on an assumed initial offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus.

Narrative Disclosure regarding Executive Compensation

As of June 30, 2016, our executive officers consisted of Mr. Hsieh, Dr. Gao and Mr. Kim, who joined our company as our Chief Financial Officer and principal financial and accounting officer in January 2016. The descriptions below summarize our compensation arrangements with each of our executive officers, which are reflected in employment agreements and severance agreements with them and are qualified in their entirety by reference to the full text of the employment agreements and severance agreements, which are filed as exhibits to the registration statement of which this prospectus is a part. As we transition from a private company to a publicly traded company, we expect to evaluate, adopt and modify our compensation values and philosophy and compensation plans and arrangements as our board of directors and compensation committee deems appropriate. At a minimum, we expect to review executive compensation annually with input from a compensation consultant if and when determined by our board of directors or compensation committee.

Base Salary

Mr. Hsieh has not earned or received any salary for his services as the Manager of Fulgent LLC in 2015 or 2016 to date. Dr. Gao's 2015 and current annual base salary is $180,000 and Mr. Kim's current annual base salary is $160,000.

Upon completion of this offering, in light of their increased responsibilities for our company, Mr. Hsieh, Mr. Kim and Dr. Gao will begin to receive annual base salaries of $240,000, $210,000 and $210,000, respectively.

Cash Bonuses

Although each of our executive officers is eligible to receive cash bonuses at the discretion of the Manager of Fulgent LLC, no cash bonuses have been awarded or paid to any of our executive officers in 2015 or 2016 to date.

Upon completion of this offering, our executive officers will be eligible to receive cash bonuses at any time at the discretion of our board of directors or compensation committee.

Equity Compensation

Each of our executive officers is eligible to receive equity compensation at the discretion of the Manager of Fulgent LLC. Mr. Hsieh has not received any equity compensation for his services for us in 2015 or 2016 to date. On October 16, 2015, Dr. Gao was granted an award of 16,000,000 of Fulgent LLC's common units that constitute profits interests.

In 2016 to date, our Chief Financial Officer, Mr. Kim, has been granted two equity awards. On January 27, 2016, Mr. Kim was granted an award of 2,500,000 of Fulgent LLC's common units as an inducement to entering into employment with us, which are not subject to a profits interest threshold, vesting, forfeiture or a right of repurchase by us. Upon completion of the Reorganization, these common units will be cancelled in exchange for shares of our common stock. Additionally, on August 12, 2016, Mr. Kim was granted a restricted share unit award relating to 500,000 of Fulgent LLC's common units, which vests as follows: one-quarter of the shares subject to the award will vest one year after the grant date and 1/16 of the remainder of the shares subject to the award will vest at the end of every three-month period thereafter, subject to Mr. Kim's continued service for us on each vesting date. Upon completion of the Reorganization, these restricted share units will be cancelled in exchange for a restricted stock unit award relating to shares of our common stock.

Upon completion of this offering, our executive officers will be eligible to receive equity awards under our equity incentive plans at any time at the discretion of our board of directors or compensation committee.

Severance

We have entered into severance agreements with each of our executive officers. These severance agreements provide that, subject to an executive officer's execution and absence of revocation of a release in favor of us, the executive officer is entitled to one year of continuation of his then-current annual base salary following a termination of such executive officer's employment with us for any reason within one year after a change in control of Fulgent LLC or Fulgent Inc. In general, the severance agreements provide that a change of control will occur if: any person or group of persons becomes the beneficial owner of more than 50% of the combined voting power of either Fulgent LLC or Fulgent Inc. (except for a transaction in which the beneficial owners of voting securities of Fulgent LLC continue to hold, directly, or indirectly, the same proportions of voting securities in Fulgent LLC, including, for example, the Reorganization); the individuals who constitute our board of directors as of the effective date of this offering cease to constitute at least a majority of our board of directors in any 12-month period; Fulgent Inc. or Fulgent LLC merges or consolidates with another entity (except for a merger or consolidation effected to implement a recapitalization or similar transaction); or Fulgent Inc. or Fulgent LLC liquidates or dissolves or sells or otherwise disposes of substantially all of its assets; in each case subject to certain specified exceptions.

Other Elements of Compensation

401(k) Plan

We currently maintain a 401(k) retirement savings plan for our employees, including our executive officers, who satisfy certain eligibility requirements. Our executive officers are eligible to participate in our 401(k) plan on the same terms as other full-time employees. The Code allows eligible employees to defer a portion of their compensation, within prescribed limits, on a pre-tax basis through contributions to the 401(k) plan. Currently, we match contributions made by participants in the 401(k) plan up to a specified percentage of the employee contributions (up to 3% of pay), and these matching contributions are fully vested as of the date on which the contributions are made.

Health and Welfare Plans

Our executive officers are eligible to participate in our employee benefit plans, including our health and welfare plans, on the same basis as our other employees.

No Tax Gross-Ups

We generally do not make gross-up payments to cover our executive officers' personal income taxes that may pertain to any of the compensation paid or provided by our company.

Equity Incentive Plans

2015 Plan

Historically, Fulgent LLC has granted to its employees under its Amended and Restated 2015 Equity Incentive Plan, or the 2015 Plan, unit options, restricted share units and profits interest awards. The purpose of the 2015 Plan was to offer selected persons a proprietary interest in our company. Upon completion of this offering, any outstanding options, restricted share units and profits interest awards granted under the 2015 Plan will be equitably adjusted and convert into equivalent options to acquire shares of our common stock, restricted stock units relating to shares of our common stock and shares of our common stock, respectively. Following completion of this offering, no further awards will be granted under the 2015 Plan and the plan will be terminated. The following is a description of the material terms of the 2015 Plan:

Units Subject to the 2015 Plan

Before completion of this offering, there were 15,300,000 common units authorized for issuance under the 2015 Plan. As of June 30, 2016, there were 4,478,000 common units subject to outstanding options, no common units subject to outstanding restricted share units and 10,000,000 outstanding common units that constitute profits interests, and since June 30, 2016, (i) options to acquire 45,000 common units have been granted and options to acquire 10,000 common units have been forfeited or cancelled, and (ii) restricted share units relating to 500,000 common units have been granted. In connection with this offering, these options will become options to acquire shares of our common stock, these restricted share units will become restricted stock units relating to our common stock and these common units that constitute profits interests will become shares of our common stock.

Description of Awards

Options represent a right to purchase common units of Fulgent LLC. The term of each option is 10 years from the grant date of the option. Restricted share units are notional units that represent an unfunded and unsecured right to receive common units of Fulgent LLC. Profits interest awards are a type of equity award containing a participation threshold that entitles the recipient of the award to participate in the value of Fulgent LLC only to the extent it appreciates from and after the grant date of the award. Vesting schedules vary from award to award, but, generally, one-quarter of the common units subject to an option or restricted share units vest one year after the grant date and 1/16 of the remainder of the common units subject to an option or restricted

share units vest at the end of every three-month period thereafter, and profits interest awards generally vest on the grant date. Options are not exercisable, whether or not vested, until the earlier of a liquidity event or incorporation, each as defined in the 2015 Plan. An incorporation will be deemed to have occurred upon completion of the Reorganization, at which time the options will become immediately exercisable, to the extent vested. Restricted share units are settled no later than 30 days following the applicable vesting date. The 2015 Plan provides for adjustments to the number and kind of units subject to grants made under the 2015 Plan and the number and kind of units covered by an award in the event of a reorganization, recapitalization, merger and other changes in our common units. The 2015 Plan is set to expire pursuant to its terms on October 15, 2025. However, the Manager of Fulgent LLC may amend, suspend or terminate the 2015 Plan under certain circumstances, and no grants may be made after any such termination.

2016 Plan

We will adopt the 2016 Plan before completion of this offering. The 2016 Plan will provide for the grant of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalent rights and other stock and cash-based awards (including annual cash incentives and long-term cash incentives). Shares issued under the 2016 Plan will be shares of our common stock. Incentive stock options may be granted only to our employees and employees of any parent or subsidiary corporation. All other awards may be granted to our employees, directors or consultants and to employees, directors or consultants of any affiliated entity, including Fulgent LLC.

Share Reserve

We will reserve for issuance pursuant to awards under the 2016 Plan shares of our common stock plus shares of our common stock that will be available for issuance solely pursuant to the converted awards discussed below. In general, shares subject to awards granted under the 2016 Plan that are not issued or that are returned to us, for example, because the award is forfeited, the shares are retained by us in satisfaction of amounts owed with respect to an award or the shares are surrendered in payment of an exercise or purchase price or tax withholding, will again become available for awards under the 2016 Plan.

Administration

Our board of directors or a committee of our board of directors will administer the 2016 Plan. The administrator has the power to determine when awards will be granted, which employees, directors or consultants will receive awards, the terms of the awards, including the number of shares subject to each award and the vesting schedule of the awards, and to interpret the terms of the 2016 Plan and the award agreements. The administrator also has the authority to reduce the exercise prices of outstanding stock options and the base appreciation amount of any stock appreciation right if the exercise price or base appreciation amount exceeds the fair market value of the underlying shares, and to cancel such options and stock appreciation rights in exchange for new awards, in each case without stockholder approval.

Stock Options

The 2016 Plan allows for the grant of incentive stock options that qualify under Section 422 of the Code and non-qualified stock options. The exercise price of all options granted under the 2016 Plan must at least be equal to the fair market value of our common stock on the date of grant. The term of an option may not exceed 10 years, except that with respect to any employee who owns more than 10% of the voting power of all classes of our outstanding stock or any parent or subsidiary corporation as of the grant date, the term must not exceed five years, and the exercise price must equal at least 110% of the fair market value on the grant date. Not more than shares of our common stock may be issued pursuant to incentive stock options granted under the 2016 Plan.

After the continuous service of an option recipient terminates, the recipient's options may be exercised, to the extent vested, for the period of time specified in the option agreement. However, an option may not be exercised later than the expiration of its term.

Stock Appreciation Rights

The 2016 Plan allows for the grant of stock appreciation rights. Stock appreciation rights allow the recipient to receive the appreciation in the fair market value of our common stock between the date of grant and the exercise date. The administrator will determine the terms of stock appreciation rights, including when such rights become exercisable and whether to pay the increased appreciation in cash or with shares of our common stock, or a combination thereof, except that the base appreciation amount used to determine the cash or shares to be issued pursuant to the exercise of a stock appreciation right will be no less than 100% of the fair market value per share on the date of grant. After the continuous service of a recipient of a stock appreciation right terminates, the recipient's stock appreciation right may be exercised, to the extent vested, only to the extent provided in the stock appreciation right agreement.

Restricted Stock Awards

The 2016 Plan allows for the grant of restricted stock. Restricted stock awards are shares of our common stock that vest in accordance with terms and conditions established by the administrator. The administrator will determine the number of shares of restricted stock granted to any employee, director or consultant. The administrator may impose whatever conditions on vesting that it determines to be appropriate. For example, the administrator may set restrictions based on the achievement of specific performance goals or on the continuation of service or employment. Shares of restricted stock that do not vest are subject to repurchase or forfeiture.

Restricted Stock Units

The 2016 Plan allows for the grant of restricted stock units. Restricted stock units are awards that will result in payment to a recipient at the end of a specified period only if the vesting criteria established by the administrator are achieved or the award otherwise vests. The administrator may impose whatever conditions to vesting, or restrictions and conditions to payment, that it determines to be appropriate. The administrator may set restrictions based on the achievement of specific performance goals or on the continuation of service or employment. The administrator may specify in an award agreement that earned restricted stock units may be settled in shares of our common stock, other securities, cash or a combination thereof.

Other Awards

The 2016 Plan also allows for the grant of cash or stock-based awards that may or may not be subject to restrictions.

Terms of Awards

The administrator of the 2016 Plan determines the provisions, terms and conditions of each award, including vesting schedules, forfeiture provisions, form of payment (cash, shares, or other consideration) upon settlement of the award, payment contingencies and satisfaction of any performance criteria.

Transferability of Awards

The 2016 Plan allows for the transfer of awards under the 2016 Plan only (i) by will, (ii) by the laws of descent and distribution and (iii) for awards other than incentive stock options, to the extent and in the manner authorized by the administrator. Only the recipient of an incentive stock option may exercise such award during his or her lifetime.

Certain Adjustments

In the event of certain changes in our capitalization, to prevent enlargement of the benefits or potential benefits available under the 2016 Plan, the administrator will make adjustments to one or more of the number of shares that are covered by outstanding awards, the exercise or purchase price of outstanding awards, the numerical share limits contained in the 2016 Plan and any other terms that the administrator determines require adjustment. In the event of our complete liquidation or dissolution, all outstanding awards will terminate immediately upon the completion of such transaction.

Changes in Control

The 2016 Plan provides that in the event of a change in control, as such term is defined in the 2016 Plan, each outstanding option and stock appreciation right will automatically vest and become exercisable, other awards will be released from restrictions on transfer or forfeiture rights and any performance goals relevant to such awards will be deemed achieved at the target performance level. Notwithstanding the foregoing, the administrator may provide that awards that remain outstanding after such vesting will be assumed or replaced in connection with the change in control.

Plan Amendments and Termination

The 2016 Plan will automatically terminate 10 years following the date it becomes effective, unless we terminate it sooner. In addition, our board of directors has the authority to amend, suspend or terminate the 2016 Plan, subject to stockholder approval in the event such approval is required by law provided such action does not adversely affect the rights under any outstanding award.

Conversion of Fulgent LLC Unit Awards

Fulgent LLC has issued to its employees and consultants options to acquire units of Fulgent LLC, restricted share units and profits interest awards. Upon completion of the Reorganization immediately prior to closing this offering, (i) all options that are outstanding immediately prior to completion of the Reorganization will be converted into options to acquire shares of our common stock, (ii) all restricted share units that are outstanding immediately prior to completion of the Reorganization will be converted into restricted stock units relating to our common stock, and (iii) all profits interest awards that are outstanding immediately prior to completion of the Reorganization will be converted into shares of our common stock, subject to the following terms and conditions:

- an individual’s rights with respect to the Fulgent LLC unit options, restricted share units and profits interest awards will be canceled;
- with regard to any converted options, the total spread (the excess of the aggregate fair market value of the stock subject to the option over the aggregate option exercise price) of the option after conversion will not exceed the total spread of the unit option that existed immediately before the conversion;
- with regard to any converted options, on a share-by-share comparison, the ratio of the option exercise price to the fair market value of the shares subject to the option immediately after the conversion cannot be greater than the ratio of the option exercise price to the fair market value of the units subject to the option that existed immediately before the conversion;
- the converted options and converted restricted stock units will contain all of the terms of the unit options and restricted share units, as applicable, except to the extent such terms are rendered inoperative by the conversion;
- neither the converted options nor the converted restricted stock units will provide the award holder with additional benefits that the award holder did not have under the unit options or restricted share units that existed immediately before the conversion; and

- with regard to converted profits interest awards, pursuant to the determination of the Manager of Fulgent LLC, the participation thresholds applicable to all units issued pursuant to profits interest awards (i) will not be applied in determining the number of shares of our common stock to be issued upon conversion of such units and (ii) will not carry over to such shares, such that all units issued pursuant to profits interest awards will convert into shares of our common stock at the same ratio as Fulgent LLC's units that do not constitute profits interests.

We will provide an award conversion agreement to each Fulgent LLC option and restricted share unit holder that sets forth the terms and conditions related to the conversion of the award.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In addition to compensation arrangements with executive officers and directors, which are described under "Management—Non-Employee Director Compensation" and "Executive Compensation," described below are transactions and series of transactions since January 1, 2013 to which we were or will be a participant in which the amounts involved exceeded or will exceed $120,000 and in which any of our directors, executive officers or beneficial owners of more than 5% of any class of our equity, or any member of the immediate family of the foregoing persons, had or will have a direct or indirect material interest. Except as described below, there have not been, nor are there any currently proposed, any such transactions or series of transactions.

Unit Sales

The following table summarizes our sales of units of Fulgent LLC to our directors, executive officers, beneficial owners of more than 5% of our outstanding equity or any immediate family member of the foregoing persons, but excludes units issued to any such parties as compensation for services, which are discussed under "—Compensation of Vice President, Bioinformatics," "Management—Non-Employee Director Compensation" and "Executive Compensation."

	Number of Preferred Units			Aggregate Purchase Price Paid to Us
Name of Owner	Class D-1	Class D-2	Class P	
Executive Officers and Directors:				
Ming Hsieh(1)	56,000,000	—	51,000,000	$ 15,500,000
5%+ Stockholders:				
Xi Long(2).	—	5,131,579	—	$ 15,188,234

(1) Reflects (i) 510 of Fulgent LLC's former Class A units issued and sold to Mr. Hsieh on September 19, 2012 for a deemed contribution to Fulgent LLC of $4,000,000, which units were converted into 56,000,000 Class D-1 preferred units upon our recapitalization on October 16, 2015, for an aggregate purchase price of $4,592,489 and (ii) 51,000,000 Class P preferred units issued and sold to Mr. Hsieh on October 16, 2015 for an aggregate purchase price of $10,907,511, which were redeemed by Fulgent LLC in connection with the Pharma Split-Off, discussed above under "Pharma Split-Off and Reorganization." Unit amounts do not reflect a private party sale on May 13, 2016 by Mr. Hsieh to Xi Long of 4,618,421 Class D-1 preferred units, discussed below under "—Private Party Unit Sales and Exchanges."

(2) Reflects 5,131,579 Class D-2 preferred units issued and sold to Xi Long on May 17, 2016 for an aggregate purchase price of $15,188,234. Unit and purchase price amounts do not reflect private party sales on May 13, 2016 by certain of Fulgent LLC's existing members of 4,618,421 Class D-1 preferred units and 5,644,737 Class D common units and Fulgent LLC's redemption of such units in exchange for Class D-2 preferred units, discussed below under "—Private Party Unit Sales and Exchanges," as we did not retain any proceeds in connection with such private party unit sales and exchanges.

Private Party Unit Sales and Exchanges

On May 13, 2016, Xi Long purchased 4,618,421 Class D-1 preferred units from Mr. Hsieh, 2,565,789 Class D common units from Dr. Gao and 3,078,948 Class D common units from certain of Fulgent LLC's other existing members, for an aggregate purchase price of approximately $12.0 million. In connection with such purchases, on May 17, 2016, Fulgent LLC redeemed all of the Class D-1 preferred units and Class D common units acquired by Xi Long from Fulgent LLC's members in exchange for Fulgent LLC's issuance to Xi Long of the same number of Fulgent LLC's Class D-2 preferred units.

Investor's Rights Agreement

On May 17, 2016, Fulgent LLC entered into the Investor's Rights Agreement with Xi Long, which we will assume upon completion of the Reorganization. Following our assumption of the agreement, Xi Long will be entitled to rights with respect to the registration of the shares of our common stock that it will acquire upon completion of the Reorganization. For a description of these registration rights, see "Description of Capital Stock—Registration Rights." In addition, the Investor's Rights Agreement provides that, as long as Xi Long

holds 10,000,000 units of Fulgent LLC or, following this offering, 10,000,000 shares of our common stock, we are required to provide Xi Long certain financial information at the end of each quarter, business plans upon their approval and certain additional information as it may request from time to time. However, we are not required to provide information that we deem in good faith to be a trade secret or similar confidential information, and provided further that we may require Xi Long to execute a confidentiality and nondisclosure agreement prior to disclosure of any such information.

Compensation of Vice President, Bioinformatics

Fulgent LLC's Vice President, Bioinformatics, James Xie, is the brother of Ming Hsieh. In 2013, 2014 and 2015, Mr. Xie earned the following compensation for his services for Fulgent LLC:

Year	Salary ($)	Cash Bonus ($)	Stock Awards ($)(1)	All Other Compensation ($)	Total ($)
2016 (through June 30, 2016)	90,000(2)	—	—	3,000(3)	93,000
2015	175,000	10,000(4)	1,609,203(5)	—	1,794,203
2014	30,000	—	—	—	30,000
2013	—	—	—	—	—

(1) Amounts reflect the grant date fair value calculated in accordance with FASB ASC Topic 718 on the basis of the fair market value of the awards on the respective grant dates. Assumptions used in the calculation of these amounts are included in note 9 to Fulgent LLC's audited consolidated financial statements for the year ended December 31, 2015 included in this prospectus.
(2) Mr. Xie's annual base salary for 2016 is $180,000.
(3) Amount consists of Fulgent LLC's matching contributions under its 401(k) retirement savings plan.
(4) Amount consists of Mr. Xie's cash bonus earned for his services for Fulgent LLC in 2015, which amount was paid to Mr. Xie in 2016.
(5) Reflects awards granted under the 2015 Plan on October 16, 2015 of (i) 5,000,000 Class D common units with a grant date fair value of $1,568,455, which will become shares of our common stock upon completion of the Reorganization, and (ii) 2,000,000 Class P common units with a grant date fair value of $40,748, which were redeemed by Fulgent LLC in connection with the Pharma Split-Off, discussed above under "Pharma Split-Off and Reorganization."

Additionally, Mr. Xie is eligible to receive cash bonuses and equity awards on the same basis as our other similarly situated employees.

Pharma Split-Off

On April 4, 2016, we effected the Pharma Split-Off, pursuant to which Fulgent LLC separated the Pharma Business from the business described in this prospectus by redeeming each of its member's Class P preferred and common units, distributing to each such member substantially identical units of Fulgent Pharma and causing Fulgent Pharma to assume all then-outstanding options to acquire Class P common units. See "Pharma Split-Off and Reorganization" for additional information. Following the Pharma Split-Off, Mr. Hsieh, the Manager and largest equity holder of Fulgent LLC and President and Chief Executive Officer of Fulgent Inc., remains the Manager and largest equity holder of Fulgent Pharma.

Prior to effecting the Pharma Split-Off, Mr. Hsieh contributed $15,500,000 to Fulgent LLC in a series of capital contributions. Mr. Hsieh's capital contributions were allocated to the business described in this prospectus, which Fulgent LLC conducted directly, and to the Pharma Business. On May 19, 2016, Fulgent LLC, Fulgent Pharma and Mr. Hsieh entered into a contribution and allocation agreement pursuant to which the parties specified and agreed to the allocation of such capital contributions between Fulgent LLC and Fulgent Pharma in the following amounts: $4.6 million was allocated to Fulgent LLC and $10.9 million was allocated to Fulgent Pharma. The agreement also clarified that Mr. Hsieh's contributions were properly characterized as capital contributions, rather than loans to Fulgent LLC and Fulgent Pharma, notwithstanding a series of promissory notes previously entered into by Mr. Hsieh and Fulgent LLC.

During 2013, 2014 and 2015, the Pharma Business incurred expenses from ANP Technologies, Inc., or ANP, totaling approximately $1.2 million, $1.0 million and $0.8 million, respectively, for services related to patented nanoencapsulation technology and other drug-related services in the oncology drug area, all of which relate to Fulgent LLC's discontinued operations. Mr. Hsieh owns 20% of the outstanding capital stock of ANP. Additionally, prior to completion of the Reorganization, Dr. Ray Yin, the Chief Executive Officer of ANP, owned more than 5% of Fulgent LLC's Class D common units, although, following completion of the Reorganization immediately prior to closing this offering, Dr. Yin will own less than 5% of our common stock (assuming that he does not purchase shares in this offering).

Fulgent Pharma is in the process of negotiating a lease agreement directly with the landlord for the space it uses in the facility at which our laboratory and corporate headquarters are located. Since the completion of the Pharma Split-Off and until such a lease agreement is finalized, Fulgent Pharma reimburses us for the portion of the rent we pay that is attributable to the space it uses, which totals approximately $1,000 per month.

Return of Capital Contribution

On August 12, 2016, pursuant to the terms of Fulgent LLC's operating agreement, Fulgent LLC approved the distribution to Mr. Hsieh, as the sole holder of Class D-1 preferred units, of approximately $4.6 million as a return of Mr. Hsieh's capital contributions to Fulgent LLC. This return of capital contribution will be paid to Mr. Hsieh before completion of this offering.

Reorganization

Prior to the issuance of shares of our common stock in this offering, we will complete the Reorganization, pursuant to which Fulgent LLC will become our wholly-owned subsidiary and the members of Fulgent LLC will become our stockholders. See "Pharma Split-Off and Reorganization" for additional information.

Directed Share Program

At our request, the underwriters have reserved for sale at the initial public offering price up to shares of common stock, or approximately % of the shares offered by this prospectus, for purchase by our employees and directors and the business and personal associates of our management. Any directed shares purchased by our officers and directors will be subject to the 180-day lock-up restriction described under "Underwriting" below. Any other participants in the directed share program will not be subject to any lock-up arrangements with any underwriter with respect to the directed shares sold to them. The number of shares of common stock available for sale to the general public in the offering will be reduced by the number of shares sold pursuant to the directed share program. Any directed shares not so purchased will be offered by the underwriters to the general public on the same terms as the other shares offered by this prospectus.

Limitations on Liability and Indemnification Matters

Our certificate of incorporation contains provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by the DGCL. Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any breach of the director's duty of loyalty to us or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the DGCL; or

- any transaction from which the director derived an improper personal benefit.

Additionally, our certificate of incorporation and bylaws require us to indemnify our directors and officers to the maximum extent permitted by the DGCL and allow us to indemnify other employees and agents as set forth in the DGCL. These documents further provide that we shall pay expenses (including attorneys' fees) incurred by an director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding for which such director or officer may be entitled to indemnification in advance of the final disposition of such action, suit or proceeding, upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by us.

We have entered or will enter into separate indemnification agreements with each of our directors and officers prior to completion of this offering, which will provide such individuals with indemnification in addition to the indemnification provided for in our certificate of incorporation and bylaws. These agreements, among other things, require us to indemnify our directors and officers for certain expenses, including attorneys' fees, judgments, penalties, fines and settlement amounts actually and reasonably incurred by such director and officer in any action or proceeding arising out of his or her service to us or any of our subsidiaries or any other company or enterprise to which the individual provides services at our request. Subject to certain limitations, these indemnification agreements also require us to advance expenses incurred by our directors and officers for the defense of any action for which indemnification is required or permitted.

The limitation of liability and indemnification provisions in our certificate of incorporation, bylaws and indemnification agreements may discourage stockholders from bringing a lawsuit against our directors and officers for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions.

We believe the provisions in our certificate of incorporation, bylaws and indemnification agreements discussed above are necessary to attract and retain qualified persons to serve as directors and officers of our company. We also intend to maintain insurance policies that indemnify our directors and officers against various liabilities arising under the Securities Act and the Exchange Act that might be incurred by any director or officer in his or her capacity as such. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, executive officers or persons controlling us, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore, in the opinion of the SEC, unenforceable.

At present, there is no pending litigation or proceeding involving any of our directors, director nominees, officers or persons to be appointed as our executive officers as to which indemnification is required or permitted and we are not aware of any threatened litigation or proceeding that may result in a claim for indemnification.

Policies and Procedures for Related Party Transactions

Prior to completion of this offering, our board of directors plans to adopt a written related person transaction policy to establish policies and procedures for the review and approval or ratification of all related person transactions. Effective upon completion of this offering, this policy is expected to provide that our related persons, which consist of our executive officers, directors, director nominees, beneficial owners of more than 5% of our common stock and any immediate family member of and any entity affiliated with any of the foregoing persons, are not permitted to enter into a material transaction in which we are a participant without the prior review and approval of our audit committee, or a special committee composed solely of disinterested directors in the event it is inappropriate for our audit committee to review the transaction due to a conflict of interest, where a "material

transaction" constitutes a transaction in which the amount involved exceeds or is expected to exceed $120,000 in any calendar year. In reviewing, considering and approving or rejecting any such material transaction, we expect that our related person transaction policy will require consideration of the facts and circumstances available and deemed relevant to our audit committee or special committee, including, among others, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related person's interest in the transaction.

Prior to completing this offering, we have not had a written policy for the review and approval of transactions with related persons and Fulgent LLC's Manager, Mr. Hsieh, has historically reviewed and approved any transaction where a director or officer had a financial interest.

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information known to us regarding the beneficial ownership of our common stock at , 2016, after giving effect to the Reorganization, which will occur immediately prior to completion of this offering, for:

- each of our directors and director nominees;
- each of our executive officers and persons to be appointed as executive officers;
- all of our current directors, director nominees, executive officers and persons to be appointed as executive officers as a group; and
- each person, or group of affiliated persons, who beneficially owns more than 5% of our common stock.

We have determined beneficial ownership in accordance with the rules of the SEC. In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed to be outstanding all shares of common stock subject to options or other derivative securities held by that person that are currently exercisable or convertible or that will become exercisable or convertible within 60 days after , 2016, but we did not deem these shares outstanding for the purpose of computing the percentage ownership of any other person. The information in the table below is not necessarily indicative of beneficial ownership for any other purpose and the inclusion of any shares in the table does not constitute an admission of beneficial ownership of those shares. Except as otherwise indicated by the footnotes below, we believe, based on information furnished to us, that the persons named in the table below have sole voting and sole investment power with respect to all shares of our common stock that they beneficially own, subject to applicable community property or similar laws.

Applicable percentage ownership is based on shares of common stock outstanding as of , 2016, after giving effect to the Reorganization, which will occur immediately prior to completion of this offering. For purposes of the table below, we have assumed that we will issue and sell shares of our common stock in this offering. The table below excludes any shares of common stock that may be purchased in this offering pursuant to the directed share program or otherwise.

Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o Fulgent Genetics, Inc., 4978 Santa Anita Avenue, Temple City, California 91780.

	Beneficial Ownership After Giving Effect to the Reorganization and Prior to this Offering		Beneficial Ownership After Giving Effect to the Reorganization and After this Offering	
Name of Beneficial Owner	**Number**	**Percent**	**Number**	**Percent**
Directors, Director Nominees, Executive Officers and Persons to be Appointed as Executive Officers:				
Ming Hsieh(1)				
John Bolger	—	—	—	—
James J. Mulé	—	—	—	—
Yun Yen(2)				
Paul Kim(3)				
Hanlin Gao(4)				
All directors, director nominees, executive officers and persons to be appointed as executive officers as a group (six persons)				
Other 5% Stockholders:				
Xi Long(5)				

* Represents beneficial ownership of less than 1%.

(1) Consists of shares of our common stock to be issued at the effective time of the Reorganization upon the cancellation of (i) 41,381,579 Class D-1 preferred units of Fulgent LLC held of record by Mr. Hsieh and (ii) 10,000,000 Class D-1 preferred units of Fulgent LLC held of record by the Ming Hsieh Annuity Trust, over which Mr. Hsieh possesses sole voting and dispositive power as the sole trustee.
(2) Consists of shares of our common stock to be issued at the effective time of the Reorganization upon the cancellation of 4,000,000 common units of Fulgent LLC held of record by Dr. Yen.
(3) Consists of shares of our common stock to be issued at the effective time of the Reorganization upon the cancellation of 2,500,000 common units of Fulgent LLC held of record by Mr. Kim.
(4) Consists of shares of our common stock to be issued at the effective time of the Reorganization upon the cancellation of 13,434,211 common units of Fulgent LLC held of record by Dr. Gao.
(5) Consists of shares of our common stock to be issued at the effective time of the Reorganization upon the cancellation of 15,394,737 Class D-2 preferred units of Fulgent LLC held of record by Xi Long. The address for Xi Long is 6 Xinrui Road, Science City, Luogang District, Guangzhou City, Guangdong Province, People's Republic of China 510663.

DESCRIPTION OF CAPITAL STOCK

The description below of our capital stock and provisions of our certificate of incorporation and bylaws are summaries and are qualified by reference to the full text of the certificate of incorporation and the bylaws, which are filed as exhibits to the registration statement of which this prospectus is a part, and by applicable provisions of Delaware law. The following description gives effect to changes to our capital structure that will occur prior to completion of this offering in connection with the Reorganization. See "Pharma Split-Off and Reorganization" for additional information. As used in the following description, "we," "us," "our" and "our company" refers only to Fulgent Inc. and not to its subsidiary.

General

Upon completion of this offering, our authorized capital stock will consist of 200,000,000 shares of common stock, par value $0.0001 per share, and 1,000,000 shares of preferred stock, par value $0.0001 per share, all of which shares of preferred stock will be undesignated, the rights, preferences, privileges and restrictions of which may be designated from time to time by our board of directors.

Common Stock

Upon completion of this offering, we will have a total of shares of our common stock outstanding, based on shares of our common stock issued and outstanding as of June 30, 2016, after giving effect to the exchange of all outstanding units of Fulgent LLC on such date for shares of our common stock in the Reorganization immediately prior to completion of this offering. The holders of our common stock are entitled to one vote for each share held on all matters submitted to a vote of our stockholders. The holders of our common stock do not have any cumulative voting rights. Holders of our common stock are entitled to receive ratably any dividends declared by our board of directors out of funds legally available for that purpose, subject to any preferential dividend rights of any outstanding preferred stock. Our common stock has no preemptive rights, conversion rights or other subscription rights or redemption or sinking fund provisions. In the event of our liquidation, dissolution or winding up, holders of our common stock will be entitled to share ratably in all assets remaining after payment of all debts and other liabilities and any liquidation preference of any outstanding preferred stock. The shares of common stock to be issued by us in this offering will be, when issued and paid for, validly issued, fully paid and non-assessable.

Preferred Stock

Our board of directors may fix the rights, preferences, privileges and restrictions of our authorized shares of preferred stock in one or more series and authorize their issuance without the approval of our stockholders. These rights, preferences, privileges and restrictions could include dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences, sinking fund terms and the number of shares constituting any series or the designation of such series, any or all of which may be greater than the rights of our common stock. The issuance of our preferred stock could adversely affect the voting power of holders of our common stock and the likelihood that such holders will receive dividend payments and payments upon liquidation. In addition, the issuance of preferred stock could have the effect of delaying, deferring or preventing a change of control of our company or other corporate action. Upon completion of this offering, no shares of preferred stock will be outstanding, and we have no present plans to issue any shares of preferred stock.

Options and Other Equity Awards

Upon completion of the Reorganization, all outstanding options to acquire common units of Fulgent LLC will become options to acquire up to an aggregate of shares of our common stock, all restricted share

units of Fulgent LLC will become restricted stock units relating to shares of our common stock and all outstanding common units of Fulgent LLC that constitute profits interests will become shares of our common stock. See “Executive Compensation—Equity Incentive Plans” for additional information.

Registration Rights

After this offering, Xi Long will be entitled to certain rights with respect to registration under the Securities Act of the shares of our common stock that it will acquire upon completion of the Reorganization. For purposes of the below description, we refer to these shares as “registrable securities.” With respect to these registrable securities, Xi Long possesses registration rights pursuant to the terms of the Investor’s Rights Agreement, which we will assume from Fulgent LLC in connection with the Reorganization.

The registration of shares of our common stock pursuant to the exercise of registration rights would enable a holder of such rights to trade these shares without restriction under the Securities Act when the applicable registration statement is declared effective. Pursuant to the terms of the Investor’s Rights Agreement, we are generally required to pay the registration expenses, other than underwriting discounts and selling commissions, of the shares registered pursuant to the demand, piggyback and Form S-3 registrations described below. Under the Investor’s Rights Agreement, we have agreed to indemnify a holder of registrable securities, any underwriter for such a holder and any person, if any, who controls such a holder (within the meaning of the Securities Act or the Exchange Act) against any losses, claims or damages resulting from violation of securities laws and regulations and from any untrue statement or omission of material fact in any registration statement or prospectus pursuant to which we sell shares of our common stock, unless such liability arose from reliance on written information furnished by the holder for use in connection the registration of shares, and each holder has agreed to indemnify us against all losses caused by its misstatements or omissions to the extent such losses result from our reliance on written information furnished by the holder for use in connection the registration of shares.

Generally, in an underwritten offering, the underwriter or underwriters, if any, has the right, subject to specified conditions, to limit the number of shares the holders of registrable securities may include in the offering. The demand, piggyback and Form S-3 registration rights described below will expire three years after the completion of this offering, or, with respect to any particular holder, at such earlier time that the holder can sell its shares under Rule 144 under the Securities Act, or Rule 144, during any three-month period.

Demand Registration Rights

On or after May 17, 2019, upon the written request of a holder or holders of a majority of the registrable securities then outstanding that we file a registration statement under the Securities Act covering registrable securities with an anticipated aggregate price to the public of at least $35 million, we will be obligated to give written notice to all holders of registrable securities of such request within 20 days of our receipt of such notice. We will then be obligated to use our best efforts to register the sale of all registrable securities that the holder or holders of registrable securities request in writing to be registered within 20 days after our mailing of a notice to all such holders. We are required to file no more than one registration statement that is declared or ordered effective by the SEC upon exercise of these rights. We may delay the filing of a registration statement for up to 120 days twice in a 12-month period if, in the good faith judgment of our board of directors, such registration would be detrimental to us and our stockholders, and we are not required to file a registration statement during the period beginning 60 days prior to our good faith estimate of the date of the filing of, and ending on a date 180 days following the effective date of, a registration initiated by us.

Piggyback Registration Rights

If we register any of our securities in connection with a public offering, we would be required to use our best efforts to register all registrable securities that the holders of such registrable securities request in writing be registered within 20 days after our mailing of a notice to all holders of the proposed registration. However, this

right does not apply to this offering or to a registration relating to any of our equity incentive plans or a corporate reorganization or other transaction under Rule 145 of the Securities Act, a registration on any registration statement form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the registrable securities or a registration in which the only shares of common stock being registered are shares issuable upon conversion of debt securities that are also being registered.

Form S-3 Registration Rights

Upon the written request of a holder or holders of at least 50% of the registrable securities then outstanding that we file a registration statement on Form S-3 covering registrable securities with an anticipated aggregate price to the public of at least $5 million (net of any underwriters' discounts or commissions), and provided we are then eligible to file a registration statement on Form S-3, we will be obligated to use our best efforts to register the sale of all registrable securities that such holder or holders request in writing to be registered within 15 days after our mailing of a notice to all holders of such registration on Form S-3. We are required to file no more than two registration statements on Form S-3 per 12-month period upon exercise of these rights. We may delay the filing of a registration statement for up to 120 days if, in the good faith judgment of our board of directors, such registration would be detrimental to us and our stockholders.

Anti-Takeover Provisions

Certain provisions of Delaware law, our certificate of incorporation and/or our bylaws may have the effect of delaying, deferring or discouraging another person from acquiring control of our company, as described below.

Section 203 of the DGCL

We are subject to Section 203 of the DGCL, which prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years after the date that such stockholder became an interested stockholder, with the following exceptions:

- before such date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction began, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned by (i) persons who are directors and also officers and (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- on or after such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

In general, Section 203 defines a "business combination" to include the following:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;
- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;

- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock or any class or series of the corporation beneficially owned by the interested stockholder; or
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits by or through the corporation.

In general, Section 203 defines an "interested stockholder" as an entity or person who, together with the person's affiliates and associates, beneficially owns, or within three years prior to the time of determination of interested stockholder status did own, 15% or more of the outstanding voting stock of the corporation.

Certificate of Incorporation and Bylaws

Our certificate of incorporation and bylaws include a number of provisions that may discourage or delay attempts to take over our company or effect change to our management. These provisions are intended to enhance the likelihood of continued stability in the composition of our board of directors and its policies and to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to reduce our vulnerability to hostile takeovers and to discourage certain tactics that may be used in proxy fights. We believe the benefits of these provisions, including increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure our company, outweigh the disadvantages of discouraging takeover proposals.

No Cumulative Voting Rights

Because our certificate of incorporation does not provide for cumulative voting rights, stockholders holding a majority of our outstanding voting power will be able to elect all of our directors.

Removal of Directors; Number of Directors; Vacancies

Our bylaws provide that directors may be removed by our stockholders upon the vote of a majority of our outstanding common stock, voting together as a single class, and subject to any rights of holders of any series of preferred stock that we may issue in the future, and that any such removal may be made with or without cause. Further, subject to any rights of holders of any series of preferred stock that we may issue in the future, the authorized number of directors may be changed only by the board of directors. Vacancies and newly created directorships on the board of directors may, except as otherwise required by law or determined by the board of directors, only be filled by a majority vote of the directors then serving on the board of directors, even though less than a quorum. These provisions will make it difficult for stockholders to remove directors and will prevent a stockholder from increasing the size of our board of directors and gaining control of our board of directors by filling the resulting vacancies with its own nominees.

Stockholder Actions; Special Meetings of Stockholders

Our certificate of incorporation and bylaws provide that all stockholder actions must be effected at a duly called meeting of stockholders, thereby eliminating the right of stockholders to act by written consent without a meeting. Our bylaws also provide that special meetings of stockholders may only be called by the Chairman of our board of directors, our President or our board of directors.

Advance Notice Requirements for Stockholder Proposals and Director Nominations

Our bylaws provide advance notice procedures that must be followed by stockholders seeking to bring business before an annual meeting of our stockholders or to nominate candidates for election as directors at any meeting of our stockholders, which will require any such notice to be delivered to us at a specified time and in a specified form and contain certain specified information. These provisions may preclude our stockholders from bringing matters before our meetings of stockholders or from making nominations for directors at our meetings of stockholders if they do not comply with these requirements.

Issuance of Undesignated Preferred Stock

Our board of directors has the authority, without further action by the holders of our common stock, to issue up to 1,000,000 shares of undesignated preferred stock with rights, preferences, privileges and restrictions, including voting rights, designated from time to time by our board of directors. The existence of authorized but unissued shares of preferred stock enables our board of directors to render more difficult or to discourage an attempt to obtain control of our company by means of a merger, tender offer, proxy contest or otherwise.

Choice of Forum

Our certificate of incorporation provides that the Court of Chancery of the State of Delaware will be the exclusive forum for any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty claim; any action asserting a claim against us arising pursuant to the DGCL, our certificate of incorporation or our bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine.

Listing

We have applied to list our common stock on the NASDAQ Global Market under the trading symbol “FLGT”.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is . The transfer agent’s address is and its telephone number is .

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock. Sales of substantial amounts of our common stock, including shares issued upon exercise of outstanding options, in the public market following this offering, or the perception that such sales could occur, could cause the prevailing market price for our common stock to fall and impair our ability to raise capital in the future through the sale of our equity securities.

Upon completion of this offering, we will have a total of shares of our common stock outstanding, based on shares of our common stock issued and outstanding as of June 30, 2016, after giving effect to the exchange of all outstanding units of Fulgent LLC on such date for shares of our common stock in the Reorganization immediately prior to completion of this offering. Of these outstanding shares, all of the shares of common stock sold in this offering, plus any shares of common stock sold pursuant to the underwriters' option to purchase additional shares, will be immediately freely tradable without restriction in the public market, except for any such shares that may be held or acquired by our "affiliates," as that term is defined in Rule 144, which will be restricted securities under the Securities Act, or by our directors and executive officers through the directed share program.

The remaining outstanding shares of our common stock will be "restricted securities," as that term is defined in Rule 144. Restricted securities may be sold in the public market only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act, or Rule 701, which are summarized below. As a result, subject to the lock-up agreements described below and the provisions of Rule 144 or Rule 701, shares of our common stock that will be deemed restricted securities after this offering will be available for sale in the public market as follows:

- no shares will be available for sale until 180 days after the date of this prospectus, subject to certain limited exceptions provided for in the lock-up agreements; and
- beginning 181 days after the date of this prospectus, shares of our common stock will become eligible for sale in the public market, of which shares are expected to be held by affiliates and subject to the volume and other restrictions of Rule 144, as described below.

Lock-Up Agreements

All of our directors and officers and all of our security holders prior to this offering (consisting of holders of equity securities of Fulgent LLC prior to the Reorganization) are subject to lock-up agreements that, subject to limited exceptions, prohibit them from offering for sale, selling, contracting to sell, pledging or otherwise disposing of any shares of our common stock, options or other rights to acquire shares of our common stock or any security or instrument related to our common stock, or entering into any swap, hedge or other arrangement that transfers any of the economic consequences of ownership of our common stock, for a period of 180 days following the date of this prospectus without the prior written consent of Credit Suisse Securities (USA) LLC and Piper Jaffray & Co. See "Underwriting" for additional information.

Registration Rights

We have granted demand, piggyback and Form S-3 registration rights to Xi Long for the resale of shares of our common stock that it will acquire upon completion of the Reorganization. Registration of the resale of these shares under the Securities Act would result in these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration, except for shares purchased by our affiliates. See "Description of Capital Stock—Registration Rights" for additional information.

Rule 144

In general, beginning 90 days after the date of this prospectus, a person who is not our affiliate for purposes of Rule 144 at any time during the 90 days preceding a sale will generally be entitled to sell any shares of our

common stock that the person has beneficially owned for at least six months, including the holding period of any prior owner other than one of our affiliates, without complying with the manner of sale, volume limitation or notice provisions of Rule 144, subject to our compliance with the public information requirements of Rule 144. In addition, such a person would be entitled to sell any shares of our common stock that the person has beneficially owned for at least one year, including the holding period of any prior owner other than one of our affiliates, without complying with any of the requirements of Rule 144.

Additionally, in general, beginning 90 days after the date of this prospectus, a person who is our affiliate for purposes of Rule 144, or a person selling shares on behalf of an affiliate, and who has beneficially owned shares of our common stock for at least six months, including the holding period of any prior owner other than one of our affiliates, will be entitled to sell, within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately shares immediately after completion of this offering; or
- the average weekly trading volume of our common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Sales under Rule 144 by an affiliate or a person selling shares on behalf of an affiliate are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

Rule 701

Rule 701 generally allows a stockholder who purchased shares of our common stock pursuant to a written compensatory plan or contract and who is not an affiliate of our company during the immediately preceding 90 days to sell these shares in reliance upon Rule 144, but without needing to comply with the public information, holding period, volume limitation or notice requirements of Rule 144. Rule 701 also permits a person who is an affiliate of our company to sell shares acquired pursuant to Rule 701 in reliance upon Rule 144, but without needing to comply with the holding period requirements of Rule 144. All holders of shares acquired pursuant to Rule 701, however, are required by the rule to wait until 90 days after the date of this prospectus before selling these shares pursuant to Rule 701.

Options

We intend to file one or more registration statements on Form S-8 to register under the Securities Act all of the shares of our common stock subject to outstanding options granted under the 2016 Plan in replacement of the options originally granted under the 2015 Plan and to be canceled upon completion of the Reorganization, as well as all of the additional shares of our common stock to be reserved for issuance under the 2016 Plan. These registration statements will become effective immediately upon filing and shares covered by these registration statements will then be eligible for sale in the public markets, subject to vesting restrictions, any applicable lock-up agreements described above and Rule 144 limitations applicable to affiliates. As of , 2016, after giving effect to the Reorganization, shares of our common stock were subject to outstanding options, and of such shares were vested.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS OF OUR COMMON STOCK

The following discussion is a summary of the material U.S. federal income tax consequences to Non-U.S. Holders (as defined below) of the purchase, ownership and disposition of our common stock issued pursuant to this offering, but does not purport to be a complete analysis of all potential tax effects. The effects of other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local or non-U.S. tax laws are not discussed. This discussion is based on the Code, Treasury regulations promulgated thereunder, or Treasury Regulations, judicial decisions and published rulings and administrative pronouncements of the U.S. Internal Revenue Service, or IRS, in each case in effect as of the date hereof. These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect a Non-U.S. Holder of our common stock. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. The IRS or a court may take a contrary position to that discussed below regarding the tax consequences of the purchase, ownership and disposition of our common stock.

This discussion is limited to Non-U.S. Holders that hold our common stock as a "capital asset" within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all U.S. federal income tax consequences relevant to a Non-U.S. Holder's particular circumstances, including the impact of the Medicare contribution tax on net investment income. In addition, it does not address consequences relevant to Non-U.S. Holders subject to special rules, including, among other things:

- U.S. expatriates and former citizens or long-term residents of the United States;
- persons subject to the alternative minimum tax;
- persons holding our common stock as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- banks, insurance companies and other financial institutions;
- brokers, dealers or traders in securities;
- "controlled foreign corporations," "passive foreign investment companies" and corporations that accumulate earnings to avoid U.S. federal income tax;
- partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein);
- tax-exempt organizations or governmental organizations;
- persons deemed to sell our common stock under the constructive sale provisions of the Code;
- persons who hold or receive our common stock pursuant to the exercise of any employee stock option or otherwise as compensation; and
- tax-qualified retirement plans.

If an entity treated as a partnership for U.S. federal income tax purposes holds our common stock, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding our common stock and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR COMMON

STOCK ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.

Definition of a Non-U.S. Holder

For purposes of this discussion, a "Non-U.S. Holder" is any beneficial owner of our common stock that is neither a "U.S. person" nor an entity treated as a partnership for U.S. federal income tax purposes. A U.S. person is any person that, for U.S. federal income tax purposes, is or is treated as any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (i) is subject to the primary supervision of a U.S. court and the control of one or more "United States persons" (within the meaning of Section 7701(a)(30) of the Code), or (ii) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

Distributions

As described under "Dividend Policy" above, we do not anticipate declaring or paying dividends to holders of our common stock in the foreseeable future. However, if we do make distributions of cash or property on our common stock, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and first be applied against and reduce a Non-U.S. Holder's adjusted tax basis in its common stock, but not below zero. Any excess will be treated as capital gain and will be treated as described below under "—Sale or Other Taxable Disposition."

Subject to the discussion below on effectively connected income, dividends paid to a Non-U.S. Holder of our common stock will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends (or such lower rate specified by an applicable income tax treaty, provided the Non-U.S. Holder furnishes a valid IRS Form W-8BEN or W-8BEN-E (or other applicable documentation) certifying qualification for the lower treaty rate). A Non-U.S. Holder that does not timely furnish the required documentation, but that qualifies for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

If dividends paid to a Non-U.S. Holder are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such dividends are attributable), the Non-U.S. Holder will be exempt from the U.S. federal withholding tax described above.

To claim the exemption, the Non-U.S. Holder must furnish to the applicable withholding agent a valid IRS Form W-8ECI (or successor form), certifying that the dividends are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States.

Any such effectively connected dividends will be subject to U.S. federal income tax on a net income basis at the regular graduated rates. A Non-U.S. Holder that is a corporation may also be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected dividends, as adjusted for certain items. Non-U.S. Holders should consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

Sale or Other Taxable Disposition

A Non-U.S. Holder will not be subject to U.S. federal income tax on any gain realized upon the sale or other taxable disposition of our common stock unless:

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such gain is attributable);
- the Non-U.S. Holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met; or
- our common stock constitutes a "United States real property interest," or USRPI, because we are or have been a "United States real property holding corporation," or USRPHC, within the meaning of Code Section 897(c)(2) at any time within the shorter of the five-year period preceding such disposition or such Non-U.S. Holder's holding period.

Gain described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis at the regular graduated rates. A Non-U.S. Holder that is a corporation may also be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected gain, as adjusted for certain items.

Gain described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty), which may be offset by U.S. source capital losses of the Non-U.S. Holder (even though the individual is not considered a resident of the United States), provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, we believe we currently are not, and do not anticipate becoming, a USRPHC. Because the determination of whether we are a USRPHC depends, however, on the fair market value of our USRPIs relative to the fair market value of our non-U.S. real property interests and our other business assets, there can be no assurance we currently are not a USRPHC or will not become one in the future. Even if we are or were to become a USRPHC, gain arising from the sale or other taxable disposition by a Non-U.S. Holder of our common stock will not be subject to U.S. federal income tax if our common stock is "regularly traded," as defined by applicable Treasury Regulations, on an established securities market, and such Non-U.S. Holder owned, actually and constructively, 5% or less of our common stock throughout the shorter of the five-year period ending on the date of the sale or other taxable disposition or the Non-U.S. Holder's holding period.

Non-U.S. Holders should consult their tax advisors regarding potentially applicable income tax treaties that may provide for different rules.

Information Reporting and Backup Withholding

Payments of dividends on our common stock will not be subject to backup withholding, provided the applicable withholding agent does not have actual knowledge or reason to know the holder is a United States person and the holder either certifies its non-U.S. status, such as by furnishing a valid IRS Form W-8BEN, W-8BEN-E or W-8ECI, or otherwise establishes an exemption. However, information returns are required to be filed with the IRS in connection with any dividends on our common stock paid to the Non-U.S. Holder, regardless of whether any tax was actually withheld. In addition, proceeds of the sale or other taxable disposition of our common stock within the United States or conducted through certain U.S.-related brokers generally will not be subject to backup withholding or information reporting, if the applicable withholding agent receives the certification described above and does not have actual knowledge or reason to know that such holder is a United States person, or the holder otherwise establishes an exemption. Proceeds of a disposition of our common stock conducted through a non-U.S. office of a non-U.S. broker generally will not be subject to backup withholding or information reporting.

Copies of information returns that are filed with the IRS may also be made available under the provisions of an applicable treaty or agreement to the tax authorities of the country in which the Non-U.S. Holder resides or is established.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Non-U.S. Holders should consult their own tax advisors regarding the application of the information reporting and backup withholding rules to them.

Additional Withholding Tax on Payments Made to Foreign Accounts

Withholding taxes may be imposed under Sections 1471 to 1474 of the Code (such Sections commonly referred to as the Foreign Account Tax Compliance Act, or FATCA) on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends on, or gross proceeds from the sale or other disposition of, our common stock paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code), unless (i) the foreign financial institution undertakes certain diligence and reporting obligations, (ii) the non-financial foreign entity either certifies it does not have any "substantial United States owners" (as defined in the Code) or furnishes identifying information regarding each substantial United States owner, or (iii) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (i) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain "specified United States persons" or "United States owned foreign entities" (each as defined in the Code), annually report certain information about such accounts and withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

Under the applicable Treasury Regulations and administrative guidance, withholding under FATCA generally applies to payments of dividends on our common stock, and will apply to payments of gross proceeds from the sale or other disposition of our common stock on or after January 1, 2019.

Prospective investors should consult their tax advisors regarding the potential application of withholding under FATCA to their investment in our common stock.

UNDERWRITING

Under the terms and subject to the conditions contained in an underwriting agreement dated as of the date of this prospectus, we have agreed to sell to the underwriters named below, for whom Credit Suisse Securities (USA) LLC and Piper Jaffray & Co. are acting as representatives, the following respective numbers of shares of common stock:

Underwriter	Number of Shares
Credit Suisse Securities (USA) LLC	
Piper Jaffray & Co.	
Raymond James & Associates, Inc.	
BTIG, LLC	
Total	

The underwriting agreement provides that the underwriters are obligated to purchase all the shares of common stock in the offering if any are purchased, other than those shares covered by the over-allotment option described below. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may be increased or the offering may be terminated.

We have agreed to indemnify the underwriters and certain of their controlling persons against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that the underwriters may be required to make in respect of those liabilities.

At our request, the underwriters have reserved for sale at the initial public offering price up to shares of common stock, or approximately % of the shares offered by this prospectus, for purchase by our employees and directors and the business and personal associates of our management. Any directed shares purchased by our officers and directors will be subject to the 180-day lock-up restriction described below. Any other participants in the directed share program will not be subject to any lock-up arrangements with any underwriter with respect to the directed shares sold to them. The number of shares of common stock available for sale to the general public in the offering will be reduced by the number of shares sold pursuant to the directed share program. Any directed shares not so purchased will be offered by the underwriters to the general public on the same terms as the other shares offered by this prospectus. We have agreed to indemnify the underwriters against certain liabilities and expenses, including liabilities under the Securities Act, in connection with sales of the directed shares.

We have granted to the underwriters a 30-day option to purchase on a pro rata basis up to additional shares at the initial public offering price less the underwriting discounts and commissions. The option may be exercised only to cover any over-allotments of common stock in this offering.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the shares, and subject to other conditions contained in the underwriting agreement, such as receipt by the underwriters of officer's certificates and legal opinions. The offering of the shares by the underwriters is also subject to the underwriters' right to reject any order in whole or in part.

The underwriters propose to offer the shares of common stock initially at the public offering price on the cover page of this prospectus and to selling group members at that price less a selling concession of $ per share. The underwriters and selling group members may allow a discount of $ per share on sales to other broker/dealers. After the initial public offering, the representatives may change the public offering price and concession and discount to broker/dealers.

The following table summarizes the compensation and estimated expenses we will pay:

	Per Share		Total	
	Without Over-allotment	With Over-allotment	Without Over-allotment	With Over-allotment
Underwriting discounts and commissions payable by us	$	$	$	$
Expenses payable by us	$	$	$	$

We estimate that our out-of-pocket expenses for this offering (not including any underwriting discounts and commissions) will be approximately $ million. We have agreed to reimburse the underwriters for expenses of up to $ related to clearance of this offering with the Financial Industry Regulatory Authority, Inc., or FINRA.

We and Fulgent LLC have agreed that neither we nor Fulgent LLC will offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act relating to, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, or publicly disclose the intention to make any such offer, sale, pledge, disposition or filing, without the prior written consent of Credit Suisse Securities (USA) LLC and Piper Jaffray & Co. for a period of 180 days after the date of this prospectus. The restrictions described in this paragraph do not apply to:

(a) the issuance of shares in connection with the Reorganization;

(b) grants of employee stock options or other equity-based awards pursuant to the terms of our equity inventive plans;

(c) issuances of shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock pursuant to the exercise of such options or other equity-based awards;

(d) issuances of shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock pursuant to the conversion or exchange of convertible or exchangeable securities or the exercise of warrants or options; or

(e) issuances of shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock under certain other circumstances as set forth in the underwriting agreement;

provided that, in the case of clauses (a), (c) and (d), the recipients of such shares of our common stock or securities agree to be bound by a lock-up agreement in the form executed by our directors, officers and existing security holders, and directors, officers and existing security holders of Fulgent LLC.

Our officers and directors and all of our existing security holders, and officers, directors and all existing security holders of Fulgent LLC, have agreed that they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock (including any membership or equity interests in Fulgent LLC, including interests subject to profits interest thresholds), enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock, whether any of these transactions are to be settled by delivery of our common stock or other securities, in cash or otherwise, or publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of Credit Suisse Securities (USA) LLC and Piper Jaffray & Co. for a period of 180 days after the date of this prospectus. The restrictions described in this paragraph do not apply to:

(a) the transfer, exchange or conversion of interests in Fulgent LLC for shares of our common stock in connection with the Reorganization; provided that any such shares issued upon such transfer, exchange or conversion shall be shares subject to the foregoing restrictions set forth in the lock-up agreement;

(b) transactions relating to shares of our common stock acquired in the open market on or after the date of this prospectus; provided that no filing by the transferor under the Exchange Act shall be required or shall be voluntarily made in connection with such open market transactions (other than a filing on a Form 5 made after the expiration of the lock-up period);

(c) the transfer of shares of our common stock or interests in Fulgent LLC (i) to a family member or to a trust formed for the benefit of the lock-up signatory or a family member thereof, (ii) by a bona fide gift, will or intestacy, (iii) if the lock-up signatory is a corporation, partnership, limited liability company, investment fund or other business entity, (A) to another corporation, partnership, limited liability company or other business entity that controls, is controlled by or is under common control with the lock-up signatory, (B) to investment funds under common management with the lock-up signatory or the limited partners, general partners or other principals of such funds or the lock-up signatory or (C) as part of a disposition, transfer or distribution by the lock-up signatory to its equity holders or (iv) if the lock-up signatory is a trust, to a trustor or beneficiary of the trust; provided that in the case of any transfer or distribution pursuant to this clause, each donee, transferee or distributee agrees in writing with Credit Suisse Securities (USA) LLC and Piper Jaffray & Co. to be bound by the terms of such lock-up agreement prior to such transfer and no filing by any party (donor, donee, transferor, transferee, distributor or distributee) under the Exchange Act shall be required or shall be voluntarily made in connection with such transfer (other than a filing on a Form 5 made after the expiration of the lock-up period); provided further that any transfer pursuant to this clause shall not involve a disposition of value;

(d) the receipt by the lock-up signatory from us of shares of common stock upon the vesting of securities convertible into or exchangeable for shares of our common stock (including, without limitation, interests in Fulgent LLC) or upon the exercise of options to purchase shares of our common stock, in each case in accordance with their terms pursuant to an employee benefit plan, award or option disclosed in this prospectus, provided that any such shares issued upon such vesting or upon exercise of such option shall be subject to the restrictions set forth in the lock-up agreement;

(e) the transfer of shares of our common stock to us upon a vesting event of securities convertible into or exchangeable for shares of our common stock (including, without limitation, interests in Fulgent LLC) or upon the exercise of options to purchase shares of our common stock, in each case in accordance with their terms pursuant to an employee benefit plan, award or option disclosed in this prospectus, in each case on a “cashless” or “net exercise” basis or to cover tax withholding obligations of the lock-up signatory in connection with such vesting or exercise; provided that no filing under the Exchange Act or other public announcement shall be required or shall be voluntarily made during the lock-up period;

(f) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act during the lock-up period; provided that no direct or indirect offers, pledges, sales, contracts to sell, sales of any option or contract to purchase, purchases of any option or contract to sell, grants of any option, right or warrant to purchase, loans or other transfers or disposals of any shares of our common stock or any securities convertible into or exercisable or exchangeable for shares of our common stock (including, without limitation, interests in Fulgent LLC) may be effected pursuant to such plan during the lock-up period; provided further that no public announcement or filing under the Exchange Act regarding the establishment of such plan shall be required of or voluntarily made by or on behalf of the lock-up signatory or us during the lock-up period;

(g) the transfer of shares of our common stock or other securities convertible into or exchangeable for shares of our common stock (including, without limitation, interests in Fulgent LLC) pursuant to a qualified domestic order or in connection with a divorce settlement; provided that the transferee shall sign and deliver to Credit Suisse Securities (USA) LLC and Piper Jaffray & Co. a lock-up letter substantially in the form of the lock-up agreement prior to such transfer; provided further that if the lock-up signatory is required to file a report under the Exchange Act, the lock-up signatory shall include a statement in such report to the effect that such transfer was made pursuant to a qualified domestic order or divorce settlement; or

(h) the transfer of shares of our common stock or other securities convertible into or exchangeable for shares of our common stock (including, without limitation, interests in Fulgent LLC) pursuant to a change of control of us after the date of this prospectus that has been approved by the independent members of our board of directors, provided that in the event that the change of control is not completed, the shares of common stock owned by the lock-up signatory shall remain subject to the restrictions contained in the lock-up agreement.

We have applied to list the shares of common stock on the NASDAQ Global Market under the symbol “FLGT”.

Prior to this offering, there has been no public market for our common stock. The initial public offering price was determined by negotiations among us and the representatives and will not necessarily reflect the market price of the common stock following this offering. The principal factors that were considered in determining the initial public offering price included:

- the information presented in this prospectus and otherwise available to the underwriters;
- the history of, and prospects for, the industry in which we compete;
- the ability of our management;
- the prospects for our future earnings;
- the present state of our development and results of operations and our current financial condition;
- the general condition of the securities markets at the time of this offering;
- the recent market prices of, and the demand for, publicly traded common stock of generally comparable companies; and
- other factors deemed relevant by the underwriters and us.

Neither we nor the underwriters can assure you that the initial public offering price will correspond to the price at which the common stock will trade in the public market subsequent to this offering or that an active trading market for the common stock will develop and continue after this offering.

In connection with the offering, the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions, penalty bids and passive market making in accordance with Regulation M under the Exchange Act.

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.
- Over-allotment involves sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriters is not greater than the number of shares that they may purchase in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. The underwriters may close out any covered short position by either exercising their over-allotment option and/or purchasing shares in the open market.
- Syndicate covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. If the underwriters sell more shares than could be covered by the over-allotment option, a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

- Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.
- In passive market making, market makers in the common stock who are underwriters or prospective underwriters may, subject to limitations, make bids for or purchases of our common stock until the time, if any, at which a stabilizing bid is made.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on the NASDAQ Global Market or otherwise and, if commenced, may be discontinued at any time.

A prospectus in electronic format may be made available on the web sites maintained by one or more of the underwriters, or selling group members, if any, participating in this offering and one or more of the underwriters participating in this offering may distribute prospectuses electronically. The representatives may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters and selling group members that will make internet distributions on the same basis as other allocations.

Other Relationships

The underwriters and their respective affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

Selling Restrictions

Notice to Prospective Investors in Switzerland

This document is not intended to constitute an offer or solicitation to purchase or invest in the securities described herein. The securities may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the securities constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this document nor any other offering or marketing material relating to the securities may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, nor us nor the securities have been or will be filed with or approved by any Swiss regulatory authority. The securities are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Markets Supervisory Authority, or FINMA, and investors in the securities will not benefit from protection or supervision by such authority.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, which we refer to as a “Relevant Member State,” each underwriter represents and agrees that with

effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, it has not made and will not make an offer of securities which are the subject of the offering contemplated by this prospectus to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representative for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of securities shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe the securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State, and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Notice to Prospective Investors in the United Kingdom

Each of the underwriters severally represents, warrants and agrees as follows:

(a) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, or FSMA) received by it in connection with the issue or sale of the securities in circumstances in which Section 21 of the FSMA does not apply to us; and

(b) it has complied with, and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the securities in, from or otherwise involving the United Kingdom.

Notice to Prospective Investors in Canada

The securities may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the securities must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment hereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in Hong Kong

The securities may not be offered or sold in Hong Kong by means of any document other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made under that Ordinance, or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap.32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the depositary securities may be issued or may be in the possession of any person for the purpose of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to depositary securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Notice to Prospective Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of securities may not be circulated or distributed, nor may the securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than:

(a) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA;

(b) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA; or

(c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the securities pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

LEGAL MATTERS

The validity of the shares of common stock offered by this prospectus will be passed upon for us by Morrison & Foerster LLP, San Diego, California. Certain legal matters relating to the offering will be passed upon for the underwriters by Latham & Watkins LLP, Costa Mesa, California.

EXPERTS

The consolidated financial statements of Fulgent Therapeutics LLC as of December 31, 2015 and 2014 and for each of the years then ended included in this prospectus have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein. Such consolidated financial statements are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The balance sheet as of May 13, 2016 (date of formation) of Fulgent Genetics, Inc. included in this prospectus has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein. Such balance sheet is included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of common stock offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits filed with the registration statement. For further information about us and our common stock, reference is made to the registration statement and the exhibits filed with the registration statement. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not complete, and in each instance the statement is qualified in all respects by the complete text of the agreement or document, a copy of which has been filed as an exhibit to the registration statement.

We currently do not file periodic reports with the SEC. Upon completion of this offering, we will be required to file annual, quarterly and current reports, proxy statements and other information with the SEC pursuant to the Exchange Act. You may read and copy this information, as well as the registration statement and the exhibits filed with the registration statement, at the public reference room maintained by the SEC, located at 100 F Street, NE, Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. The SEC also maintains a website that contains reports, proxy and information statements and other information regarding registrants, including us, that file electronically with the SEC. The address of the website is *www.sec.gov*.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Fulgent Genetics, Inc.
Temple City, California

We have audited the accompanying balance sheet of Fulgent Genetics, Inc. (formerly Fulgent Diagnostics, Inc.), a Delaware corporation (the "Company"), as of May 13, 2016 (date of formation). This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall balance sheet presentation. We believe that our audit of the balance sheet provides a reasonable basis for our opinion.

In our opinion, such balance sheet presents fairly, in all material respects, the financial position of the Company as of May 13, 2016 (date of formation), in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

Los Angeles, California
June 9, 2016

FULGENT GENETICS, INC.
Balance Sheet
(in thousands, except par value data and as noted)

	May 13, 2016 (Date of Formation)
Assets	
Cash	$ —
Total assets	$ —
Total liabilities	$ —
Commitments and contingencies	$ —
Stockholders' equity	
Common stock, $0.0001 par value per share, 200,000 shares authorized, 1 share* issued and outstanding as of May 13, 2016	—
Preferred stock, $0.0001 par value per share, 1,000 shares authorized, 0 shares issued and outstanding as of May 13, 2016	—
Total stockholders' equity	$ —
Total liabilities and stockholders' equity	$ —

* Share amount not in thousands

The accompanying notes are an integral part of this balance sheet.

FULGENT GENETICS, INC.
Notes to the Balance Sheet
May 13, 2016 (Date of Formation)

Note 1—Reorganization

Fulgent Genetics, Inc. (formerly Fulgent Diagnostics, Inc.), a Delaware corporation (the "Company"), was incorporated on May 13, 2016 solely for the purpose of effecting an initial public offering. Dollar and share amounts, except per share dollar amounts, are reported in thousands unless otherwise noted. Prior to completion of and as a condition to closing its initial public offering, the Company will enter into an agreement and plan of merger with a wholly owned subsidiary of the Company to be formed for the sole purpose of such merger ("Merger Sub"), and Fulgent Therapeutics LLC, a California limited liability company ("Fulgent LLC"), pursuant to which (i) Merger Sub will merge with and into Fulgent LLC, with Fulgent LLC surviving the merger as the wholly owned subsidiary of the Company, (ii) each outstanding unit of Fulgent LLC will be cancelled in exchange for a to-be-determined number of shares of the common stock of the Company, and (iii) all outstanding options to acquire common units of Fulgent LLC will become equivalent options to acquire shares of the common stock of the Company and all outstanding common units that constitute "profits interests," a type of equity award containing a participation threshold that entitles the recipient of the award to participate in the value of Fulgent LLC only to the extent it appreciates from and after the grant date of the award, will become shares of the common stock of the Company (the "Reorganization"). Following the Reorganization and at the time of the closing of its initial public offering, the Company will continue to exist as a holding company with no material assets other than 100% of the equity interests in Fulgent LLC, and the Company will consolidate the financial results of Fulgent LLC and the historical financial statements of Fulgent LLC will be the financial statements of the Company.

The Company has authorized capital stock consisting of 200,000 shares of common stock, $0.0001 par value per share, and 1,000 shares of "blank check" preferred stock, $0.0001 par value per share. On May 13, 2016, Ming Hsieh purchased one share of the Company's common stock in exchange for cash, which was the only share of the Company outstanding as of May 13, 2016, and which share will be cancelled in connection with the closing of the Reorganization and prior to the closing of the Company's initial public offering. As of June 9, 2016, no shares of the Company's preferred stock were outstanding. Upon completion of the Company's initial public offering, no shares of the Company's preferred stock will be outstanding, and the Company has no present plans to issue any shares of preferred stock.

Note 2—Basis of Presentation

The accompanying balance sheet was prepared in conformity with accounting principles generally accepted in the United States of America. Separate statements of operations, comprehensive income, stockholder's equity and cash flows have not been presented because this entity has conducted no activities other than activities incidental to its formation and preparation for its initial public offering.

The Company considers events or transactions that occur after the balance sheet date but before the financial statements are issued to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. The Company evaluated all events and transactions through June 9, 2016, the date the balance sheet as of May 13, 2016 was issued and updated its evaluation through August 17, 2016, the date the balance sheet was reissued.

On August 2, 2016, pursuant to the approval of the board of directors of the Company, the Company changed its name from Fulgent Diagnostics, Inc. to Fulgent Genetics, Inc.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Fulgent Therapeutics LLC
Temple City, California

We have audited the accompanying consolidated balance sheets of Fulgent Therapeutics LLC and subsidiary (the "Company") as of December 31, 2014 and 2015, and the related consolidated statements of operations, members' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Fulgent Therapeutics LLC and subsidiary as of December 31, 2014 and 2015, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP
Los Angeles, California
June 9, 2016

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FULGENT THERAPEUTICS LLC
Consolidated Balance Sheets
(in thousands, except as noted)

	December 31, 2014	December 31, 2015
Assets		
Current assets		
Cash	$ 172	$ 489
Trade accounts receivable, net	387	2,118
Other current assets	151	314
Current assets of discontinued operations	—	9
Total current assets	710	2,930
Fixed assets, net	978	2,469
Non-current assets of discontinued operations	432	433
	1,410	2,902
Total assets	$ 2,120	$ 5,832
Liabilities and Members' Equity		
Current liabilities		
Accounts payable	$ 165	$ 314
Accrued liabilities	137	199
Current liabilities of discontinued operations	134	173
Total current liabilities	436	686
Total liabilities	436	686
Commitments and contingencies (Note 8)		
Members' equity		
Class A units—510 units* authorized and issued at December 31, 2014; no units authorized issued, or outstanding at December 31, 2015	12,000	—
Class B units—1,000 units* authorized and 490 issued at December 31, 2014; no units authorized issued, or outstanding at December 31, 2015	—	—
Class D preferred units—no units authorized, issued or outstanding at December 31, 2014; 56,000 units authorized, issued and outstanding at December 31, 2015	—	35,280
Class P preferred units—no units authorized, issued or outstanding at December 31, 2014; 51,000 units authorized, issued and outstanding at December 31, 2015	—	10,710
Class D common units—no units authorized, issued or outstanding at December 31, 2014; 44,000 units authorized and 34,000 issued and outstanding at December 31, 2015	—	10,636
Class P common units—no units authorized, issued or outstanding at December 31, 2014; 49,000 units authorized and 45,000 issued and outstanding at December 31, 2015	—	1,680
Accumulated deficit	(10,316)	(53,160)
Total members' equity	1,684	5,146
Total liabilities and members' equity	$ 2,120	$ 5,832

* Unit amounts not in thousands

The accompanying notes are an integral part of these consolidated financial statements.

FULGENT THERAPEUTICS LLC
Consolidated Statements of Operations
(in thousands, except per unit and per share data)

	Year Ended December 31,	
	2014	2015
Revenue	$ 1,278	$ 9,576
Cost of revenue	936	5,069
Gross profit	342	4,507
Operating expenses:		
Research and development	521	4,431
Selling and marketing	581	2,670
General and administrative	230	2,418
Total operating expenses	1,332	9,519
Operating income (loss)	(990)	(5,012)
Interest and other income (expense)	—	27
Income (loss) before income taxes	(990)	(4,985)
Provision for income taxes	—	—
Income (loss) from continuing operations	(990)	(4,985)
Income (loss) from discontinued operations	(3,293)	(3,329)
Net income (loss)	$ (4,283)	$ (8,314)
Basic and diluted income (loss) per common unit:		
Continuing operations—Class D common units—Profits interests*		$ (0.21)
Continuing operations:		
Weighted-average Class D common units—Profits interests—outstanding—basic and diluted		34,000
Pro forma loss attributable to common stockholders (unaudited):		
Pro forma loss per share attributable to common stockholders (unaudited):		
Basic and diluted		
Shares used in computing pro forma loss per unit attributable to common stockholders (unaudited):		
Basic and diluted		

* Loss of $7,239 calculated prospectively from the date the Class D common units subject to profits interest thresholds were issued in the Recapitalization.

The accompanying notes are an integral part of these consolidated financial statements.

FULGENT THERAPEUTICS LLC
Consolidated Statement of Members' Equity
(in thousands, except as noted)

	Class A Preferred		Class B Common		Class D Preferred		Class D Common		Class P Preferred		Class P Common		Accumulated Deficit	Total Members' Equity
	Units*	Amount	Units*	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount		
Balance at December 31, 2013	510	$ 8,000	490	$ —		$ —		$ —		$ —		$ —	$ (6,033)	$ 1,967
Capital contribution		4,000												4,000
Net loss													(4,283)	(4,283)
Balance at December 31, 2014	510	$ 12,000	490	$ —	—	$ —	—	$ —	—	$ —	—	$ —	$ (10,316)	$ 1,684
Capital contribution		3,500												3,500
Recapitalization and deemed distribution	(510)	(15,500)	(490)		56,000	35,280	8,000	2,480	51,000	10,710	39,000	1,560	(34,530)	—
Equity-based compensation							26,000	8,156			6,000	120		8,276
Net loss													(8,314)	(8,314)
Balance at December 31, 2015	—	$ —	—	$ —	56,000	$ 35,280	34,000	$ 10,636	51,000	$ 10,710	45,000	$ 1,680	$ (53,160)	$ 5,146

* Such amounts not in thousands

The accompanying notes are an integral part of these consolidated financial statements.

FULGENT THERAPEUTICS LLC
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31, 2014	2015
Cash flow from operating activities:		
Net loss	$ (4,283)	$ (8,314)
Loss from discontinued operations	(3,293)	(3,329)
Loss from continuing operations	(990)	(4,985)
Adjustments to reconcile net loss to net cash used in operating activities:		
Equity-based compensation	—	8,156
Depreciation and amortization	196	575
Gain on disposal of fixed assets	—	(20)
Provision for bad debt	33	48
Changes in operating assets and liabilities:		
Increase in accounts receivable	(416)	(1,779)
Increase in other current assets	(138)	(163)
Increase in accounts payable	150	132
Increase in accrued liabilities	81	62
Cash provided by (used in) continuing operations	(1,084)	2,026
Cash used in discontinued operations	(3,313)	(2,995)
Net cash used in operating activities	(4,397)	(969)
Cash flow from investing activities:		
Proceeds from disposal of fixed assets	—	70
Purchases of fixed assets	(731)	(2,100)
Cash used in continuing operations	(731)	(2,030)
Cash used in discontinued operations	(49)	(175)
Net cash used in investing activities	(780)	(2,205)
Cash flow from financing activities:		
Capital contributions	4,000	3,500
Net cash provided by financing activities	4,000	3,500
Net increase (decrease) in cash	(1,177)	326
Cash balance at beginning of period	1,349	172
Cash balance at end of period (including $0 and $9 at December 31, 2014 and 2015, respectively, from discontinued operations)	$ 172	$ 498
Supplemental cash flow information:		
Fixed assets included in accounts payable	$ —	$ 17
Recapitalization	$ —	$ 34,530

The accompanying notes are an integral part of these consolidated financial statements.

FULGENT THERAPEUTICS LLC
Notes to the Consolidated Financial Statements

Note 1—Basis of Presentation

Fulgent Therapeutics LLC was initially formed in June 2011 as a California corporation and converted to a California limited liability company in September 2012. The term the "Company" refers to Fulgent Therapeutics LLC and its former subsidiary unless otherwise noted or the context otherwise requires. The Company's authorized, issued and outstanding equity interests are referred to as "shares" in its operating agreement, as amended from time to time (the "Operating Agreement"), but are referred to as "units" herein. The Company is managed by its Manager, Ming Hsieh, who is also the Company's controlling equity holder. Dollar and unit amounts, except per unit dollar amounts, are reported in thousands unless otherwise noted.

The Company is a rapidly growing technology company with an initial focus on offering comprehensive genetic testing to provide physicians with clinically actionable diagnostic information they can use to improve the overall quality of patient care (the "Diagnostics business"). The Company has developed a proprietary technology platform that allows it to offer a broad and flexible test menu while maintaining accessible pricing, high accuracy and competitive turnaround times. The Company's current test menu offers single-gene tests and various pre-established, multi-gene, disease-specific panels that collectively test for many genetic conditions, including various cancers, cardiovascular diseases and neurological disorders. The Company's existing customer base consists primarily of hospitals and medical institutions, which are frequent and high-volume users of genetic tests.

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). All intercompany transactions and accounts are eliminated in consolidation.

On April 4, 2016, the Company completed the split-off of its former pharmaceutical business (the "Pharma business") by distributing 100% of the outstanding units of its then subsidiary, Fulgent Pharma LLC ("Fulgent Pharma"), to holders of its Class P preferred and common units. The split-off of the Pharma business is presented as discontinued operations in the accompanying consolidated financial statements for all periods presented. Significant asset and liability categories of the Pharma business are disclosed on the accompanying consolidated balance sheet. Significant assets and liabilities of the discontinued operations consist of fixed assets and accounts payable.

The major components of statements of operations data comprising the loss on discontinued operations are as follows:

	Year Ended December 31	
	2014	2015
Operating expenses:		
Research and development	$ 3,013	$ 2,217
General and administrative	$ 280	$ 1,112
Total operating expenses	$ 3,293	$ 3,329
Operating loss	$ (3,293)	$ (3,329)
Net loss	$ (3,293)	$ (3,329)
Basic and diluted loss per unit of discontinued operations		
Per Class P common unit—profits interests*		$ (0.15)
Weighted-average Class P common units—profits interests—outstanding		5,796

* Loss of $896 calculated prospectively from the date the Class P common units subject to profits interest thresholds were issued in the Recapitalization.

Note 2—Significant Accounting Policies

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

On an on-going basis, management evaluates its estimates, primarily those related to: (i) revenue recognition criteria, (ii) accounts receivable and allowances for doubtful accounts, (iii) the useful lives of fixed assets, (iv) the valuation of common and preferred units and (v) assumptions used in the Black-Scholes option-pricing model to determine the fair value of options and profits interest awards. These estimates are based on historical data and experience, as well as various other factors that management believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or circumstances. Significant estimates relied upon in preparing these consolidated financial statements include revenue recognition, the determination of the fair value of equity-based awards, equity-based compensation expense and liabilities.

Unaudited Pro Forma Loss per Share

Pro forma basic and diluted loss per share was computed giving effect to the conversion of all Class D units, at a ratio of , into shares of the common stock of Fulgent Genetics, Inc. (“Fulgent Inc.”) upon completion of a merger pursuant to which a wholly owned subsidiary of Fulgent Inc. will merge with and into the Company, with the Company surviving the merger as a wholly owned subsidiary of Fulgent Inc. (the “Reorganization”), which will be completed immediately prior to closing Fulgent Inc.’s initial public offering, as though such conversion had occurred as of January 1, 2015 or the original date of issuance, if later.

Pro Forma Tax Effect of the Reorganization

The pro forma effects for conversion of the Company from a pass-through entity to a taxable entity for tax purposes in the Reorganization was not presented due to the Company’s net loss position. The resulting provision or benefit would be nominal after consideration of the required valuation allowance.

Concentrations of Credit Risk and Suppliers

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash held by financial institutions in the United States. Such deposits may at times exceed federally insured limits.

The Company relies on a limited number of suppliers and, in some cases, sole suppliers, for some of its laboratory instruments and materials and it may not be able to find replacements or immediately transition to alternative suppliers if necessary. The Company uses a single supplier for certain laboratory substances used in the chemical reactions incorporated into its processes, referred to as reagents, as well as for sequencers and various other equipment and materials that it uses in its laboratory operations. The Company's laboratory operations would be interrupted if it encounters delays or difficulties in securing these reagents, sequencers or other equipment or materials or if it needs a substitute or replacement for any of its suppliers and is not able to locate and make arrangements with an acceptable substitute or replacement. The Company believes there are only a few other manufacturers that are currently capable of supplying and servicing the equipment necessary for its laboratory operations, including sequencers and various associated reagents.

Fair Value of Financial Instruments

The Company's financial instruments consist principally of cash, accounts receivable and accounts payable. The carrying amounts of these financial instruments approximate fair value due to their short maturities.

Cash

Cash consists primarily of amounts held at depository institutions as demand deposits.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at the amount the Company expects to collect. The Company performs credit evaluations of its customers and generally does not require collateral. The Company establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information that assists in management's evaluation. The Company writes off accounts receivable following a review by management and determination that the receivable is uncollectible. At December 31, 2014 and 2015, accounts receivable is net of an allowance for doubtful accounts of $27 and $75, respectively.

A roll-forward of the activity in the Company's allowance for doubtful accounts is presented below:

	December 31,	
	2014	2015
Allowance for doubtful accounts at beginning of year	$—	$ 27
Bad debt expense	33	48
Deductions	(6)	—
Allowance for doubtful accounts at end of year	$ 27	$ 75

Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful life of the asset, generally between three and five years. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated useful life of the asset or the term of the lease. Maintenance and repairs are charged to expense as incurred, and improvements and betterments are capitalized. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the balance sheet and any resulting gain or loss is reflected in the statement of operations in the period realized.

Software for Internal Use

The Company capitalizes certain costs incurred to purchase computer software for internal use. These costs include purchased software packages for Company use. Capitalized computer software costs are amortized over the estimated useful life of the computer software, which is generally three years. Internally developed software costs are capitalized after management has committed to funding the project, it is probable that the project will be completed and the software will be used for its intended function. Costs that do not meet that criteria and costs incurred on projects in the preliminary and post-implementation phases are expensed as incurred.

Impairment of Long-Lived Assets

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. When such events occur, the Company compares the carrying amounts of the assets to their expected undiscounted future cash flows. If the undiscounted cash flows are insufficient to recover the carrying value, an impairment loss is recorded for the difference between the carrying value and fair value of the asset.

Revenue Recognition

The Company generates revenue from sales of its genetic tests. The Company currently receives payments from: hospitals and medical institutions with which it has direct-bill relationships; research institutions; individual patients and commercial third-party payors.

The Company recognizes revenue when all of the following criteria are met: (i) persuasive evidence of an arrangement exists; (ii) delivery has occurred; (iii) the fee is fixed or determinable and (iv) collectability is reasonably assured. Criterion (i) is satisfied when the Company has an arrangement or contract in place. Criterion (ii) is satisfied when the Company delivers a report to the ordering physician or test results to the research institution. Determination of criteria (iii) and (iv) are based on management's judgments regarding whether the fee is fixed or determinable, and whether the collectability of the fee is reasonably assured. The Company recognizes revenue on a cash basis when it cannot conclude that either criterion (iii) or (iv) has been met.

The Company's test results are delivered electronically, and as such there are no shipping and handling fees incurred by it or billed to customers. The Company's sales are exempt from state sales taxation due to the nature of the results delivered. As a result, the Company does not charge customers state sales tax.

Overhead Expenses

The Company allocates overhead expenses, such as rent and utilities, to cost of revenue and operating expense categories based on headcount. As a result, an overhead expense allocation is reflected in cost of revenue and each operating expense category.

Cost of Revenue

Cost of revenue reflects the aggregate costs incurred in delivering test results and consists of: personnel costs, including salaries, employee benefit costs, bonuses and equity-based compensation expenses; costs of laboratory supplies; depreciation of laboratory equipment; amortization of leasehold improvements and allocated overhead. Costs associated with performing tests are recorded as tests are processed.

Research and Development Expenses

Research and development expenses represent costs incurred to develop the Company's technology and future tests. These costs consist of: personnel costs, including salaries, employee benefit costs, bonuses and equity-based compensation expenses; laboratory supplies; consulting costs and allocated overhead. The Company expenses all research and development costs in the periods in which they are incurred.

Selling and Marketing Expenses

Selling and marketing expenses consist of: personnel costs, including salaries, employee benefit costs, bonuses and equity-based compensation expenses; customer service expenses; direct marketing expenses; educational and promotional expenses; market research and analysis and allocated overhead. The Company expenses all selling and marketing costs as incurred.

General and Administrative Expenses

General and administrative expenses include executive, finance and accounting, legal and human resources functions. These expenses consist of: personnel costs, including salaries, employee benefit costs, bonuses and equity-based compensation expenses; audit and legal expenses; consulting costs and allocated overhead. The Company expenses all general and administrative expenses as incurred.

Income Taxes

The Company is organized as a limited liability company and its members have elected to have the Company treated as a partnership for income tax purposes. All taxable income or loss and tax credits generally are reflected in the personal income tax returns of the Company's members. Accordingly, no provision for federal and state income taxes has been provided in the accompanying consolidated financial statements.

Equity-Based Compensation

The Company's employee equity-based awards result in a cost that is measured at fair value on an award's grant date. Equity-based compensation costs are reflected in the accompanying statements of operations based upon the award recipient's roles within the Company. The Company grants options to its employees that generally vest upon the satisfaction of service period criteria of up to four years and a performance condition. The options have a contractual term of 10 years. Because the performance condition is not met until the occurrence of a qualifying liquidity event or incorporation, each as defined in the Plan (as defined in Note 9 below), no expense has been recorded to date relating to the Company's options. At the time of a qualifying liquidity event or incorporation, the Company will record equity-based compensation expense based on the grant date fair value of the option awards using the accelerated attribution method. An incorporation will be deemed to have occurred upon completion of the Reorganization, at which time the options will become immediately exercisable, to the extent vested.

Transactions with non-employees in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date of the fair value of the equity instrument issued is the earlier of the date on which the counterparty's performance is complete or the date on which it is probable that performance will occur. Options granted to non-employees are not exercisable, whether or not vested, until completion of service and the earlier of a liquidity event or incorporation, each as defined in the Plan. At the time of a qualifying liquidity event or incorporation, the Company will record equity-based compensation expense based on the measurement date fair value of the option awards using the accelerated attribution method. An incorporation will be deemed to have occurred upon completion of the Reorganization, at which time the options will become immediately exercisable, to the extent vested.

The Company has also granted awards of Class D and Class P units to employees and non-employees that are subject to profits interest thresholds, which are sometimes referred to as "profits interests." These legally outstanding units allow the holder to participate along with other unitholders in distributions only after the designated profits interest threshold amounts are met. These units are immediately vested as of the applicable grant date. The Company also awards employees units not subject to profits interest thresholds. The Company recognizes compensation cost relating to unit awards, including those subject to profit interest thresholds, based on the fair value of the awards.

Members' Equity (Deficit)

As a limited liability company, owners are referred to as members. More than one class of member exists, each having varying rights, preferences and privileges.

Loss per Unit

Loss per unit prior to the Recapitalization defined and described in Note 3 to these financial statements is not presented, as those units were extinguished and substantially different classes of units were issued that specifically track the performance of the Diagnostics business and Pharma business separately. The per unit impact of the extinguishment, including any deemed distribution, has not been presented and the loss per unit related to the tracking units issued was calculated and presented prospectively from the date of issuance. Subsequent to the Recapitalization, there is no common or preferred unit that tracks or represents the performance of the Company as a whole.

The Operating Agreement sets forth how the profits and losses will be allocated to the capital accounts of its members. The profits and losses of the Diagnostics business and the Pharma business are allocated to the Class D and Class P common and preferred units, respectively. The Manager of the Company approves the method of allocating income to the Diagnostics business and Pharma business. This determination is based on the net income or loss amounts of the corresponding business in accordance with GAAP, consistently applied. The Company believes this method of allocation is systematic and reasonable.

Loss per unit is calculated based upon the allocations specified in the Operating Agreement as if current income was distributed to all participating securities, using the two class method, disregarding the preferred units' liquidation preferences, as such would be considered a return of capital. The Company's common and preferred units have the right to participate in income and distributions of the Company but are not obligated to fund losses. As a result, in periods of net loss, the Company allocated losses to the holders of its common units subject to profits interest thresholds, as those units were determined to be the most subordinate unit.

Other Comprehensive Loss

Other comprehensive loss represents all changes in member's deficit, except those resulting from investments or contributions by members. The Company's other comprehensive loss consists of its net loss.

Reporting Segment and Geographic Information

Reporting segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision-maker in making decisions regarding resource allocation and assessing performance. The Company's chief operating decision maker is its Manager. The Company views its operations and manages its business in one reporting segment.

Operating Leases

The Company has entered into various leases, classified as operating leases, of varying terms and duration for its headquarters located in Temple City, California, which is comprised of various corporate offices and a laboratory certified under the Clinical Laboratory Improvement Amendments of 1988 ("CLIA"), accredited by the College of American Pathologists ("CAP") and licensed by the State of California Department of Public Health ("CA DPH").

Application of New or Revised Accounting Standards

Pursuant to the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), a company constituting an "emerging growth company" is, among other things, entitled to rely upon certain reduced reporting requirements.

The Company is an emerging growth company, but has irrevocably elected not to take advantage of the extended transition period afforded by the JOBS Act for the implementation of new or revised accounting standards. As a result, the Company will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for public companies that are not emerging growth companies.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*, which provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supersede most current revenue recognition guidance. The standard is effective for public entities for annual and interim periods beginning after December 15, 2017. Early adoption is permitted as of one year prior to the current effective date. The guidance permits two implementation approaches, one requiring retrospective application of the new standard with restatement of prior years and one requiring prospective application of the new standard with disclosure of results under old standards. The effects of this standard on the Company's financial position, results of operations and cash flows are not yet known.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The new standard requires lessees to recognize a right-of-use asset and a lease liability for all leases except those with a term of 12 months or less. The liability will be equal to the present value of lease payments. The asset will be based on the liability. The standard is effective for the Company for the fiscal year beginning March 30, 2019. Lessees and lessors are required to use a modified retrospective transition method for existing leases. Accordingly, they would apply the new accounting model for the earliest year presented in the financial statements. Adoption of the standard will result in a gross up of the Company's balance sheet for the right-of-use asset and the lease liability for operating leases. The effects of this standard on the Company's financial position, results of operations and cash flows are not yet known.

In March 2016, the FASB issued ASU No. 2016-09, *Stock Compensation (Topic 718); Improvements to Employee Share-Based Payment Accounting*. The new guidance simplifies several aspects of the accounting for share-based payment transactions including the income tax consequences, classification of awards as either equity or liabilities, policy election to account for forfeitures as they occur rather than on an estimated basis and classification on the statement of cash flows. The ASU is effective for annual periods beginning after December 15, 2016, including interim periods within that annual period. Early adoption is permitted. The Company elected to early adopt and has elected to account for forfeitures as they actually occur. The Company had not issued any options prior to 2015 and thus adoption had no impact prior to that period.

Note 3—Recapitalization

The Company historically conducted two lines of business: the Diagnostics business, which the Company conducted directly and which is the only business it is presently pursuing, and the Pharma business, which was conducted by the Company directly until the creation of Fulgent Pharma in 2015, at which time the Pharma business was conducted by Fulgent Pharma.

In October 2015, the Company was recapitalized by canceling the then-existing Class A and Class B units and authorizing and issuing equity interests separated into two series based on these two lines of business (the "Recapitalization"). The holders of the Company's Class D preferred units and Class D voting and non-voting common units had economic rights based on the assets, income, earnings and profits and any liabilities, expenses, costs and charges of the Diagnostics business, and holders of the Company's Class P preferred units and Class P voting and non-voting common units had economic rights based on the assets, income, earnings and profits and any liabilities, expenses, costs and charges of the Pharma business. The Class D and Class P units that were created by the October 2015 recapitalization, sometimes referred to as "tracking" units, were intended to "track," or reflect, the relative performance of the Diagnostics business and the Pharma business, respectively. There was no single security that represented the performance of the Company as a whole.

In the Recapitalization, the holders of Class A units received both Class D and Class P preferred units and the holders of Class B units received both Class D and Class P common units. All of the Class D common units issued in the Recapitalization were subject to a profits interest threshold. In evaluating this transaction, the Company considered that the number of units and ownership interests held by each equity holder changed and the nature of the units changed from units that track the performance of the Company as a whole to units that track the separate businesses. Based on this evaluation, the Company determined that the Recapitalization should be accounted for as the extinguishment of Class A and Class B units and the issuance of Class D and Class P preferred and common units, based on the Company's application of the qualitative approach. The Class D and Class P preferred and common units were recorded at their fair value with the difference between the fair value and carrying value of $34,530 being recorded as a deemed distribution to Class A and Class B units attributable to the period prior to the issuance of the Class D and Class P units.

Note 4—Fixed Assets

Major classes of fixed assets were as follows:

	Useful Lives	December 31, 2014	December 31, 2015
Computer hardware	3 Years	$ 56	$ 601
Computer software	3 Years	57	176
Machinery and equipment	5 Years	210	210
Medical lab equipment	5 Years	869	2,016
General equipment	3 Years	59	59
Furniture and fixtures	5 Years	11	51
Leasehold improvements	Shorter of lease term or estimated useful life	88	256
Sub-Total		$ 1,350	$ 3,369
Accumulated depreciation		(372)	(900)
		$ 978	$ 2,469

Depreciation expense on fixed assets totaled $575 and $196 in the years ended December 31, 2014 and 2015, respectively.

Note 5—Other Current Assets

Other current assets consisted of the following:

	December 31, 2014	December 31, 2015
Reagents	$ 141	$ 212
Payroll tax refund	—	37
Prepaid expenses	10	65
Total	$ 151	$ 314

Reagents are used for DNA sequencing applications in the Company's DNA sequencing equipment.

Note 6—Members' Equity

The Company's issued and outstanding capital prior to the Recapitalization consisted of Class A and Class B units. The sole Class A member contributed a total of $12,000 and $15,500 as of December 31, 2014 and 2015, respectively. The Class B members did not make any capital contributions to the Company. Class A units had voting rights and Class B units had no voting rights. Members are at risk for their capital contributions, but have no other obligations to fund losses. Class A and B members could transfer all or any portion of their units only with the consent of the Manager. The Class A and B units were non-redeemable. Pursuant to the Operating Agreement in effect prior to the Recapitalization, distributions were to be made first to the Class A members until such members had received aggregate distributions equal to the sum of the capital contributions made by such members. Thereafter, distributions were to be made pro rata to all members in accordance with such members' percentage ownership of all outstanding units. No cash distributions had been made as of the Recapitalization.

As described in Note 3, in October 2015, the Company was recapitalized by cancelling its former Class A units, which had liquidation and distribution preferences, and issuing the holder thereof Class D and Class P preferred units with similar liquidation and distribution preferences, and cancelling its former Class B units, which did not have a liquidation or distribution preference, and issuing the holders thereof Class P and Class D common units that also do not have liquidation or distribution preferences and are subject to a profits interest threshold of $0.0476 per unit.

Each outstanding Class D preferred unit, Class D voting common unit, Class P preferred unit and Class P voting common unit is entitled to one vote on matters submitted to a vote of the members. Subject to certain restrictions, members may transfer all or any portion of their units with the consent of the Manager. The following is a summary of units outstanding as of December 31, 2015:

	Voting	Non-Voting
Class D common units	24,000	10,000
Class P common units	42,500	2,500
Class D preferred units	56,000	—
Class P preferred units	51,000	—

All Class D and Class P units are non-redeemable. Class D units track the relative performance of the Diagnostics business and Class P units track the relative performance of the Pharma business, and the distributable amounts, if any, would come from the respective businesses related to those units. After the Recapitalization and until the split-off of the Pharma business on April 4, 2016, there was no single security that tracked or represented the performance of the Company as a whole. As of December 31, 2015, 34,000 Class D common units and 6,000 Class P common units were subject to profits interest thresholds, which must be met prior to distribution to the holder of such units. These profits interest thresholds are $0.0476 and $0.0287 per unit for the Class D and Class P units, respectively. Pursuant to the Operating Agreement in effect subsequent to the Recapitalization, distributions from the Diagnostics business and Pharma business are to be made first pro rata to the members holding Class D and Class P preferred units, respectively, until such members have received aggregate distributions equal to the sum of the capital contributions made by such members to the applicable business. The $15,500 capital contributions made by the former Class A member were allocated as follows: $4,600 and $10,900 to his Class D and Class P preferred units, respectively. Any remaining distributions are then to be made pro rata to all members holding Class D and Class P units in accordance with such members' percentage ownership of all outstanding Class D and Class P units, respectively, including those units subject to profits interest thresholds after earnings are in excess of the applicable profits interest threshold amount.

No cash distributions have been made as of December 31, 2015. Upon completion of the split-off of the Pharma business, all Class P units were cancelled.

Note 7—Reporting Segment and Geographic Information

The Company views its operations and manages its business in one reporting segment. All long-lived assets are located in the United States.

Revenue by region was as follows:

	Year Ended December 31,	
	2014	2015
Revenue:		
United States	$ 640	$ 5,084
Foreign:		
Canada	194	2,658
Other Countries	444	1,834
	$ 1,278	$ 9,576

Note 8—Commitments and Contingencies

Operating Leases

The Company has commitments under non-cancelable operating leases of varying terms and duration for its headquarters located in Temple City, California, which is comprised of various corporate offices and a CLIA-certified, CAP-accredited and CA DPH-licensed laboratory. The following table shows the annual base rental cost over the term of the leases:

	Obligation Under Facility Leases
Years Ended December 31,	
2016	$ 92
2017	97
2018	23
Total	$ 212

Rent expense for the fiscal years ended December 31, 2014 and 2015, was $64 and $158, respectively.

Contingencies

From time to time, the Company may be subject to legal proceedings and claims arising in the ordinary course of business. Management does not believe that the outcome of any of these matters will have a material effect on the Company's consolidated financial position, results of operations or cash flows.

Note 9—Equity-Based Compensation

The Fulgent Therapeutics LLC 2015 Equity Incentive Plan (the "Plan") provides for the issuance of equity-based awards to the Company's eligible employees, directors and consultants. The Plan reserves for issuance pursuant to awards granted under the Plan, including options to acquire such units, an aggregate of 15,000 Class D non-voting common units, 4,500 Class P non-voting common units and 5,500 Class P voting common units. Options typically vest over four years and expire 10 years from the date of grant, and are not exercisable, whether or not vested, until the earlier of a liquidity event or incorporation, each as defined in the Plan. An incorporation will be deemed to have occurred upon completion of the Reorganization, at which time the options will become immediately exercisable, to the extent vested.

Compensation expense related to employee equity-based awards is measured and recognized in the financial statements based on the fair value of the awards. The fair value of each option award is estimated on the grant date using the Black-Scholes option-pricing model. Equity-based compensation expense is recognized using an accelerated attribution method over the requisite service period, which is typically the vesting period of the award.

Equity-based awards issued to non-employees are accounted for at fair value determined by using the Black-Scholes option-pricing model. The fair value of each non-employee equity-based award is re-measured each period until a commitment date is reached, which is generally the vesting date.

The Company has granted fully vested unit awards subject to profits interest thresholds. These unit awards are measured at fair value on the date of grant. The fair value of the unit awards subject to a profits interest threshold is measured using the Black-Scholes option-pricing model.

Determining the fair value of equity-based awards at the grant date requires judgment. The Company's use of the Black-Scholes option-pricing model requires the input of subjective assumptions, including the expected term of the option or other award, risk-free interest rates, assumed dividend yield of the underlying units, expected volatility of the price of the underlying units and the fair value of the underlying units. The assumptions used in the Company's application of the Black-Scholes option-pricing model represent management's best estimates. These estimates involve inherent uncertainties and the application of management's judgment. If factors change and different assumptions are used, the Company's equity-based compensation expense could be materially different in the future.

Award Activity

Option Awards

No options were granted prior to the year ended December 31, 2015.

The following table summarizes activity for options to acquire Class D common units in the year ended December 31, 2015:

	Number of Units Subject to Options	Weighted-Average Exercise Price Per Units	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2014	—	—	—	—
Granted	2,080	$ 0.05	9.8	$ 645
Exercised	—	—	—	—
Forfeited/canceled	—	—	—	—
Outstanding as of December 31, 2015	2,080	$ 0.05	9.8	$ 645
Vested and expected to vest as of December 31, 2015	2,080	$ 0.05	9.8	$ 645
Exercisable at December 31, 2015	—	—	—	—

As of December 31, 2015, the Company had recognized $0 expense on option awards granted. Options granted by the Company are not exercisable, whether or not vested, until the earlier of a liquidity event or an incorporation, each as defined in the Plan, which, as of December 31, 2015, were not probable.

The weighted-average grant-date fair value of options to acquire Class D common units granted in the year ended December 31, 2015 was $0.33. As of December 31, 2015, the remaining unrecognized compensation expense of $690 related to these options is expected to be recognized over a weighted-average period of 3.4 years.

The following table summarizes activity for options to acquire Class P common units in the year ended December 31, 2015:

	Number of Units Subject to Options	Weighted-Average Exercise Price Per Unit	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2014	—	—	—	—
Granted	1,810	$ 0.04	9.8	$ 0
Exercised	—	—	—	—
Forfeited/canceled	—	—	—	—
Outstanding as of December 31, 2015	1,810	$ 0.04	9.8	$ 0
Vested and expected to vest as of December 31, 2015	1,810	$ 0.04	9.8	$ 0
Exercisable at December 31, 2015	—	—	—	—

The weighted average grant date fair value of options to acquire Class P common units granted in the year ended December 31, 2015 was $0.04. The options are not exercisable, whether or not vested, until the earlier of a liquidity event or an incorporation, each as defined in the Plan, which, as of December 31, 2015, were not probable. As of December 31, 2015, the remaining unrecognized compensation expense related to these options was $64. These options were assumed by Fulgent Pharma as part of the split-off of the Pharma business and will not result in any recognition of expense by the Company.

Unit Awards

There were no grants of unit awards prior to the year ended December 31, 2015.

The following tables show grants of Class D and Class P unit awards, including units subject to profits interest thresholds, during the year ended December 31, 2015:

	Employee	Non-Employee
Class D:		
Profits Interests	26,000	—
Units	—	—
Class P:		
Profits Interests	4,500	1,500
Units	—	—

All awards of units subject to profits interest thresholds were fully vested as of the grant date and may be repurchased in whole or in part by the Company at any time during the nine-month period following the termination of the holder's continuous service. The Company's repurchase right terminates if not timely exercised by the Company and upon the effective date of a registration statement of the Company filed under the Securities Act of 1933, as amended. The participation threshold for each of the awards granted during the year ended December 31, 2015 is $0.0476 per unit and $0.0287 per unit for the Class D and Class P units, respectively. Of the awards granted during the period, all were granted under the Plan except for an award of 16,000 Class D units subject to a profits interest threshold granted to an employee. These units are legally outstanding units of the Company that allow the holder to participate in distributions upon exceeding the designated thresholds. These units are accounted for at fair value and are considered equity instruments.

Fair Value Assumptions

Option Awards to Employees

The following table sets forth weighted-average assumptions used to estimate the fair value of options to acquire Class D common units granted to employees during the year ended December 31, 2015:

Expected term (in years)	6.1
Risk-free interest rates	1.6%
Dividend yield	0
Expected volatility	86.0%

These assumptions and estimates are as follows:

- *Expected Term*. The expected term represents the period that the Company's equity-based awards are expected to be outstanding. The Company determines the expected term assumption based on the vesting terms, exercise terms and contractual terms of the options, and in the case of equity-based awards subject to a profits interest threshold, based on the estimated time to liquidity.
- *Risk-Free Interest Rate.* The Company determines the risk-free interest rate by using the equivalent to the expected term based on the U.S. Treasury yield curve in effect as of the date of grant.
- *Dividend Yield.* The assumed dividend yield is based on the Company's expectation that it will not pay dividends in the foreseeable future, which is consistent with its history of not paying dividends.
- *Expected Volatility*. The Company does not have sufficient history to estimate the volatility of the price of its common units or the expected term of its options. The Company calculates expected volatility based on historical volatility data of a representative group of companies that are publicly traded. The Company selected representative companies with comparable characteristics to it, including risk profiles and position within the industry, and with historical equity price information sufficient to meet the expected term of the equity-based awards. The Company computes the historical volatility of this selected group using the daily closing prices for the selected companies' equity during the equivalent period of the calculated expected term of its equity-based awards. The Company will continue to use the representative group volatility information until the historical volatility of its equity is relevant to measure expected volatility for future option grants.
- *Forfeiture Rate.* The Company has early adopted ASU No. 2016-09, *Stock Compensation (Topic 718); Improvements to Employee Share-Based Payment Accounting*, and has elected to account for forfeitures as they occur.

There were no options to acquire Class P common units granted to employees during the year ended December 31, 2015.

Option Awards to Non-Employees

Equity-based compensation expense related to options granted to non-employees is recognized as the options are earned. The fair value of the options is more reliably measurable than the fair value of the services received. The fair value of non-employee options is calculated at each reporting date, using the Black-Scholes option-pricing model, until the award vests or there is a substantial incentive for the non-employee not to perform the required services.

The following table sets forth the weighted-average assumptions used to estimate the fair value of options to acquire Class D and Class P common units granted to non-employees during the year ended December 31, 2015:

	Class D	Class P
Expected term (in years)	10	10
Risk-free interest rates	2.3%	2.3%
Dividend yield	0	0
Expected volatility	94.8%	98.0%

Unit Awards to Employees and Non-Employees

The fair value of the unit awards is more reliably measurable than the fair value of the services received. The fair value of awards subject to profits interest thresholds is calculated at each reporting date using the Black-Scholes option-pricing model. The following table sets forth weighted-average assumptions used to estimate the fair value of Class D and Class P common unit awards subject to profits interest thresholds granted to employees and non-employees during the year ended December 31, 2015:

	Class D	Class P
Employee:		
Expected term (in years)	2	2
Risk-free interest rates	0.6%	0.6%
Dividend yield	0	0
Expected volatility	68.1%	75.8%
Non—Employee:		
Expected term (in years)	*	2
Risk-free interest rates	*	0.6%
Dividend yield	*	0
Expected volatility	*	75.6%

* no grants awarded

Determination of the Fair Value of Common Units on Grant Dates

The Company is a privately held company with no active public market for its common units. Therefore, in determining the fair value of equity-based awards, the Manager considered valuations prepared by an independent third party.

The independent third party performed the valuations in a manner consistent with the American Institute of Certified Public Accountants Practice Aid, Valuation of Privately-Held Company Equity Securities Issued as Compensation (the “Practice Aid”). In conducting the valuations, the Company considered all objective and subjective factors that it believed to be relevant in each valuation conducted, including management’s best estimate of the Company’s business condition, prospects and operating performance at each valuation date. Within the valuations, a range of factors, assumptions and methodologies were used. The significant factors included:

- the fact that the Company is a privately held company with illiquid securities;
- the Company’s stage of commercialization;
- the likelihood of achieving a liquidity event for the Company’s equity, such as an initial public offering, given prevailing market conditions;
- the Company’s historical operating results;
- valuations of comparable public companies;
- the Company’s discounted future cash flows, based on its projected operating results; and
- the Company’s capital structure, including the rights and preferences of its various classes of equity.

There are significant judgments and estimates inherent in these valuations. These judgments and estimates include assumptions regarding the Company’s future operating performance, stage of commercial growth, average selling price, continued penetration into hospital and medical institution customers, reimbursement from commercial third-party payors, the timing of a potential initial public offering or other liquidity event and the determination of the appropriate valuation method at each valuation date. If the Company had made different assumptions, its equity-based compensation expense, income (loss) applicable to common unitholders and income (loss) per unit applicable to common unitholders could have been materially different.

The valuations utilized the market approach, the income approach or a combination of both. The market approach and the income approach are both acceptable valuation methods in accordance with the Practice Aid. There are three general methodologies under the market approach:

- *Guideline Company Method*. This method involves the identification and analysis of publicly traded companies that are comparable to the subject company. Pricing multiples of the publicly traded companies are applied to representative financial metrics of the subject company.
- *Similar Transaction Method*. This method includes the identification of transactions in which the targets are comparable to the subject company. This method can also include identification of transactions completed by the most likely buyers in the subject company's industry. Transaction multiples from the identified transactions are applied to the representative financial metrics of the subject company.
- *Precedent Transaction Method*. By considering the sale price of equity in a recent financing, the equity value can be "backsolved" using an option-pricing model that gives consideration to a company's capitalization structure and rights of preferred and common equity holders.

Under the income approach, enterprise value can be estimated using the discounted cash flow ("DCF") method, which assumes:

- a business is worth today what it can generate in future cash to its owners;
- cash received today is worth more than an equal amount of cash received in the future; and
- future cash flows can be reasonably estimated.

The DCF analysis is comprised of the sum of the present value of two components: discrete period projected cash flows and a residual or terminal value.

Additionally, each valuation reflects a marketability discount, resulting from the illiquidity of the Company's common units.

As provided in the Practice Aid, there are several approaches for allocating enterprise value of a privately held company among the securities held in a complex capital structure. The possible methodologies include the probability-weighted expected return method ("PWERM"), the option-pricing method ("OPM"), the current-value method or a hybrid of the PWERM and the OPM, which is referred to as the hybrid method. Under the PWERM, equity is valued based upon the probability-weighted present value of expected future returns, considering various future outcomes available to the Company, as well as the rights of each class of equity. The OPM treats common equity and preferred equity as call options on the enterprise's value. The exercise prices associated with these call options vary according to the liquidation preference of the preferred equity, the preferred equity conversion price, the exercise prices of common equity options and other features of a company's equity capital structure. The current-value method, which is generally only used for early stage companies, is based on first determining enterprise value using a market, income or asset-based approach, and then allocating that value to the preferred equity based on its liquidation preference or conversion value, whichever would be greater.

The valuation of Class D units related to awards of Class D units and options to acquire Class D units granted in the year ended December 31, 2105 incorporated the income approach (Gordon Growth Analysis) and the market approach (Guideline Public Company Method) in determining the value, and the Company applied 50% weight to each approach. The valuation of Class P units related to awards of Class P units and options to acquire Class P units granted in the year ended December 31, 2015, incorporated the market approach (Precedent Transactions Method), utilizing OPM to backsolve.

Equity-Based Compensation Expense

The following table summarizes equity-based compensation expense for the year ended December 31, 2015 included in the statements of operations as follows:

	Class D	Class P
Cost of revenue	$1,673	—
Research and development	$3,241	—
Selling and marketing	$1,569	—
General and administrative	$1,673	—
Discontinued operations	—	$ 120
Total	$8,156	$ 120

Equity-based compensation expense of $120 recorded in the year ended December 31, 2015 was related to the Pharma business and is included in discontinued operations.

Note 10—Loss per Unit

The Company extinguished its Class A and Class B units and issued its Class D and Class P common and preferred units as of October 16, 2015. The Class D common and preferred units track the performance of the Diagnostics business and the Class P common and preferred units track the performance of the Pharma business, and the distributable amounts, if any, would come from the respective businesses related to those units. The Class D and Class P units subject to profits interest thresholds were determined to be the most subordinate unit. Basic and diluted loss per unit for the period from October 16, 2015 through December 31, 2015, the period during which the Class D and Class P common and preferred units were outstanding during the year ended December 31, 2015, was calculated as follows:

	Continuing Operations	Discontinued Operations	Total
Loss for the period from October 16, 2015 through December 31, 2015	$ (7,239)	$ (896)	(8,135)
Loss allocated to Class D common units–profits interests	$ (7,239)	—	—
Loss allocated to Class P common units–profits interests	—	$ (896)	—
Weighted-average Class D common units–profits interests–outstanding, basic and diluted	34,000	—	—
Weighted-average Class P common units–profits interests–outstanding, basic and diluted	—	5,796	—
Loss per Class D common unit–profits interests–basic and diluted	$ (0.21)	—	—
Loss per Class P common unit–profits interests–basic and diluted	—	$ (0.15)	—

The Company's common and preferred units have the right to participate in earnings and distributions of the Company but are not obligated to fund losses. As a result, in periods of net loss, the Company allocated losses to the holders of its common units subject to profits interest thresholds, as they were determined to be the most subordinate unit.

The following options to acquire Class D and Class P common units have been excluded from the calculations of diluted loss per unit because they are contingently exercisable.

	Continuing Operations	Discontinued Operations
Class D common unit options	2,080	—
Class P common unit options	—	1,810

Note 11—Employee Benefit Plans

The Company offers a 401(k) retirement savings plan (the "401(k) Plan") for its employees, including its executive officers, who satisfy certain eligibility requirements. The Internal Revenue Code of 1986, as amended, allows eligible employees to defer a portion of their compensation, within prescribed limits, on a pre-tax basis through contributions to the 401(k) Plan. The Company matches contributions to the 401(k) Plan based on the amount of salary deferral contributions the participant makes to the 401(k) Plan. The Company will match up to 3% of an employee's compensation that the employee contributes to his or her 401(k) Plan account. Total Company matching contributions to the 401(k) Plan were $21 and $37 in the years ended December 31, 2014 and 2015, respectively.

Note 12—Related Party

During 2014 and 2015, the Pharma business incurred expenses to ANP Technologies, Inc. ("ANP") totaling $1,025 and $800, respectively, for services related to patented nanoencapsulation technology and other drug-related services in the oncology drug area and related expense is recorded in discontinued operations. The Chief Executive Officer of ANP is a unitholder of the Company and the Company's Manager is a shareholder of ANP.

Note 13—Subsequent Events

The Company considers events or transactions that occur after the balance sheet date but before the financial statements are issued to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. The Company evaluated all events and transactions through June 9, 2016, the date the consolidated financial statements as of December 31, 2014 and 2015 were issued.

Split-Off

On April 4, 2016, the Company completed the split-off all of the business, assets and liabilities of the Pharma business. To effect the split-off, the Company redeemed each member's Class P units, distributed to each such member substantially identical shares of Fulgent Pharma and caused Fulgent Pharma to assume all then-outstanding options to purchase Class P common units. The split-off is presented as discontinued operations on the accompanying consolidated financial statements for all periods presented. See Note 1 for additional information.

Xi Long Financing

In May 2016, the Company completed a transaction with Xi Long USA, Inc. ("Xi Long"), an independent investor, and certain members of the Company. In this transaction, (i) Xi Long acquired 4,618 Class D-1 preferred units and 5,645 Class D common units from certain existing members of the Company for an aggregate purchase price of $11,977, which units were required to be redeemed by the Company in exchange for its issuance to Xi Long of an equivalent number of Class D-2 preferred units, and (ii) the Company sold an additional 5,132 Class D-2 preferred units to Xi Long for gross proceeds of $15,188. The Company incurred issuance costs of $185 for the transaction, resulting in net proceeds to the Company of $15,003.

On April 4, 2016, in anticipation of the financing, the Company renamed its existing Class D preferred units as Class D-1 preferred units.

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FULGENT THERAPEUTICS LLC
Condensed Consolidated Balance Sheets
(in thousands, except as noted)
(unaudited)

	December 31, 2015	June 30, 2016
Assets		
Current assets		
Cash	$ 489	$ 16,060
Trade accounts receivable, net	2,118	2,793
Other current assets	314	2,948
Current assets of discontinued operations	9	—
Total current assets	2,930	21,801
Fixed assets, net	2,469	4,977
Non-current assets of discontinued operations	433	—
	2,902	4,977
Total assets	$ 5,832	$ 26,778
Liabilities and Members' Equity		
Current liabilities		
Accounts payable	$ 314	$ 4,633
Accrued liabilities	199	442
Current liabilities of discontinued operations	173	—
Total current liabilities	686	5,075
Total liabilities	686	5,075
Commitments and contingencies (Note 8)		
Members' equity		
Class D-1 convertible preferred units—56,000 units authorized, issued or outstanding at December 31, 2015; 51,382 units authorized, issued and outstanding at June 30, 2016	35,280	33,617
Class D-2 convertible preferred units—no units authorized, issued or outstanding at December 31, 2015; 15,395 units authorized, issued and outstanding at June 30, 2016	—	32,452
Class P preferred units—51,000 units authorized, issued and outstanding at December 31, 2015; no units authorized, issued or outstanding at June 30, 2016	10,710	—
Class D common units—44,000 units authorized and 34,000 issued and outstanding at December 31, 2015; 51,250 units authorized and 30,855 issued and outstanding at June 30, 2016	10,636	10,494
Class P common units—49,000 units authorized and 45,000 issued and outstanding at December 31, 2015; no units authorized, issued or outstanding at June 30, 2016	1,680	—
Accumulated deficit	(53,160)	(54,860)
Total members' equity	5,146	21,703
Total liabilities and members' equity	$ 5,832	$ 26,778

See accompanying notes to unaudited condensed consolidated financial statements.

FULGENT THERAPEUTICS LLC
Condensed Consolidated Statements of Operations
(in thousands, except per unit and per share data)
(unaudited)

	Six Months Ended June 30,	
	2015	2016
Revenue	$ 3,769	$ 7,411
Cost of revenue	1,425	2,715
Gross profit	2,344	4,696
Operating expenses:		
Research and development	470	1,217
Selling and marketing	477	778
General and administrative	246	2,346
Total operating expenses	1,193	4,341
Operating income (loss)	1,151	355
Interest and other income (expense)	20	(5,449)
Income (loss) before income taxes	1,171	(5,094)
Provision for income taxes	—	—
Income (loss) from continuing operations	1,171	(5,094)
Income (loss) from discontinued operations	(1,299)	41
Net income (loss)	$ (128)	$ (5,053)
Basic and diluted income (loss) per common unit:		
Continuing operations—Class D common units—profits interests		$ (0.27)
Continuing operations:		
Weighted-average Class D common units—profits interests—outstanding—basic and diluted		32,511
Pro forma income (loss) attributable to common stockholders (unaudited):		
Pro forma income (loss) per share attributable to common stockholders (unaudited):		
Basic and diluted		
Shares used in computing pro forma loss per share attributable to common stockholders (unaudited):		
Basic and diluted		

See accompanying notes to unaudited condensed consolidated financial statements.

FULGENT THERAPEUTICS LLC
Condensed Consolidated Statement of Members' Equity
(in thousands)
(unaudited)

	Class D						Class P					
	Preferred D-1		Preferred D-2		Common		Preferred		Common		Accumulated	Total Members
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Deficit	Equity
Balance at December 31, 2015	**56,000**	**$35,280**			**34,000**	**$10,636**	**51,000**	**$ 10,710**	**45,000**	**$ 1,680**	**$ (53,160)**	**$ 5,146**
Split-off of Pharma business							(51,000)	(10,710)	(45,000)	(1,680)	$ 11,900	(490)
Issuance of Class D-2 convertible preferred units (net of $185 issuance costs)			15,395	$32,452								32,452
Repurchase and retirement of Class D-1 preferred units	(4,618)	$ (1,663)										(1,663)
Deemed dividend on retirement of Class D-1 preferred units											$ (3,727)	(3,727)
Repurchase and retirement of Class D common units					(5,645)	$ (1,767)					$ (4,820)	(6,587)
Equity-based compensation					2,500	$ 1,625						1,625
Net loss											$ (5,053)	(5,053)
Balance at June 30, 2016	**51,382**	**$33,617**	**15,395**	**$32,452**	**30,855**	**$10,494**	**$ —**	**$ —**	**—**	**$ —**	**$ (54,860)**	**$21,703**

See accompanying notes to unaudited condensed consolidated financial statements.

FULGENT THERAPEUTICS LLC
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Six Months Ended June 30,	
	2015	2016
Cash flow from operating activities:		
Net loss	$ (128)	$ (5,053)
Income (loss) from discontinued operations	(1,299)	41
Income (loss) from continuing operations	1,171	(5,094)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Equity-based compensation	—	1,625
Depreciation and amortization	214	447
Gain on disposal of fixed assets	(20)	—
Provision for bad debt	2	(26)
Fair value adjustment recorded upon issuance of Class D-2 preferred units	—	5,472
Changes in operating assets and liabilities:		
Increase in accounts receivable	(920)	(649)
Increase in other current assets	(148)	(202)
Increase in accounts payable	311	568
Increase in accrued liabilities	22	243
Cash provided by continuing operations	632	2,384
Cash used in discontinued operations	(1,268)	(31)
Net cash provided by (used in) operating activities	(636)	2,353
Cash flow from investing activities:		
Proceeds from disposal of fixed assets	70	—
Purchases of fixed assets	(669)	(563)
Cash used in continuing operations	(599)	(563)
Cash used in discontinued operations	(89)	—
Net cash used in investing activities	(688)	(563)
Cash flow from financing activities:		
Cash distributed in split-off of Pharma business	—	(159)
Capital contributions	1,500	—
Payment of initial public offering costs	—	(1,072)
Proceeds from issuance of Class D-2 preferred units	—	27,165
Repurchase and retirement of Class D-1 preferred and Class D common units	—	(11,977)
Issuance costs of Class D-2 preferred units	—	(185)
Net cash provided by financing activities	1,500	13,772
Net increase in cash	176	15,562
Cash balance at beginning of period (including $0 and $9 at January 1, 2015 and 2016, respectively, from discontinued operations)	172	498
Cash balance at end of period (including $0 at June 30, 2015 and 2016 from discontinued operations)	$ 348	$ 16,060
Supplemental cash flow information:		
Fixed assets included in accounts payable	$ 1,069	$ 2,409
Deferred initial public offering costs included in accounts payable	$ —	$ 1,359

See accompanying notes to unaudited condensed consolidated financial statements.

FULGENT THERAPEUTICS LLC
Notes to the Condensed Consolidated Financial Statements
(unaudited)

Note 1—Basis of Presentation

Fulgent Therapeutics LLC was initially formed in June 2011 as a California corporation and converted to a California limited liability company in September 2012. The term the "Company" refers to Fulgent Therapeutics LLC and its former subsidiary unless otherwise noted or the context otherwise requires. The Company's authorized, issued and outstanding equity interests are referred to as "shares" in the Company's operating agreement, as amended from time to time (the "Operating Agreement"), but are referred to as "units" herein. The Company is managed by its Manager, Ming Hsieh, who is also the Company's controlling equity holder. Dollar and unit amounts, except per unit dollar amounts, are reported in thousands unless otherwise noted.

The Company is a rapidly growing technology company with an initial focus on offering comprehensive genetic testing to provide physicians with clinically actionable diagnostic information they can use to improve the overall quality of patient care (the "Diagnostics business"). The Company has developed a proprietary technology platform that allows it to offer a broad and flexible test menu while maintaining accessible pricing, high accuracy and competitive turnaround times. The Company's current test menu offers single-gene tests and pre-established, multi-gene, disease-specific panels that collectively test for many genetic conditions, including various cancers, cardiovascular diseases and neurological disorders. The Company's existing customer base consists primarily of hospitals and medical institutions, which are frequent and high-volume users of genetic tests.

The accompanying interim condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The accompanying condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2015. All intercompany transactions and accounts are eliminated in consolidation. The accompanying interim condensed consolidated balance sheet and statement of members' equity as of June 30, 2016, and the interim condensed consolidated statements of operations and cash flows for the six months ended June 30, 2016 and 2015 are unaudited. The unaudited interim financial statements have been prepared on the same basis as the annual financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary for the fair statement of the Company's financial position as of June 30, 2016 and the results of operations and cash flows for the six months ended June 30, 2016 and 2015. The results of operations for the six months ended June 30, 2016 are not necessarily indicative of the results to be expected for the year ending December 31, 2016 or for any other future year or interim period.

In April 2016, the Operating Agreement was amended and restated to provide for the distribution of the Company's wholly owned subsidiary, Fulgent Pharma LLC ("Fulgent Pharma"), in full redemption and cancellation of the Class P preferred and common units. On April 4, 2016, the Company completed the split-off of Fulgent Pharma and the pharmaceutical business operated by Fulgent Pharma (the "Pharma business") by redeeming all of the then-outstanding Class P preferred and common units and distributing to each holder of such units substantially identical shares of Fulgent Pharma and causing Fulgent Pharma to assume all then-outstanding options to acquire Class P common units that had been issued by the Company. All Class P preferred and common units were immediately cancelled upon redemption. The split-off of the Pharma business was a pro-rata distribution to all of the holders of Class P preferred and common units, but did not involve the holders of the Company's Class D units. The Manager and controlling unitholder of the Company is also the Manager and controlling unitholder of Fulgent Pharma. Therefore, the Company concluded that the transaction should be accounted for as a common control transaction and the recorded amount of Fulgent Pharma's net assets was transferred to the holders of Class P preferred and common units and no gain or loss was recorded.

The split-off of the Pharma business is presented as discontinued operations in the accompanying interim condensed consolidated financial statements for all periods presented. Significant asset and liability categories of the Pharma business are disclosed on the accompanying interim condensed consolidated balance sheet. Significant assets and liabilities of the discontinued operations consist of fixed assets and accounts payable.

The major components of statements of operations data comprising the income (loss) on discontinued operations are as follows:

	Period Ended	
	June 30, 2015	April 4, 2016
Operating expenses:		
Research and development	$ 488	$ 350
General and administrative	$ 810	$ 9
Total operating expenses	$ 1,298	$ 359
Operating income (loss)	$(1,298)	$ (359)
Interest and other income (expense)	(1)	$ 400
Net income (loss)	$(1,299)	$ 41

Other income from discontinued operations includes $0.4 million of litigation settlement proceeds received by the Pharma business prior to the date of the split-off.

Note 2—Summary of Significant Accounting Policies

See the summary of the Company's significant accounting policies set forth in the notes to its consolidated financial statements for the year ended December 31, 2015. Except as described below, no such policies materially changed during the six months ended June 30, 2016.

Unaudited Pro Forma Loss per Share

Pro forma basic and diluted loss per share was computed giving effect to (i) the conversion of all Class D units, at a ratio of , into shares of the common stock of Fulgent Genetics, Inc. ("Fulgent Inc.") upon completion of a merger pursuant to which a wholly owned subsidiary of Fulgent Inc. will merge with and into the Company, with the Company surviving the merger as a wholly owned subsidiary of Fulgent Inc. (the "Reorganization"), which will be completed immediately prior to closing Fulgent Inc.'s initial public offering, as though such conversion had occurred as of January 1, 2016 or the original date of issuance, if later.

Pro Forma Tax Effect of the Reorganization

The pro forma effects for conversion of the Company from a pass-through entity to a taxable entity for tax purposes in the Reorganization was not presented due to the Company's net loss position. The resulting provision or benefit would be nominal after consideration of the required valuation allowance.

Deferred Offering Costs

Deferred offering costs, which primarily consist of direct incremental legal and accounting fees relating to the Company's initial public offering, are capitalized. The deferred offering costs will be offset against the proceeds upon completion of the offering. In the event the offering is terminated, deferred offering costs will be expensed. As of June 30, 2016, the Company capitalized $2.4 million of deferred offering costs in other current assets on the accompanying interim condensed consolidated balance sheet.

Note 3—Income (Loss) per Unit

The following table presents the calculation of basic and diluted income (loss) per unit for the six months ended June 30, 2016:

	Continuing Operations	Discontinued Operations	Total
Income (loss)	$ (5,094)	$ 41	$(5,053)
Deemed dividend on redemption of Class D-1 preferred units	$ (3,727)		$(3,727)
Net income (loss) available to common unitholders	$ (8,821)	$ 41	$(8,780)
Income (loss) allocated to Class D common units—profits interests	$ (8,821)	—	
Income (loss) allocated to Class P common units—profits interests	—	—	
Income (loss) allocated to Class P common units	—	$ 18	
Income (loss) allocated to Class P preferred units	—	$ 23	
Weighted-average Class D common units—profits interests—outstanding, basic and diluted	32,511	—	
Weighted-average Class P common units—profits interests—outstanding, basic and diluted	—	—	
Weighted-average Class P common units outstanding, basic and diluted	—	20,357	
Weighted-average Class P preferred units outstanding, basic and diluted	—	26,621	
Income (loss) per Class D common unit—profits interests, basic and diluted	$ (0.27)	—	
Income per Class P common unit—profits interests, basic and diluted	—	—	
Income per Class P common unit, basic and diluted	—	—	
Income per Class P preferred unit, basic and diluted	—	—	

On April 4, 2016, the Company completed the split-off of the Pharma business. The financial results of the Pharma business are included in the Company's results as discontinued operations, and the weighted-average Class P preferred and common units related to the Pharma business were computed through the separation date of April 4, 2016.

The Company's common and preferred units have the right to participate in earnings and distributions of the Company but are not obligated to fund losses. As a result, in periods of net loss, the Company allocated losses to the holders of its common units subject to profits interest thresholds, as they were determined to be the most subordinate unit. No income has been allocated to common units subject to profits interest thresholds, as the distribution thresholds on such units have not been met as of June 30, 2016.

The following options to acquire Class D and Class P common units have been excluded from the calculations of diluted income (loss) per unit because they are contingently issuable.

	Continuing Operations	Discontinued Operations
Class D common unit options	4,478	—
Class P common unit options	—	1,810

Note 4—Fixed Assets

Major classes of fixed assets were as follows:

	Useful Lives	December 31, 2015	June 30, 2016
Computer hardware	3 Years	$ 601	$ 828
Computer software	3 Years	176	310
Machinery and equipment	5 Years	210	210
Medical lab equipment	5 Years	2,016	4,465
General equipment	3 Years	59	59
Furniture & fixtures	5 Years	51	62
Leasehold improvements	Shorter of lease term or estimated useful life	256	390
Sub-Total		$ 3,369	$ 6,324
Accumulated depreciation		(900)	(1,347)
		$ 2,469	$ 4,977

Depreciation expense on fixed assets totaled $214 and $447 in the six months ended June 30, 2015 and 2016, respectively.

Note 5—Other Current Assets

Other current assets consisted of the following:

	December 31, 2015	June 30, 2016
Deferred initial public offering costs	$ —	$2,431
Reagents	212	312
Prepaid expenses	65	195
Payroll tax refund	37	—
Other	—	10
Total	$ 314	$2,948

Reagents are used for DNA sequencing applications in the Company's DNA sequencing equipment.

Note 6—Members' Equity

In October 2015, the Company was recapitalized (the "Recapitalization") by cancelling its former Class A units, which had liquidation and distribution preferences, and issuing the holder thereof Class D and Class P preferred units with similar liquidation and distribution preferences, and cancelling its former Class B units, which did not have a liquidation or distribution preference, and issuing the holders thereof Class P and Class D common units that also do not have liquidation or distribution preferences and are subject to a profits interest threshold of $0.0476 per unit.

The following is a summary of units outstanding as of December 31, 2015:

	Voting	Non-Voting
Class D common units	24,000	10,000
Class P common units	42,500	2,500
Class D preferred units	56,000	—
Class P preferred units	51,000	—

Class D units track the relative performance of the Diagnostics business and Class P units track the relative performance of the Pharma business, and the distributable amounts, if any, would come from the respective businesses related to those units. After the Recapitalization until the split-off of the Pharma business on April 4, 2016, there was no single security that tracked or represented the performance of the Company as a whole. As of December 31, 2015, 34,000 Class D common units and 6,000 Class P common units were subject to profits interest thresholds, which must be met prior to distribution to the holder of such units. These profits interest thresholds are $0.0476 and $0.0287 per unit for the Class D and Class P units, respectively. Pursuant to the Operating Agreement in effect subsequent to the Recapitalization, distributions from the Diagnostics business and Pharma business are to be made first pro rata to the members holding Class D and Class P preferred units, respectively, until such members have received aggregate distributions equal to the sum of the capital contributions made by such members to the applicable business. The $15,500 capital contributions made by the former Class A member were allocated as follows: $4,600 and $10,900 to his Class D and Class P preferred units, respectively. Any remaining distributions are then to be made pro rata to all members holding Class D and Class P units in accordance with such members' percentage ownership of all outstanding Class D and Class P units, respectively, including those units subject to profits interest thresholds after earnings are in excess of the applicable profits interest threshold amount. No cash distributions had been made as of December 31, 2015.

In April 2014 the Operating Agreement was amended and restated to provide for the distribution of the Company's wholly owned subsidiary, Fulgent Pharma, in full redemption and cancellation of the Class P preferred and common units. In addition, the Class D preferred units were renamed Class D-1 preferred units and were modified to add conversion rights. In evaluating the change in Class D preferred units, the Company considered that the number of units and ownership interests held by each unitholder was unchanged, the nature of the units was unchanged and the addition of the conversion feature did not add any substantive value to the units, as upon conversion any preferences in distribution would be relinquished. Based on this evaluation, the Company determined that the change in Class D preferred units to Class D-1 preferred units should be accounted for as a modification, based on the Company's application of the qualitative approach. No change in fair value occurred as a result of the modification.

In May 2016, the Company completed a transaction with Xi Long USA, Inc. ("Xi Long"), an independent investor, and certain members of the Company. In this transaction, (i) Xi Long acquired 4,618 Class D-1 preferred units and 5,645 Class D common units from certain existing members of the Company for an aggregate purchase price of $11,977, which units were required to be redeemed by the Company in exchange for its issuance to Xi Long of an equivalent number of Class D-2 preferred units, and (ii) the Company sold an additional 5,132 Class D-2 preferred units to Xi Long for gross proceeds of $15,188. The Company incurred issuance costs of $185 for the transaction, resulting in net proceeds to the Company of $15,003. The Company immediately cancelled the redeemed Class D common and Class D-1 preferred units upon completion of the transaction. The Company accounted for this transaction as: (i) the retirement of the redeemed Class D common units, (ii) the extinguishment of the redeemed Class D-1 preferred units, with the excess of the consideration transferred over the related carrying amount recorded as a deemed dividend in the amount of $3,727, and (iii) the issuance of 15,395 Class D-2 preferred units for $32,637. As a result of the transaction, Xi Long acquired an aggregate of 15,395 Class D-2 preferred units for an aggregate purchase price of $27,165, even though, at issuance, the fair value of 15,395 Class D-2 preferred units as evidenced by the Company's then most recent third-party valuation was $32,637. The $5,472 difference between the fair value of, and the aggregate consideration paid by Xi Long for, the Class D-2 preferred units issued in the transaction was not attributable to any stated rights or privileges. Rather, the Company, Xi Long and the members of the Company that were party to the transaction determined to complete the transaction in line with their discussions, notwithstanding that the fair value of the Class D-2 preferred units as evidenced by the Company's third-party valuation had increased from the time these discussions were initiated to the time the transaction was completed. The $5,472 difference was determined to be a cost of completing the transaction with Xi Long and was recorded as an expense in the accompanying condensed consolidated statement of operations.

The following is a summary of units outstanding as of June 30, 2016:

	Voting	Non-Voting
Class D common units	22,908	7,947
Class D-1 preferred units	51,382	—
Class D-2 preferred units	15,395	—

The Class D-1 and Class D-2 preferred units have the following rights and preferences:

Conversion Rights

Prior to any automatic conversion of the preferred units in connection with the closing of an initial public offering, each (i) Class D-1 preferred unit is convertible at the option of the holder into one Class D voting common unit and (ii) Class D-2 preferred unit is convertible at the option of the holder into the number of Class D voting common units determined by dividing the Original Issue Price for such Class D-2 preferred unit, as set forth in the Operating Agreement, by the applicable conversion price then in effect for such Class D-2 preferred unit, which as of June 30, 2016 was on a one-for-one basis. The conversion price for each Class D-2 preferred unit is subject to adjustment in the event of certain dilutive issuances of Class D common units. In the event the Company issues any Additional Shares, as defined in the Operating Agreement, after the original issue date of the preferred units, without consideration or for a consideration per unit less than the conversion price applicable to a class of preferred units in effect immediately prior to such issuance, the conversion price for such class in effect immediately prior to each such issuance shall be adjusted according to a formula set forth in the Operating Agreement.

All Class D-2 preferred units are automatically convertible into Class D common units (i) upon the closing of an underwritten public offering in which the public offering price is at least $4.4397 per share (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the common stock issued in the initial public offering) or the gross proceeds raised equal or exceed $50,000 in the aggregate (before the underwriting discounts and commissions) or (ii) on the date specified by vote or written consent of the holders of at least a majority of the then outstanding Class D-2 preferred units voting together as a single class.

Voting and Transfer Rights

Each outstanding Class D-1 and Class D-2 preferred unit, as well as each outstanding Class D voting common unit, is entitled to one vote on matters submitted to a vote of the members. Subject to certain restrictions, members may transfer all or any portion of their units with the consent of the Manager.

Dividends

The holders of preferred units are entitled to receive non-cumulative dividends in preference to any dividends on common units, in each case, only when and if declared by the Company's Manager.

Distribution Preference

Distributions may be made to the unitholders, at such times and in such amounts as the Manager may determine in its sole discretion and in the event of a Liquidation Event (as defined in the Operating Agreement), as follows:

- First, pro rata to the holders of Class D-1 preferred units in accordance with such unitholders' percentage ownership of all outstanding Class D-1 preferred units, until such unitholders have received aggregate distributions equal to the sum of the capital contributions made or deemed made by such unitholders but not exceeding $4,592 in aggregate;
- Second, pro rata to the holders of Class D-1 preferred units and the holders of Class D-2 preferred units in proportion to the capital contributions of $27,165 made or deemed made by such unitholders until such unitholders

have received aggregate distributions equal to the sum of the capital contributions made or deemed made by such unitholders, or, with respect to the holders of Class D-1 preferred units, until such unit holders have received their capital contributions made or deemed made by such unitholders not exceeding $4,592 in the aggregate; and

- Thereafter, pro rata to all Class D unitholders in accordance with such unitholders' percentage ownership of all outstanding Class D units.

Redemption Rights

None of the Company's units have redemption rights.

Note 7—Reporting Segment and Geographic Information

The Company views its operations and manages its business in one reporting segment. All long-lived assets are located in the United States.

Revenue by region was as follows:

	Six Months Ended	
	June 30, 2015	June 30, 2016
Revenue:		
United States	$1,939	$4,137
Foreign:		
Canada	1,076	1,739
Other Countries	754	1,535
	$3,769	$7,411

Note 8—Commitments and Contingencies

Operating Leases

The Company has commitments under non-cancelable operating leases of varying terms and duration for its headquarters located in Temple City, California, which is comprised of various corporate offices and a laboratory certified under the Clinical Laboratory Improvement Amendments of 1988 ("CLIA"), accredited by the College of American Pathologists ("CAP") and licensed by the State of California Department of Public Health ("CA DPH"). Rent expense for the six months ended June 30, 2015 and 2016 was $68 and $125, respectively.

Contingencies

From time to time, the Company may be subject to legal proceedings and claims arising in the ordinary course of business. Management does not believe that the outcome of any of these matters will have a material effect on the Company's consolidated financial position, results of operations or cash flows.

Note 9—Equity-Based Compensation

The Fulgent Therapeutics LLC Amended and Restated 2015 Equity Incentive Plan (the "Plan") provides for the issuance of equity-based awards to the Company's eligible employees, directors and consultants. The Plan reserves for issuance pursuant to awards granted under the Plan, including options to acquire such units an aggregate of 15,000 Class D non-voting common units, 4,500 Class P non-voting common units and 5,500 Class P voting common units. Options typically vest over four years and expire 10 years from the date of grant,

and are not exercisable whether or not vested, until the earlier of a liquidity event or incorporation, each as defined in the Plan. An incorporation will be deemed to have occurred upon completion of the Reorganization, at which time the options will become immediately exercisable, to the extent vested. On April 4, 2016, the Company completed the split-off of Fulgent Pharma and the Pharma business, by (i) redeeming all of the outstanding Class P units, (ii) distributing to each Class P unitholder substantially identical shares of Fulgent Pharma and (iii) causing Fulgent Pharma to assume the options to purchase Class P units that had been issued by the Company.

Compensation expense related to employee equity-based awards is measured and recognized in the financial statements based on the fair value of the awards. The fair value of each option award is estimated on the grant date using the Black-Scholes option-pricing model. Equity-based compensation expense is recognized on an accelerated attribution method over the requisite service period, which is typically the vesting period of the award.

Equity-based awards issued to non-employees are accounted for at fair value determined by using the Black-Scholes option-pricing model. The fair value of each non-employee equity-based award is re-measured each period until a commitment date is reached, which is generally the vesting date.

The Company has granted fully vested unit awards and unit awards subject to profits interest thresholds. These unit awards are measured at fair value on the date of grant. The fair value of the unit awards subject to a profits interest threshold is measured using the Black-Scholes option-pricing model.

Determining the fair value of equity-based awards at the grant date requires judgment. The Company's use of the Black-Scholes option-pricing model requires the input of subjective assumptions, including the expected term of the option or other award, risk-free interest rates, assumed dividend yield of the underlying units, expected volatility of the price of the underlying units and the fair value of the underlying units. The assumptions used in the Company's application of the Black-Scholes option-pricing model represent management's best estimates. These estimates involve inherent uncertainties and the application of management's judgment. If factors change and different assumptions are used, the Company's equity-based compensation expense could be materially different in the future.

Award Activity

Option Awards

The following table summarizes activity for options to acquire Class D common units in the six months ended June 30, 2016:

	Number of Units Subject to Options	Weighted-Average Exercise Price Per Unit	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2015	2,080	$ 0.05	9.8	$ 645
Granted	2,418	$ 0.13	9.7	
Exercised	—	—	—	
Forfeited/canceled	(20)	$ 0.05	—	
Outstanding as of June 30, 2016	4,478	$ 0.09	9.5	$ 6,493
Vested and expected to vest as of June 30, 2016	4,478	$ 0.09	9.5	$ 6,493
Exercisable at June 30, 2016	—	—	—	—

The weighted-average grant date fair value of options to acquire Class D common units granted in the six months ended June 30, 2016 was $0.98. As of June 30, 2016, the remaining unrecognized compensation expense of $3.0 million related to these options is expected to be recognized over a weighted-average period of 3.3 years.

There were no grants of options to acquire Class P common units in the six months ended June 30, 2016.

As of June 30, 2016, the Company had recognized $0 expense on option awards granted. Options granted by the Company are not exercisable, whether or not vested, until the earlier of a liquidity event or an incorporation, each as defined in the Plan, which, as of June 30, 2016, were not probable.

Unit Awards

The following table shows grants of Class D unit awards, including units subject to profits interest thresholds, during the six months ended June 30, 2016:

	Employee	Non-Employee
Profit Interests	—	—
Units	2,500	—

The Class D common units issued in the six months ended June 30, 2016 were related to one award granted to an employee during the period. These units were granted outside of the Plan, were immediately vested and are not subject to a profits interest threshold.

There were no awards of Class P units during the six months ended June 30, 2016.

Fair Value Assumptions

Option Awards to Employees

The following table sets forth weighted-average assumptions used to estimate the fair value of options to acquire Class D common units granted to employees during the six months ended June 30, 2016:

Expected term (in years)	6.1
Risk-free interest rates	1.4%
Dividend yield	0
Expected volatility	95.5%

These assumptions and estimates are as follows:

- *Expected Term*. The expected term represents the period that the Company's equity-based awards are expected to be outstanding. The Company determines the expected term assumption based on the vesting terms, exercise terms and contractual terms of the options, and in the case of equity-based awards subject to a profits interest threshold, based on the estimated time to liquidity.
- *Risk-Free Interest Rate*. The Company determines the risk-free interest rate by using the equivalent to the expected term based on the U.S. Treasury yield curve in effect as of the date of grant.
- *Dividend Yield.* The assumed dividend yield is based on the Company's expectation that it will not pay dividends in the foreseeable future, which is consistent with its history of not paying dividends.
- *Expected Volatility*. The Company does not have sufficient history to estimate the volatility of the price of its common units or the expected term of its options. The Company calculates expected volatility based on historical volatility data of a representative group of companies that are publicly traded. The Company selected representative companies with comparable characteristics to it, including risk profiles and position within the industry, and with historical equity price information sufficient to meet the expected term of the equity-based awards. The Company computes the historical volatility of this selected group using the daily closing prices for the selected companies' equity during the equivalent period of the calculated expected term of its equity-based awards. The Company will continue to use the representative group volatility information until the historical volatility of its equity is relevant to measure expected volatility for future option grants.

- *Forfeiture Rate*. The Company has early adopted Accounting Standards Update No. 2016-09, *Stock Compensation (Topic 718); Improvements to Employee Share-Based Payment Accounting*, and has elected to account for forfeitures as they occur.

Option Awards to Non-Employees

Equity-based compensation expense related to options granted to non-employees is recognized as the options are earned. The fair value of the options is more reliably measurable than the fair value of the services received. The fair value of non-employee options is calculated at each reporting date, using the Black-Scholes option-pricing model, until the award vests or there is a substantial incentive for the non-employee not to perform the required services.

The following table sets forth the weighted-average assumptions used to estimate the fair value of options to acquire Class D common units granted to non-employees during the six months ended June 30, 2016:

Expected term (in years)	10
Risk-free interest rates	1.8%
Dividend yield	0
Expected volatility	98.7%

Unit Awards to Employees

A Class D common unit award granted in January 2016 was recorded based on the estimated fair value of common units on the grant date and resulted in equity-based compensation expense of $1.6 million.

Determination of Fair Value of Common Units on Grant Dates

The Company is a privately held company with no active public market for its common units. Therefore, in determining the fair value of equity-based awards, the Manager considered valuations prepared by an independent third party. For the valuation of Class D units related to awards of Class D units and options to acquire Class D units granted in the six months ended June 30, 2016, the Company incorporated the probability-weighted expected return method ("PWERM") and utilized the market approach (Precedent Transactions Method) incorporating the Xi Long financing (see Note 6), applying a 20% discount for lack of marketability. Under the PWERM, the value of common equity is estimated based upon an analysis of future values for the enterprise assuming various scenarios. A company's enterprise value is estimated at the date of various assumed potential future outcomes. Each enterprise value is allocated among the different classes of equity based on the rights and characteristics of each class. The resultant equity value is based upon the probability-weighted present value of expected future investment returns.

Equity-Based Compensation Expense

The following table summarizes equity-based compensation expense for the six months ended June 30, 2016 included in the statements of operations as follows:

	Class D
Cost of revenue	$ —
Research and development	—
Selling and marketing	—
General and administrative	1,625
Discontinued operations	—
Total	$1,625

Note 10—Subsequent Events

On August 12, 2016, pursuant to the terms of the Operating Agreement, the Company approved the distribution to Mr. Hsieh, as the sole holder of the Company's Class D-1 preferred units, of approximately $4,592 as a return of Mr. Hsieh's capital contributions to the Company. This return of capital contribution will be paid to Mr. Hsieh before completion of the initial public offering of Fulgent Inc., which will occur immediately following the Reorganization.

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Immediately prior to closing this offering, Fulgent Therapeutics LLC will become a wholly owned subsidiary of Fulgent Genetics, Inc., a holding company and the issuer of common stock in this offering, in a transaction that we refer to as the "Reorganization." Unless the context otherwise requires, (i) the term "Fulgent LLC" refers to Fulgent Therapeutics LLC, (ii) the term "Fulgent Inc." refers to Fulgent Genetics, Inc. and (iii) the terms "Fulgent," the "company," "we," "us" and "our" refer, for periods prior to completion of the Reorganization, to Fulgent LLC and, for periods after completion of the Reorganization, to Fulgent Inc. and its consolidated subsidiary after giving effect to the Reorganization.

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth all costs and expenses, other than underwriting discounts and commissions, paid or payable by us in connection with the sale of our common stock in this offering. All amounts shown are estimates except for the Securities and Exchange Commission, or SEC, registration fee, the Financial Industry Regulatory Authority, Inc., or FINRA, filing fee and the NASDAQ Global Market listing fee.

	Amount Paid or to be Paid
SEC registration fee	$ 5,035
FINRA filing fee	8,000
NASDAQ Global Market listing fee	*
Blue sky qualification fees and expenses	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer agent and registrar fees and expenses	*
Miscellaneous expenses	*
Total	$ *

* To be completed by amendment.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Our certificate of incorporation and bylaws require us to indemnify our directors and officers to the maximum extent permitted by the Delaware General Corporation Law, or DGCL, and allow us to indemnify other employees and agents as set forth in the DGCL. These documents further provide that we shall pay expenses (including attorneys' fees) incurred by a director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding for which such director or officer may be entitled to indemnification in advance of the final disposition of such action, suit or proceeding, upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by us.

In addition to the foregoing provisions of our certificate of incorporation and bylaws, our directors and officers may be indemnified by us pursuant to Section 145 of the DGCL, or Section 145. Section 145 authorizes a corporation to indemnify its directors and officers against liabilities arising out of actions, suits and proceedings to which they are made or threatened to be made by a party by reason of the fact that they have served or are currently serving as a director or officer to a corporation. The indemnity may cover expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the director or officer in connection with any such action, suit or proceeding. Section 145 permits a corporation to pay

expenses (including attorneys' fees) incurred by directors and officers in advance of the final disposition of such action, suit or proceeding. In addition, Section 145 provides that a corporation has the power to purchase and maintain insurance on behalf of its directors and officers against any liability asserted against them and incurred by them in their capacity as a director or officer, or arising out of their status as such, whether or not the corporation would have the power to indemnify the director or officer against such liability under Section 145.

We have entered or will enter into separate indemnification agreements with each of our directors and officers prior to completion of this offering, which will provide such individuals with indemnification in addition to the indemnification provided for in our certificate of incorporation and bylaws. These agreements, among other things, require us to indemnify our directors and officers for certain expenses, including attorneys' fees, judgments, penalties, fines and settlement amounts actually and reasonably incurred by such director and officer in any action or proceeding arising out of his or her service to us or any of our subsidiaries or any other company or enterprise to which the individual provides services at our request. Subject to certain limitations, these indemnification agreements also require us to advance expenses incurred by our directors and officers for the defense of any action for which indemnification is required or permitted.

The limitation of liability and indemnification provisions in our certificate of incorporation, bylaws and indemnification agreements may discourage stockholders from bringing a lawsuit against our directors and officers for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions.

We believe the provisions in our certificate of incorporation, bylaws and indemnification agreements discussed above are necessary to attract and retain qualified persons to serve as directors and officers of our company. We also intend to maintain insurance policies that indemnify our directors and officers against various liabilities arising under the Securities Act of 1933, as amended, or Securities Act, and the Securities Exchange Act of 1934, as amended, that might be incurred by any director or officer in his or her capacity as such. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, executive officers or persons controlling us, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore, in the opinion of the SEC, unenforceable.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

Fulgent Inc.

The registrant, Fulgent Inc., was formed solely for the purpose of effecting this offering and, until the completion of the Reorganization, will not have issued any securities other than to Ming Hsieh in connection with its formation. In connection with the offering of the securities being registered hereby, Fulgent Inc. will issue an aggregate of shares of its common stock in the Reorganization, as described under "Pharma Split-Off and Reorganization" in the prospectus included in this registration statement. This issuance will be exempt from the registration requirements of the Securities Act in reliance upon Section 4(a)(2) thereof because it will not involve any public offering of securities based on the following facts: no underwriters, underwriting discounts or commissions will be involved in the transaction; no general solicitation will be used; the recipients of the securities will have represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and have adequate access through their relationship with us to information about us; and all of the securities will be issued as restricted securities for purposes of the Securities Act.

Fulgent LLC

The descriptions below set forth information regarding all securities issued and sold by Fulgent LLC within the past three years that were not registered under the Securities Act, and the consideration, if any, received for

such securities. None of these transactions involved any public offering of securities based on the specific facts of each transaction described below. As a result, we believe each transaction was exempt from the registration requirements of the Securities Act as described below.

Class D-1 Preferred Units

On October 16, 2015, we issued 56,000,000 Class D-1 preferred units to our founder and Manager, Mr. Hsieh, in consideration of his capital contribution of $4,592,489 to the business described in this prospectus. This issuance was exempt from the registration requirements of the Securities Act in reliance upon Section 4(a)(2) thereof because it did not involve any public offering of securities based on the following facts: no underwriters, underwriting discounts or commissions were involved in the transaction; no general solicitation was used; the recipient of the securities represented his intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and had adequate access through his relationship with us to information about us; and all of the securities were issued as restricted securities for purposes of the Securities Act.

Class D Voting Common Units

On October 16, 2015, we issued an aggregate of 24,000,000 Class D voting common units that constitute profits interests and are subject to a participation threshold amount of $0.0476 per unit to three members of our management team in consideration of their service for our company. On January 27, 2016, we issued 2,500,000 Class D voting common units to Paul Kim, our Chief Financial Officer, as an inducement to entering into employment with us. These issuances were exempt from the registration requirements of the Securities Act in reliance upon Section 4(a)(2) thereof because it did not involve any public offering of securities based on the following facts: no underwriters, underwriting discounts or commissions were involved in the transaction; no general solicitation was used; the recipients of the securities represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and had adequate access through their relationship with us to information about us; and all of the securities were issued as restricted securities for purposes of the Securities Act.

Class D Non-Voting Common Units

On October 16, 2015, we issued an aggregate of 10,000,000 Class D non-voting common units that constitute profits interests and are subject to a participation threshold amount of $0.0476 per unit to two members of our management team in consideration of their service for our company. These issuances were exempt from the registration requirements of the Securities Act in reliance upon Rule 701 thereunder because the securities were issued under written compensatory plans intended to comply with Rule 701 and the recipients of these securities were bona fide service providers to us at the time of grant.

Options to Acquire, and Restricted Share Units Relating to, Class D Non-Voting Common Units

Between October 16, 2015 and June 30, 2016, we issued options to acquire an aggregate of 4,798,000 Class D non-voting common units subject to exercise prices of $0.05 and $1.62 per unit. Of these, as of June 30, 2016, options to acquire an aggregate of 320,000 Class D non-voting common units had been forfeited or cancelled, no options had been exercised and options to acquire an aggregate of 4,478,000 Class D non-voting common units remained outstanding, and between June 30, 2016 and the date of this filing, options to acquire an aggregate of 10,000 Class D non-voting common units subject to an exercise price of $0.05 per unit have been forfeited or cancelled and no options have been exercised. Between June 30, 2016 and the date of this filing, we issued options to acquire an aggregate of 45,000 Class D non-voting common units subject to an exercise price of $1.62 per unit. Of these, no options have been forfeited, cancelled or exercised. As a result, options to acquire an aggregate of 4,513,000 Class D non-voting common units remain outstanding as of the date of this filing. These issuances were all exempt from the registration requirements of the Securities Act in reliance upon Rule 701 thereunder because the securities were issued under written compensatory plans intended to comply with Rule 701 and the recipients of these securities were bona fide service providers to us at the time of grant.

On August 12, 2016, we issued restricted share units relating to an aggregate of 500,000 Class D non-voting common units to a member of our management team in consideration of his service for our company. Of these, no restricted share units have settled or been forfeited or cancelled. This issuance was exempt from the registration requirements of the Securities Act in reliance upon Section 4(a)(2) thereof because it did not involve any public offering of securities based on the following facts: no underwriters, underwriting discounts or commissions were involved in the transaction; no general solicitation was used; the recipient of the securities represented his intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and had adequate access through his relationship with us to information about us; and all of the securities were issued as restricted securities for purposes of the Securities Act.

Class D-2 Preferred Units

On May 17, 2016, we sold 5,131,579 Class D-2 preferred units to Xi Long USA, Inc., or Xi Long, for an aggregate purchase price of $15,188,234. On May 17, 2016, we exchanged for Class D-2 preferred units, on a one-for-one basis, an aggregate of 10,263,158 Class D-1 preferred and Class D common units acquired by Xi Long from our other members on May 13, 2016. These issuances were exempt from the registration requirements of the Securities Act in reliance upon Section 4(a)(2) thereof and Regulation D thereunder because it did not involve any public offering of securities based on the following facts: no underwriters, underwriting discounts or commissions were involved in the transaction; no general solicitation was used; the recipient of the securities represented its intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and had adequate access to information about us; and all of the securities were issued as restricted securities for purposes of the Securities Act.

Distribution of Units of Fulgent Pharma in Pharma Split-Off

On April 4, 2016, Fulgent LLC separated its former pharmaceutical business, or the Pharma Business, which was conducted through Fulgent LLC's former subsidiary, Fulgent Pharma LLC, or Fulgent Pharma. This separation is referred to as the Pharma Split-Off. Fulgent LLC's Class P preferred units and Class P voting and non-voting common units had economic rights based on the assets, income, earnings and profits and any liabilities, expenses, costs and charges of the Pharma Business. At the time of the Pharma Split-Off, Fulgent LLC had seven members and 10 optionholders, each of which had provided services to Fulgent Pharma and had a pre-existing relationship with Fulgent LLC and Fulgent Pharma and access to information about each company. To effect the Pharma Split-Off, Fulgent LLC redeemed each member's Class P preferred and common units, distributed to each such member substantially identical units of Fulgent Pharma and caused Fulgent Pharma to assume all then-outstanding options to acquire Class P common units. This issuance was exempt from the registration requirements of the Securities Act in reliance upon Section 4(a)(2) thereof because it did not involve any public offering of securities based on the following facts: no underwriters, underwriting discounts or commissions were involved in the transaction; no general solicitation was used; the recipients of the securities represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and had adequate access through their relationship with Fulgent Pharma and its management to information about Fulgent Pharma; and all of the securities were issued as restricted securities for purposes of the Securities Act.

Class P Preferred Units

On October 16, 2015, we issued 51,000,000 Class P preferred units to our founder and Manager, Mr. Hsieh, in consideration of his capital contribution of $10,907,511 to the Pharma Business. This issuance was exempt from the registration requirements of the Securities Act in reliance upon Section 4(a)(2) thereof because it did not involve any public offering of securities based on the following facts: no underwriters, underwriting discounts or commissions were involved in the transaction; no general solicitation was used; the recipient of the securities represented his intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and had adequate access through his relationship with us to information about us; and all of the securities were issued as restricted securities for purposes of the Securities Act.

Class P Voting Common Units

On October 16, 2015, we issued an aggregate of 39,000,000 Class P voting common units that constitute profits interests and are subject to a participation threshold amount of $0.0287 per unit to two members of our management team in consideration of their service for our company. These issuances were exempt from the registration requirements of the Securities Act in reliance upon Section 4(a)(2) thereof because it did not involve any public offering of securities based on the following facts: no underwriters, underwriting discounts or commissions were involved in the transaction; no general solicitation was used; the recipients of the securities represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and had adequate access through their relationship with us to information about us; and all of the securities were issued as restricted securities for purposes of the Securities Act.

On October 16, 2015, we issued an aggregate of 3,500,000 Class P voting common units that constitute profits interests and are subject to a participation threshold amount of $0.0287 per unit to two members of our management team in consideration of their service for our company. These issuances were exempt from the registration requirements of the Securities Act in reliance upon Rule 701 thereunder because the securities were issued under written compensatory plans intended to comply with Rule 701 and the recipients of these securities were bona fide service providers to us at the time of grant.

Class P Non-Voting Common Units

Between October 16, 2015 and April 4, 2016, the date of the Pharma Split-Off, we issued an aggregate of 2,500,000 Class P non-voting common units that constitute profits interests and are subject to a participation threshold amount of $0.0287 per unit to two members of our management team in consideration of their service for our company. These issuances were exempt from the registration requirements of the Securities Act in reliance upon Rule 701 thereunder because the securities were issued under written compensatory plans intended to comply with Rule 701 and the recipients of these securities were bona fide service providers to us at the time of grant.

Options to Acquire Class P Non-Voting Common Units

On October 16, 2015, we issued options to acquire an aggregate of 1,810,000 Class P non-voting common units subject to an exercise price of $0.04 per unit. As of the April 4, 2016, the date of the Pharma Split-Off, no options had been forfeited, cancelled or exercised. These issuances were exempt from the registration requirements of the Securities Act in reliance upon Rule 701 thereunder because the securities were issued under written compensatory plans intended to comply with Rule 701 and the recipients of these securities were bona fide service providers to us at the time of grant.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Exhibits.

See the Exhibit Index immediately following the signature page to this registration statement, which is incorporated herein by reference.

(b) Financial Statement Schedules.

No financial statement schedules are provided because the information called for is not required or is shown either in the financial statements or notes.

ITEM 17. UNDERTAKINGS.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(a) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(b) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) For the purpose of determining any liability under the Securities Act to any purchaser, if the registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. *Provided, however,* that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

For the purpose of determining liability of the registrant under the Securities Act to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(a) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(b) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(c) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(d) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in Temple City, California, on the 2nd day of September, 2016.

FULGENT GENETICS, INC.

By: /s/ Ming Hsieh
Ming Hsieh
President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Ming Hsieh and Paul Kim, and each of them, as his or her true and lawful attorneys-in-fact and agents, each with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments, including post-effective amendments, to this registration statement, and any registration statement relating to the offering covered by this registration statement and filed pursuant to Rule 462(b) under the Securities Act of 1933, and to file the same, with exhibits thereto and other documents in connection therewith, with the SEC, granting unto said attorneys-in fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that each said attorney-in-fact and agents or their substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Ming Hsieh Ming Hsieh	President, Chief Executive Officer and Director (Principal Executive Officer)	September 2, 2016
/s/ Paul Kim Paul Kim	Chief Financial Officer (Principal Accounting and Financial Officer)	September 2, 2016

EXHIBIT INDEX

Exhibit Number	Description of Document
1.1†	Form of Underwriting Agreement, including Form of Lock-Up Agreement.
2.1†	Form of Agreement and Plan of Merger, by and among the registrant, Fulgent MergerSub, LLC and Fulgent Therapeutics LLC.
3.1†	Certificate of Incorporation of the registrant.
3.1.1†	Certificate of Amendment to Certificate of Incorporation of the registrant.
3.2†	Bylaws of the registrant.
4.1*	Form of Certificate of Common Stock of the registrant.
4.2†	Investor's Rights Agreement, dated May 17, 2016, by and between Fulgent Therapeutics LLC and Xi Long USA, Inc.
5.1*	Opinion of Morrison & Foerster LLP.
10.1#†	Form of Indemnification Agreement, entered or to be entered into between the registrant and each of its officers and directors prior to completion of this offering.
10.2#†	Amended and Restated 2015 Equity Incentive Plan of Fulgent Therapeutics LLC.
10.3#†	Form of Notice of Option Grant and Option Agreement under the Amended and Restated 2015 Equity Incentive Plan of Fulgent Therapeutics LLC.
10.4#†	Form of Notice of Profits Interest Grant and Profits Interest Agreement under the Amended and Restated 2015 Equity Incentive Plan of Fulgent Therapeutics LLC.
10.5#†	Form of Notice of Restricted Share Unit Grant and Restricted Share Unit Agreement under the Amended and Restated 2015 Equity Incentive Plan of Fulgent Therapeutics LLC.
10.6#†	Form of 2016 Omnibus Incentive Plan of the registrant.
10.7#†	Form of Notice of Stock Option Award and Stock Option Award Agreement under the 2016 Omnibus Incentive Plan of the registrant.
10.8#†	Form of Notice of Restricted Stock Unit Award and Restricted Stock Unit Agreement under the 2016 Omnibus Incentive Plan of the registrant.
10.9#†	Form of Option Substitution Award under the 2016 Omnibus Incentive Plan of the registrant.
10.10#†	Form of Notice of Restricted Stock Unit Substitution Award and Restricted Stock Unit Agreement under the 2016 Omnibus Incentive Plan of the registrant.
10.11#†	Employment Agreement, dated May 25, 2016, by and among Fulgent Therapeutics LLC, the registrant and Ming Hsieh.
10.12#†	Employment Agreement, dated May 25, 2016, by and among Fulgent Therapeutics LLC, the registrant and Paul Kim.
10.13#†	Amended and Restated Employment Agreement, dated May 25, 2016, by and among Fulgent Therapeutics LLC, the registrant and Hanlin Gao.
10.14#†	Severance Agreement, dated July 7, 2016, by and among Fulgent Therapeutics LLC, the registrant and Ming Hsieh.
10.15#†	Severance Agreement, dated July 7, 2016, by and among Fulgent Therapeutics LLC, the registrant and Paul Kim.

Exhibit Number	Description of Document
10.16#†	Severance Agreement, dated July 7, 2016, by and among Fulgent Therapeutics LLC, the registrant and Hanlin Gao.
10.17†	Contribution and Allocation Agreement, dated May 19, 2016, by and among Fulgent Therapeutics LLC, Fulgent Pharma LLC and Ming Hsieh.
10.18†	Form of Fourth Amended and Restated Operating Agreement of Fulgent Therapeutics LLC, to be in effect upon completion of the Reorganization (included as an exhibit to Exhibit 2.1).
10.19†	Commercial Leases, dated April 14, 2015, April 28, 2016, March 24, 2016 and August 1, 2016, by and between E & E Plaza LLC and Fulgent Therapeutics LLC.
21.1†	Subsidiaries of the registrant.
23.1†	Consent of Deloitte & Touche LLP, independent registered public accounting firm, relating to the financial statements of the registrant.
23.2†	Consent of Deloitte & Touche LLP, independent registered public accounting firm, relating to the financial statements of Fulgent Therapeutics LLC.
23.3*	Consent of Morrison & Foerster LLP (included in Exhibit 5.1).
24.1†	Power of Attorney (included on the signature page hereto).
99.1†	Consent of John Bolger to be named a director nominee.
99.2†	Consent of Yun Yen to be named a director nominee.
99.3†	Consent of James J. Mulay (Mulé) to be named a director nominee.

* To be filed by amendment.
† Filed herewith.
# Management contract or compensatory plan, contract or arrangement.

Exhibit 1.1

[l] Shares

Fulgent Genetics, Inc.

Common Stock, par value $0.0001 per share

UNDERWRITING AGREEMENT

[l], 2016

CREDIT SUISSE SECURITIES (USA) LLC,
PIPER JAFFRAY & CO.
As Representatives of the Several Underwriters,

c/o Credit Suisse Securities (USA) LLC,
Eleven Madison Avenue,
New York, N.Y. 10010-3629

c/o Piper Jaffray & Co.
800 Nicollet Mall
Minneapolis, Minnesota 55402

Dear Sirs:

1. *Introductory*. Fulgent Genetics, Inc., a Delaware corporation ("**Company**"), agrees with the several Underwriters named in Schedule A hereto ("Underwriters") to issue and sell to the several Underwriters [l] shares of its common stock ("**Common Stock**"), par value $0.0001 per share (the "**Securities**," and such [l] shares of Securities being hereinafter referred to as the "**Firm Securities**"). The Company also agrees to sell to the Underwriters, at the option of the Underwriters, an aggregate of not more than [l] additional shares of its Securities ("**Optional Securities**") as set forth below. The Firm Securities and the Optional Securities are herein collectively called the "**Offered Securities**".

On the date hereof, the business of the Company is conducted through Fulgent Therapeutics LLC, a California limited liability company ("**Fulgent Therapeutics**"). Immediately prior to the Closing Date (as defined herein), Fulgent MergerSub, LLC, a wholly-owned subsidiary of the Company ("**Merger Sub**"), will merge with and into Fulgent Therapeutics, with Fulgent Therapeutics surviving the merger as the wholly-owned subsidiary of the Company. Following such merger, the Company will operate and control all of the business and affairs of Fulgent Therapeutics and, through Fulgent Therapeutics, will conduct its business. The foregoing transactions are collectively referred to herein as the "**Reorganization Transactions**" and the Company and Fulgent Therapeutics are collectively referred to herein as the "**Fulgent Parties**."

As part of the offering contemplated by this Agreement, [l] (the "**Designated Underwriter"**) has agreed to reserve out of the Firm Securities purchased by it under this Agreement, up to [l] shares, for sale to the Company's directors and officers and employees of Fulgent Therapeutics and other parties associated with the Company (collectively, "**Participants"**), as set forth in the Final Prospectus (as defined herein) under the heading "Underwriting" (the "**Directed Share Program"**). The Firm Securities to be sold by the Designated Underwriter pursuant to the Directed Share Program (the "**Directed Shares"**) will be sold by the Designated Underwriter pursuant to this Agreement at the public offering price. Any Directed Shares not subscribed for by the end of the business day on which this Agreement is executed will be offered to the public by the Underwriters as set forth in the Final Prospectus.

2. *Representations and Warranties of the Fulgent Parties*. Each Fulgent Party jointly and severally represents and warrants to, and agrees with, the several Underwriters that:

(a) *Filing and Effectiveness of Registration Statement; Certain Defined Terms*. The Company has filed with the Commission a registration statement on Form S-1 (No. 333-[l]) covering the registration of the Offered Securities under the Act, including a related preliminary prospectus or prospectuses. At any particular time, this initial registration statement, in the form then on file with the Commission, including all information contained in the registration statement (if any) pursuant to Rule 462(b) and then deemed to be a part of the initial registration statement, and all 430A Information and all 430C Information, that in any case has not then been superseded or modified, shall be referred to as the "**Initial Registration Statement**". The Company may also have filed, or may file with the Commission, a Rule 462(b) registration statement covering the registration of Offered Securities. At any particular time, this Rule 462(b) registration statement, in the form then on file with the Commission, including the contents of the Initial Registration Statement incorporated by reference therein and including all 430A Information and all 430C Information, that in any case has not then been superseded or modified, shall be referred to as the "**Additional Registration Statement**".

As of the time of execution and delivery of this Agreement, the Initial Registration Statement has been declared effective under the Act and is not proposed to be amended. Any Additional Registration Statement has or will become effective upon filing with the Commission pursuant to Rule 462(b) and is not proposed to be amended. The Offered Securities all have been or will be duly registered under the Act pursuant to the Initial Registration Statement and, if applicable, the Additional Registration Statement.

For purposes of this Agreement:

"**430A Information**", with respect to any registration statement, means information included in a prospectus and retroactively deemed to be a part of such registration statement pursuant to Rule 430A(b).

"**430C Information**", with respect to any registration statement, means information included in a prospectus then deemed to be a part of such registration statement pursuant to Rule 430C.

"**Act**" means the Securities Act of 1933, as amended.

"**Applicable Time**" means [l]:00 [a/p]m (Eastern time) on the date of this Agreement.

"**Closing Date"** has the meaning defined in Section 3 hereof.

"**Code**" means the Internal Revenue Code of 1986, as amended, and the regulations and published interpretations thereunder.

"**Commission**" means the Securities and Exchange Commission.

"**Effective Time**" with respect to the Initial Registration Statement or, if filed prior to the execution and delivery of this Agreement, the Additional Registration Statement means the date and time as of which such Registration Statement was declared effective by the Commission or has become effective upon filing pursuant to Rule 462(c). If an Additional Registration Statement has not been filed prior to the execution and delivery of this Agreement but the Company has advised the Representatives that it proposes to file one, "**Effective Time**" with respect to such Additional Registration Statement means the date and time as of which such Registration Statement is filed and becomes effective pursuant to Rule 462(b).

"**ERISA Affiliate**" means, with respect to any Fulgent Party, any member of any group of organizations described in Sections 414(b), (c), (m) or (o) of the Code of which such Fulgent Party is a member.

"**Exchange Act**" means the Securities Exchange Act of 1934.

"**Final Prospectus**" means the Statutory Prospectus that discloses the public offering price, other 430A Information and other final terms of the Offered Securities and otherwise satisfies Section 10(a) of the Act.

"**General Use Issuer Free Writing Prospectus**" means any Issuer Free Writing Prospectus that is intended for general distribution to prospective investors, as evidenced by its being so specified in Schedule B to this Agreement.

"**Issuer Free Writing Prospectus**" means any "issuer free writing prospectus," as defined in Rule 433, relating to the Offered Securities in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company's records pursuant to Rule 433(g).

"**Limited Use Issuer Free Writing Prospectus**" means any Issuer Free Writing Prospectus that is not a General Use Issuer Free Writing Prospectus.

The Initial Registration Statement and the Additional Registration Statement are referred to collectively as the "**Registration Statements**" and individually as a "**Registration Statement**". A "**Registration Statement**" with reference to a particular time means the Initial Registration Statement and any Additional Registration Statement as of such time. A "**Registration Statement**" without reference to a time means such Registration Statement as of its Effective Time. For purposes of the foregoing definitions, 430A Information with respect to a Registration Statement shall be considered to be included in such Registration Statement as of the time specified in Rule 430A.

"**Rules and Regulations**" means the rules and regulations of the Commission.

"**Securities Laws**" means, collectively, the Sarbanes-Oxley Act of 2002 ("**Sarbanes-Oxley**"), the Act, the Exchange Act, the Rules and Regulations, the auditing principles, rules, standards and practices applicable to auditors of "issuers" (as defined in Sarbanes-Oxley) promulgated or approved by the Public Company Accounting Oversight Board and, as applicable, the rules of the New York Stock Exchange and the NASDAQ Stock Market ("**Exchange Rules**").

"**Statutory Prospectus**" with reference to a particular time means the prospectus included in a Registration Statement immediately prior to that time, including any 430A Information or 430C Information with respect to such Registration Statement. For purposes of the foregoing definition, 430A Information shall be considered to be included in the Statutory Prospectus as of the actual time that form of prospectus is filed with the Commission pursuant to Rule 424(b) or Rule 462(c) and not retroactively.

"**Testing-the-Waters Communication**" means any oral or written communication with potential investors undertaken in reliance on Section 5(d) of the Act.

"**Written Testing-the-Waters Communication**" means any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the Act.

Unless otherwise specified, a reference to a "rule" is to the indicated rule under the Act.

(b) *Compliance with Securities Act Requirements*. (i) (A) At their respective Effective Times, (B) on the date of this Agreement and (C) on each Closing Date, each of the Initial Registration Statement and the Additional Registration Statement (if any) conformed and will conform in all material respects to the requirements of the Act and the Rules and Regulations, and did not and will not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) on its date, at the time of filing of the Final Prospectus pursuant to Rule 424(b) or (if no such filing is required) at the Effective Time of the Additional Registration Statement in which the Final Prospectus is included, and on each Closing Date, the Final Prospectus will conform in all material respects to the requirements of the Act and the Rules and Regulations and will not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and (iii) on the date of this Agreement, at their respective Effective Times or issue dates and on each Closing Date, each Registration

Statement, the Final Prospectus, any Statutory Prospectus, any prospectus wrapper, and any Issuer Free Writing Prospectus complied or comply, and such documents and any further amendments or supplements thereto will comply, with any applicable laws or regulations of foreign jurisdictions in which the Final Prospectus, any Statutory Prospectus, any prospectus wrapper or any Issuer Free Writing Prospectus, as amended or supplemented, if applicable, are distributed in connection with the Directed Share Program. The preceding sentence does not apply to statements in or omissions from any such document based upon written information furnished to the Fulgent Parties by any Underwriter through the Representatives specifically for use therein, it being understood and agreed that the only such information is that described as such in Section 8(c) hereof.

(c) *Ineligible Issuer Status.* (i) At the time of the initial filing of the Initial Registration Statement and (ii) at the date of this Agreement, the Company was not and is not an "ineligible issuer," as defined in Rule 405, including (x) the Company or any subsidiary of the Company in the preceding three years not having been convicted of a felony or misdemeanor or having been made the subject of a judicial or administrative decree or order as described in Rule 405 and (y) the Company in the preceding three years not having been the subject of a bankruptcy petition or insolvency or similar proceeding, not having had a registration statement be the subject of a proceeding under Section 8 of the Act and not being the subject of a proceeding under Section 8A of the Act in connection with the offering of the Offered Securities, all as described in Rule 405.

(d) *Emerging Growth Company Status*. From the time of the initial confidential submission of the Initial Registration Statement to the Commission (or, if earlier, the first date on which the Company engaged directly or through any person authorized to act on its behalf in any Testing-the-Waters Communication) through the date hereof, the Company has been and is an "emerging growth company," as defined in Section 2(a) of the Act (an "**Emerging Growth Company**").

(e) *General Disclosure Package*. As of the Applicable Time, none of (i) the General Use Issuer Free Writing Prospectus(es) issued at or prior to the Applicable Time, the preliminary prospectus, dated [l], 2016 (which is the most recent Statutory Prospectus distributed to investors generally) and the other information, if any, stated in Schedule B to this Agreement to be included in the General Disclosure Package, all considered together (collectively, the "**General Disclosure Package**"), (ii) any individual Limited Use Issuer Free Writing Prospectus, when considered together with the General Disclosure Package, or (iii) any individual Written Testing-the-Waters Communication, when considered together with the General Disclosure Package, included any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The preceding sentence does not apply to statements in or omissions from any Statutory Prospectus, any Issuer Free Writing Prospectus or any Written Testing-the-Waters Communication in reliance upon and in conformity with written information furnished to the Fulgent Parties by any Underwriter through the Representatives specifically for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in Section 8(c) hereof.

(f) *Issuer Free Writing Prospectuses*. Each Issuer Free Writing Prospectus, as of its issue date and at all subsequent times through the completion of the public offer and sale of the Offered Securities or until any earlier date that the Company notified or notifies the Representatives as described in the next sentence, did not, does not and will not include any information that conflicted, conflicts or will conflict with the information then contained in the Registration Statement. If at any time following issuance of an Issuer Free Writing Prospectus there occurred or occurs an event or development as a result of which such Issuer Free Writing Prospectus conflicted or would conflict with the information then contained in the Registration Statement or as a result of which such Issuer Free Writing Prospectus, if republished immediately following such event or development, would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, (i) the Company has promptly

notified or will promptly notify the Representatives and (ii) the Company has promptly amended or will promptly amend or supplement such Issuer Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission.

(g) *Testing-the-Waters Communication.* The Fulgent Parties (i) have not alone engaged in any Testing-the-Waters Communication other than Testing-the-Waters Communications with the consent of the Representatives with entities that are qualified institutional buyers within the meaning of Rule 144A under the Act or institutions that are accredited investors within the meaning of Rule 501 under the Act and (ii) have not authorized anyone other than the Representatives to engage in Testing-the-Waters Communications. The Fulgent Parties reconfirm that the Representatives have been authorized to act on their behalf in undertaking Testing-the-Waters Communication. The Fulgent Parties have not distributed any Written Testing-the-Waters Communication.

(h) *Organization and Good Standing.* The Company has been duly incorporated and is existing and in good standing under the laws of the State of Delaware, with corporate power and authority to own its properties and conduct its business as described in the General Disclosure Package and the Final Prospectus; Fulgent Therapeutics has been duly organized and is existing and in good standing under the laws of the State of California, with limited liability company power and authority to own its properties and conduct its business as described in the General Disclosure Package and the Final Prospectus; and each of the Fulgent Parties is duly qualified to do business as a foreign entity in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, except where the failure to be so qualified or in good standing in such other jurisdictions would not, individually or in the aggregate, reasonably be expected to result in a material adverse effect on the condition (financial or otherwise), results of operations, business, properties or prospects of the Fulgent Parties (a "**Material Adverse Effect**").

(i) *Subsidiaries.* Other than Fulgent Therapeutics and Merger Sub, the Company does not, directly or indirectly, own any capital stock or other equity or ownership or proprietary interest in any corporation, partnership, association, trust or other entity. All of the issued and outstanding capital stock of Merger Sub has been duly authorized and validly issued and is fully paid and nonassessable; and the capital stock of Merger Sub is owned free from liens, encumbrances and defects. Merger Sub was formed solely for the purpose of effecting the Reorganization Transactions and has engaged in no business activities other than those incidental to its formation. Fulgent Therapeutics does not, directly or indirectly, own any capital stock or other equity or ownership or proprietary interest in any corporation, partnership, association, trust or other entity. Fulgent Therapeutics is not currently prohibited, directly or indirectly, under any agreement or other instrument to which it is a party or is subject, from paying any dividends to the Company, from making any other distribution on capital stock, from repaying to the Company any loans or advances from the Company or from transferring any property or assets to the Company, except as described in or contemplated by the General Disclosure Package and the Final Prospectus.

(j) *Offered Securities*. The Offered Securities and all other outstanding shares of capital stock of each Fulgent Party have been duly authorized; the authorized equity capitalization of each Fulgent Party is as set forth in the General Disclosure Package; all outstanding shares of capital stock of each Fulgent Party are, and, when the Offered Securities have been delivered and paid for in accordance with this Agreement on each Closing Date, such Offered Securities will have been, validly issued, fully paid and nonassessable, will conform in all material respects to the information in the General Disclosure Package and to the description of such Offered Securities contained in the Final Prospectus; there are no preemptive rights with respect to any capital stock in any Fulgent Party that have not been waived or satisfied; and none of the outstanding shares of capital stock of any Fulgent Party have been issued in violation of any preemptive or similar rights of any security holder.

(k) *No Finder's Fee.* Except as disclosed in the General Disclosure Package and the Final Prospectus, there are no contracts, agreements or understandings between any Fulgent Party and any person that would give rise to a valid claim against any Fulgent Party or any Underwriter for a brokerage commission, finder's fee or other like payment in connection with this offering.

(l) *Registration Rights.* Except as disclosed in the General Disclosure Package, there are no contracts, agreements or understandings between any Fulgent Party and any person granting such person the right to require any Fulgent Party to file a registration statement under the Act with respect to any securities of any Fulgent Party owned or to be owned by such person or to require any such Fulgent Party to include such securities in the securities registered pursuant to a Registration Statement or in any securities being registered pursuant to any other registration statement filed by any Fulgent Party under the Act (collectively, "registration rights"), and any person to whom any Fulgent Party has granted registration rights has agreed not to exercise such rights until after the expiration of the Lock-Up Period referred to in Section 5(l) hereof.

(m) *Listing.* The Offered Securities have been approved for listing on the NASDAQ Stock Market, subject to notice of issuance.

(n) *Absence of Further Requirements.* No consent, approval, authorization, or order of, or filing or registration with, any person (including any governmental agency or body or any court) is required to be obtained or made by any Fulgent Party for the consummation of the Reorganization Transactions or the transactions contemplated by this Agreement in connection with the sale of the Offered Securities, except such as have been obtained, or made and such as may be required under state securities laws.

(o) *Title to Property*. Except as disclosed in the General Disclosure Package and the Final Prospectus, each Fulgent Party has good and marketable title to all real properties and all other properties and assets owned by them, in each case free from liens, charges, encumbrances and defects that would materially affect the value thereof or materially interfere with the use made or to be made thereof by them and, except as disclosed in the General Disclosure Package and the Final Prospectus, each Fulgent Party holds any leased real or personal property under valid and enforceable leases with no terms or provisions that would materially interfere with the use made or to be made thereof by them.

(p) *Absence of Defaults and Conflicts Resulting from Transaction.* The execution, delivery and performance of the Reorganization Transactions and this Agreement, and the issuance and sale of the Offered Securities, will not result in a breach or violation of any of the terms and provisions of, or constitute a default or a Debt Repayment Triggering Event (as defined below) under, or result in the imposition of any lien, charge or encumbrance upon any property or assets of any Fulgent Party pursuant to, (i) the charter, by-laws, articles of organization or operating agreement of any Fulgent Party, (ii) any statute, rule, regulation or order of any governmental agency or body or any court, domestic or foreign, having jurisdiction over any Fulgent Party or any of their respective properties, or (iii) any agreement or instrument to which any Fulgent Party is a party or by which any Fulgent Party is bound or to which any of the properties of any Fulgent Party is subject; a "**Debt Repayment Triggering Event**" means any event or condition that gives, or with the giving of notice or lapse of time would give, the holder of any note, debenture, or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by any Fulgent Party.

(q) *Absence of Existing Defaults and Conflicts.* None of the Fulgent Parties is in violation of its respective charter, by-laws, articles of organization or operating agreement or in default (or with the giving of notice or lapse of time would be in default) under any existing obligation, agreement, covenant or condition contained in any indenture, loan agreement, mortgage, lease or other agreement or instrument to which any of them is a party or by which any of them is bound or to which any of the properties of any of them is subject, except such defaults that would not, individually or in the aggregate, result in a Material Adverse Effect.

(r) *Authorization of Agreement.* This Agreement has been duly authorized, executed and delivered by each of the Fulgent Parties.

(s) *Possession of Licenses and Permits.* Each of the Fulgent Parties possess, and are in compliance with the terms of, all certificates, registrations, authorizations, franchises, licenses, clearances, approvals, exemptions, accreditations, provider or supplier numbers and permits issued by all applicable authorities, including state, federal or foreign regulatory agencies or bodies, necessary or material to the conduct of the business now conducted or proposed in the General Disclosure Package and the Final Prospectus to be conducted by them ("**Licenses**"), including without limitation, all such Licenses required by the United States Food and Drug Administration or any component thereof (the "**FDA**"), the Centers for Medicare & Medicaid Services and/or by any other U.S., state, local or foreign government agency (collectively, the "**Regulatory Agencies**"). All such Licenses are in full force and effect and none of the Fulgent Parties is in violation of any term of such License in any material respect. Each of the Fulgent Parties has fulfilled and performed all of its respective material obligations with respect to the Licenses and, to the knowledge of such Fulgent Party, no event has occurred which allows, or after notice or lapse of time would allow, revocation or termination thereof or results in any other material impairment of the rights of the holder of any License. None of the Fulgent Parties has received any notice of proceedings relating to the revocation or modification of any Licenses that, if determined adversely to any Fulgent Party, would individually or in the aggregate have a Material Adverse Effect. No Regulatory Agency has taken or is taking action to limit, suspend or revoke any Licenses of any of the Fulgent Parties in any material respect.

(t) *Absence of Labor Dispute.* No labor dispute with the employees of any Fulgent Party exists or, to the knowledge of any Fulgent Party, is imminent, and no Fulgent Party is aware of any existing or imminent labor disturbance by the employees of any of their principal suppliers or contractors, which, in any case, would result in a Material Adverse Effect.

(u) *Possession of Intellectual Property.* Except as disclosed in the General Disclosure Package and the Final Prospectus, each of the Fulgent Parties owns or has obtained valid and enforceable licenses for, or otherwise has the right to use or possess sufficient software, databases, trademarks, trade names, patent rights, copyrights, domain names, licenses, approvals, trade secrets, inventions, technology, know-how and other intellectual property and similar rights, including registrations and applications for registration thereof (collectively, "**Intellectual Property Rights**") necessary or material to the conduct of the business now conducted or proposed in the General Disclosure Package to be conducted by them, and the expected expiration of any such Intellectual Property Rights would not, individually or in the aggregate, have a Material Adverse Effect. Except as disclosed in the General Disclosure Package and the Final Prospectus (i) to the knowledge of any Fulgent Party, there are no rights of third parties to any of the Intellectual Property Rights owned by any Fulgent Party; (ii) to the knowledge of any Fulgent Party, there is no infringement, misappropriation breach, default or other violation, or the occurrence of any event that with notice or the passage of time would constitute any of the foregoing, by any Fulgent Party or third parties of any of the Intellectual Property Rights of any Fulgent Party; (iii) there is no pending or, to the knowledge of any Fulgent Party, threatened action, suit, proceeding or claim by others challenging any Fulgent Party's rights in or to, or the violation of any of the terms of, any of their Intellectual Property Rights, and no Fulgent Party is aware of any facts which would form a reasonable basis for any such claim; (iv) there is no pending or, to the knowledge of any Fulgent Party, threatened action, suit, proceeding or claim by others challenging the validity, enforceability or scope of any such Intellectual Property Rights, and no Fulgent Party is aware of any facts which would form a reasonable basis for any such claim; (v) there is no pending or, to the knowledge of any Fulgent Party, threatened action, suit, proceeding or claim by others that any Fulgent Party infringes, misappropriates or otherwise violates or conflicts with any Intellectual Property Rights or other proprietary rights of others and no Fulgent Party is aware of any other fact which would form a reasonable basis for any such claim; and (vi) none of the Intellectual Property Rights used by any Fulgent Party in their businesses has been obtained or is being used by any Fulgent Party in violation of any contractual obligation binding on any Fulgent Party in violation of the rights of any persons, except in each case covered by clauses (i) –

(vi) such as would not, if determined adversely to any Fulgent Party, individually or in the aggregate, have a Material Adverse Effect. Each of the Fulgent Parties has taken all reasonable steps in accordance with normal industry practice to protect and maintain the Intellectual Property Rights, including, without limitation, the execution of appropriate nondisclosure and invention assignment agreements. The consummation of the transactions contemplated by this Agreement will not result in the loss or impairment of, or payment of, and additional amounts with respect to, nor require the consent of, any other person regarding any Fulgent Party's right to own or use any of the Intellectual Property Rights as owned or used in the conduct of each Fulgent Party's business as currently conducted. To the knowledge of each Fulgent Party, no employee of any of the Fulgent Parties is the subject of any pending claim or proceeding involving a violation of any term of any employment contract, invention disclosure agreement, patent disclosure agreement, non-competition agreement, non-solicitation agreement, nondisclosure agreement or restrictive covenant to or with a former employer, where the basis of such violation relates to such employee's employment with any of the Fulgent Parties or actions undertaken by the employee while employed with any of the Fulgent Parties.

(v) *Environmental Laws.* Except as disclosed in the General Disclosure Package and the Final Prospectus, (a) no Fulgent Party, (i) is or has been in violation of any statute, law, rule, regulation, judgment, order, decree or decision of any governmental agency or body or any court, domestic or foreign relating to the use, disposal or release of Hazardous Substance (as defined below) or relating to the protection of the environment or human exposure to Hazardous Substances (collectively, "**Environmental Laws**"), (ii) is conducting or funding, in whole or in part, any investigation, remediation, monitoring or other corrective action pursuant to any Environmental Law, including to address any actual or suspected Hazardous Substance, (iii) has received notice of, or is subject to any action, suit, claim or proceeding alleging, any actual or potential liability under, or violation of, any Environmental Law, including with respect to any Hazardous Substance, (iv) is party to any order, decree or agreement that imposes any obligation or liability under any Environmental Law, or (v) is or has been in violation of, or has failed to obtain and maintain, any permit, license, authorization, identification number or other approval required under applicable Environmental Laws; (b) to the knowledge of each Fulgent Party, there are no facts or circumstances that would reasonably be expected to result in any violation of or liability under any Environmental Law, including with respect to any Hazardous Substance, except in the case of clause (a) and (b) above, for such matters as would not individually or in the aggregate have a Material Adverse Effect; and (c) no Fulgent Party (i) is subject to any pending proceeding pursuant to any Environmental Law in which any foreign, federal, state or local governmental entity is also a party, other than such proceedings regarding which it is reasonably believed no monetary sanctions of $100,000 or more will be imposed, nor does any Fulgent Party know any such proceeding is contemplated, (ii) is aware of any material effect on the capital expenditures, earnings or competitive position of any Fulgent Party resulting from compliance with Environmental Laws, or (iii) anticipates any material capital expenditures relating to any Environmental Laws. For purposes of this subsection, "**Hazardous Substance**" means (A) any pollutant, contaminant, petroleum and petroleum products, by-products or breakdown products, radioactive materials, asbestos, asbestos-containing materials, polychlorinated biphenyls or toxic mold, and (B) any other toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous chemical, material, waste or substance.

(w) *Accurate Disclosure.* The statements in the General Disclosure Package and the Final Prospectus under the headings "Pharma Split-Off and Reorganization", "Material U.S. Federal Income Tax Consequences to Non-U.S. Holders of Our Common Stock", "Description of Capital Stock", "Risk Factors—Regulatory Risks", "Risk Factors—Intellectual Property Risks", "Business—Intellectual Property" and "Business—Regulation", insofar as such statements summarize legal matters, statutes, regulations, agreements, documents or proceedings discussed therein, are accurate and fairly present, in all material respects, such legal matters, statutes, regulations, agreements, documents or proceedings and present the information required to be shown.

(x) *Absence of Manipulation*. No Fulgent Party has taken, directly or indirectly, any action that is designed to or that has constituted or that would reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of any Fulgent Party to facilitate the sale or resale of the Offered Securities.

(y) *Statistical and Market-Related Data.* Any third-party statistical and market-related data included in a Registration Statement, a Statutory Prospectus, the General Disclosure Package is based on or derived from sources that each Fulgent Party reasonably believes to be reliable and accurate.

(z) *Internal Controls and Compliance with the Sarbanes-Oxley Act.* Except as set forth in the General Disclosure Package and the Final Prospectus, each Fulgent Party and the Company's Board of Directors (the "**Board**") are in compliance with Sarbanes-Oxley and all applicable Exchange Rules. Each Fulgent Party maintains a system of internal controls, including, but not limited to, disclosure controls and procedures, internal controls over accounting matters and financial reporting and legal and regulatory compliance controls (collectively, "**Internal Controls**") that comply with the Securities Laws and are sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with U.S. General Accepted Accounting Principles ("**GAAP**") and to maintain accountability for assets, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Internal Controls are, or upon consummation of the offering of the Offered Securities will be, overseen by the Audit Committee (the "**Audit Committee**") of the Board in accordance with Exchange Rules. Except as disclosed in the General Disclosure Package and the Final Prospectus, no Fulgent Party has publicly disclosed or reported to the Audit Committee, the Board or the manager of Fulgent Therapeutics, and within the next 135 days no Fulgent Party reasonably expects to publicly disclose or report to the Audit Committee, the Board or the manager of Fulgent Therapeutics, a significant deficiency, material weakness, change in Internal Controls or fraud involving management or other employees who have a significant role in Internal Controls (each, an "**Internal Control Event**"), any violation of, or failure to comply with, the Securities Laws, or any matter which, if determined adversely, would have a Material Adverse Effect.

(aa) *Litigation*. Except as disclosed in the General Disclosure Package and the Final Prospectus, there are no pending actions, suits or proceedings (including any inquiries or investigations by any court or governmental agency or body, domestic or foreign) against or affecting any Fulgent Party or any of their respective properties that, if determined adversely to any Fulgent Party, would individually or in the aggregate have a Material Adverse Effect, or would materially and adversely affect the ability of any Fulgent Party to perform its respective obligations under this Agreement, or which are otherwise material in the context of the sale of the Offered Securities; and no such actions, suits or proceedings (including any inquiries or investigations by any court or governmental agency or body, domestic or foreign) are threatened or, to the knowledge of any Fulgent Party, contemplated.

(bb) *Financial Statements.* The financial statements included in each Registration Statement and the General Disclosure Package and the Final Prospectus present fairly in all material respects the financial position of the entities indicated as of the dates shown and their results of operations and cash flows for the periods shown, and such financial statements have been prepared in conformity with GAAP; and the assumptions used in preparing the pro forma financial statements included in each Registration Statement, the General Disclosure Package and the Final Prospectus provide a reasonable basis for presenting the significant effects directly attributable to the transactions or events described therein, the related pro forma adjustments give appropriate effect to those assumptions, and the pro forma columns therein reflect the proper application of those adjustments to the corresponding historical financial statement amounts.

(cc) *No Material Adverse Change in Business.* Except as disclosed in the General Disclosure Package and the Final Prospectus, since the end of the period covered by the latest audited financial statements included in the General Disclosure Package and the Final Prospectus (i) there has been no change, nor any development or event involving a prospective change, in the condition (financial or otherwise), results of operations, business, properties or prospects of any Fulgent Party that is material and adverse, (ii) except as disclosed in or contemplated by the General Disclosure Package and the Final Prospectus, there has been no dividend or distribution of any kind declared, paid or made by any Fulgent Party on any class of its capital stock, and (iii) except as disclosed in or contemplated by the General Disclosure Package and the Final Prospectus, there has been no material adverse change in the capital stock, short-term indebtedness, long-term indebtedness, net current assets or net assets of any Fulgent Party.

(dd) *Investment Company Act.* Each Fulgent Party is not and, after giving effect to the offering and sale of the Offered Securities and the application of the proceeds thereof as described in the General Disclosure Package and the Final Prospectus, will not be an "investment company" as defined in the Investment Company Act of 1940, as amended (the "**Investment Company Act**").

(ee) *Ratings.* No "nationally recognized statistical rating organization" as such term is defined in Section (3)(a)(62) of the Exchange Act (i) has imposed (or has informed any Fulgent Party that it is considering imposing) any condition (financial or otherwise) on any Fulgent Party's retaining any rating assigned to any Fulgent Party or any securities of any Fulgent Party or (ii) has indicated to any Fulgent Party that it is considering any of the actions described in Section 7(c)(ii) hereof.

(ff) *Taxes*. Each Fulgent Party has filed all material federal, state, local and foreign tax returns required to be filed or has requested extensions thereof in accordance with applicable law through the date of this Agreement. Each Fulgent Party has paid all material taxes required to be paid thereon (except as currently being contested in good faith and for which reserves required by GAAP have been created in the financial statements of such Fulgent Party), and no material tax deficiency has been, or could reasonably be expected to be, asserted against any Fulgent Party.

(gg) *Insurance*. Each Fulgent Party is insured by insurers with appropriately rated claims paying abilities against such losses and risks and in such amounts as are prudent and customary for the businesses in which they are engaged; all policies of insurance and fidelity or surety bonds insuring any Fulgent Party or their respective businesses, assets, employees, officers and directors are in full force and effect; each Fulgent Party is in compliance with the terms of such policies and instruments in all material respects; and there are no claims by any Fulgent Party under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause; no Fulgent Party has been refused any insurance coverage sought or applied for; no Fulgent Party has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect, except as set forth in or contemplated in the General Disclosure Package and the Final Prospectus; and the Fulgent Parties have obtained or will obtain directors' and officers' insurance in such amounts as is customary for an initial public offering.

(hh) *Anti-Corruption*. No Fulgent Party nor any director or officer , nor, to the knowledge of any Fulgent Party, any affiliate, agent, employee or representative of such Fulgent Party, has taken or will take any action in furtherance of an offer, payment, promise to pay, or authorization or approval of the payment or giving of money, property, gifts or anything else of value, directly or indirectly, to any "government official" (including any officer or employee of a government or government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office) to influence official action or secure an improper advantage; and each Fulgent Party has conducted their businesses in compliance with applicable anti-corruption laws and has instituted and maintain and will continue to maintain policies and procedures designed to promote and achieve compliance with such laws and with the representation and warranty contained herein.

(ii) *Anti-Money Laundering*. The operations of each of the Fulgent Parties are and have been conducted at all times in compliance with all applicable financial recordkeeping and reporting requirements, including those of the Bank Secrecy Act, as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), and the applicable anti-money laundering statutes of jurisdictions where each of the Fulgent Parties conducts business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "**Anti-Money Laundering Laws**"), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving any Fulgent Party with respect to the Anti-Money Laundering Laws is pending or, to the best knowledge of any Fulgent Party, threatened.

(jj) *Economic Sanctions.*

(i) No Fulgent Party nor any director or officer thereof, nor, to the knowledge of such Fulgent Party, any agent, affiliate, employee or representative of such Fulgent Party, is an individual or entity ("**Person**") that is, or is owned or controlled by a Person that is:

(A) the subject of any sanctions administered or enforced by the U.S. Department of Treasury's Office of Foreign Assets Control (OFAC), the United Nations Security Council (UN), the European Union (EU), Her Majesty's Treasury (UK HMT), the Swiss Secretariat of Economic Affairs (SECO), the Hong Kong Monetary Authority (HKMA), the Monetary Authority of Singapore (MAS), or other relevant sanctions authority (collectively, "**Sanctions**"), nor

(B) located, organized or resident in a country or territory that is the subject of Sanctions (including, without limitation, Burma/Myanmar, Cuba, Iran, North Korea, Sudan and Syria).

(ii) No Fulgent Party will, directly or indirectly, use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person:

(A) to fund or facilitate any activities or business of or with any Person or in any country or territory that, at the time of such funding or facilitation, is the subject of Sanctions; or

(B) in any other manner that will result in a violation of Sanctions by any Person (including any Person participating in the offering, whether as underwriter, advisor, investor or otherwise).

(iii) For the past five years, the Fulgent Parties have not knowingly engaged in, are not now knowingly engaged in, and will not engage in, any dealings or transactions with any Person, or in any country or territory, that at the time of the dealing or transaction is or was the subject of Sanctions.

(kk) *Compliance with Health Care Laws*. Except as disclosed in the General Disclosure Package and the Final Prospectus, each Fulgent Party is, and has been for the past three years, in material compliance with, all health care laws applicable to such Fulgent Party or any of its respective services or activities, including, but not limited to, the federal Anti-Kickback Statute (42 U.S.C. § 1320a-7b(b)), the U.S. Physician Payments Sunshine Act (42 U.S.C. § 1320a-7h), the Civil Monetary Penalties Law (42 U.S.C. § 1320a-7a), the civil False Claims Act (31 U.S.C. §§ 3729 et seq.), the criminal False Claims Law (42 U.S.C. § 1320a-7b(a)), the Stark Law (42 U.S.C. § 1395nn), all criminal laws relating to healthcare fraud and abuse, including but not

limited to 18 U.S.C. sections 286 and 287, the healthcare fraud criminal provisions under the U.S. Health Insurance Portability and Accountability Act of 1996 ("**HIPAA**") (42 U.S.C. §§ 1320d et seq.), HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act (42 U.S.C. §§ 17921 et seq.), the exclusion laws (42 U.S.C. § 1320a-7), the Federal Food, Drug, and Cosmetic Act (21 U.S.C. §§ 301 et seq.), Medicare (Title XVIII of the Social Security Act), Medicaid (Title XIX of the Social Security Act), the Clinical Laboratory Improvement Amendments of 1988 (42 U.S.C. § 263a et seq.), local, state and federal licensure laws, the regulations promulgated pursuant to such laws, and any other similar local, state or federal laws (collectively, the "**Health Care Laws**"). To the knowledge of the Fulgent Parties, none of the Fulgent Parties, or any of their respective officers, directors, employees or agents have engaged in activities which are, as applicable, cause for false claims liability, civil penalties, or mandatory or permissive exclusion from Medicare, Medicaid, or any other state or federal healthcare program (collectively, the "**Programs**"). Neither of the Fulgent Parties has received any notice, correspondence or other communication, including notification of any pending or threatened claim, action, suit, audit, survey, proceeding, hearing, enforcement, investigation, arbitration or other action ("**Action**") from any Regulatory Agency, of potential or actual non-compliance by, or liability of, any of the Fulgent Parties under any Health Care Laws, including, without limitation, FDA Form 483s, Warning Letters, untitled letters, or similar written correspondence from the FDA. To the knowledge of the Fulgent Parties, there are no facts or circumstances that would reasonably be expected to give rise to material liability of the Fulgent Parties under any Health Care Laws. Neither of the Fulgent Parties are party to or have any ongoing reporting obligations pursuant to any corporate integrity agreement, deferred prosecution agreement, monitoring agreement, consent decree, settlement order, plan of correction or similar agreement imposed by any governmental or regulatory authority. Additionally, neither the Fulgent Parties nor any of their employees, officers or directors has been excluded, suspended or debarred from participation in any Program or, to the knowledge of the Fulgent Parties, is subject to a governmental inquiry, investigation, proceeding, or other similar action that could reasonably be expected to result in debarment, suspension, or exclusion. There have been no written notifications issued to customers regarding the failure of the tests to generate accurate and valid results, except as would not, individually or in the aggregate, have a Material Adverse Effect.

(ll) *Clinical Studies.* The tests, studies, and trials conducted by or on behalf of or sponsored by any of the Fulgent Parties were and, if still pending, are being conducted in all material respects in accordance with all applicable Health Care Laws and standard medical and scientific research protocols, procedures, and controls; none of the Fulgent Parties has received any written notice, correspondence, or other written communication from any Regulatory Agency or any Institutional Review Board or comparable body requiring or threatening the termination, suspension, or material modification of any tests, studies, or trials, or commercial distribution, and to the knowledge of each such Fulgent Party, there are no reasonable grounds for the same. Each of the Fulgent Parties has obtained (or caused to be obtained) the informed consent of each human subject who participated in a test, study, or trial. None of the tests, studies, or trials involved any investigator who has been disqualified as a clinical investigator.

(mm) *Participation in Third-Party Payor Programs*. Each of the Fulgent Parties meet all applicable Program requirements and conditions of participation and are a party to valid participation or other agreements required for payment by such Programs and other third-party payor programs. There are no material suspensions, offsets or recoupments of any Program or third-party payor payments being sought, requested or claimed, or to the Company's knowledge, threatened against any Fulgent Party. As of the date of this Agreement, none of the Fulgent Parties has received any written notice of denial of material payment, recoupment, or overpayment from any Program or other third-party payor in excess of $250,000. There is no Action pending or received or, to the knowledge of the Fulgent Parties, threatened, against any Fulgent Party which relates in any way to a violation of any legal requirement pertaining to the Programs or which could result in the imposition of material penalties, termination or the exclusion of any Fulgent Party from participation in any Programs.

(nn) *Privacy and Security Compliance.* Each of the Fulgent Parties has complied, and is presently in compliance in all material respects with its privacy policies and other legal and contractual obligations regarding the collection, use, transfer, storage, protection, disposal and disclosure by each of the Fulgent Parties of personally identifiable information and/or any other information collected from or provided by third parties. Each Fulgent Party has taken commercially reasonable steps to protect the information technology systems and data used in connection with the operation of each Fulgent Party. Each Fulgent Party has used commercially reasonable efforts to establish, and has established, commercially reasonable disaster recovery and security plans, procedures and facilities for each of their businesses, including, without limitation, for the information technology systems and data held or used by or on behalf of or for the Fulgent Parties. None of the Fulgent Parties has experienced a security breach or other compromise of, or relating to, any such information technology system or data requiring notice to any third party under applicable state or federal law.

(oo) *ERISA Compliance.* (i) Each "employee benefit plan" (within the meaning of Section 3(3) of the Employee Retirement Security Act of 1974, as amended ("**ERISA**")) for which any Fulgent Party or any of its respective ERISA Affiliates would have any liability (each a "**Plan**") has been maintained in compliance in all material respects with its terms and with the requirements of all applicable statutes, rules and regulations, including ERISA and the Code; (ii) with respect to each Plan subject to Title IV of ERISA (a) no "reportable event" (within the meaning of Section 4043(c) of ERISA) has occurred or is reasonably expected to occur, (b) for each Plan that is subject to the funding rules of Section 412 of the Code or Section 302 of ERISA, the minimum funding standard of Section 412 of the Code or Section 302 of ERISA, as applicable, has been satisfied (without taking into account any waiver thereof or extension of any amortization period) and is reasonably expected to be satisfied in the future (without taking into account any waiver thereof or extension of any amortization period), (c) the fair market value of the assets under each Plan exceeds the present value of all benefits accrued under such Plan (determined based on those assumptions used to fund such Plan), (d) no Fulgent Party nor any of its respective ERISA Affiliates has incurred, or reasonably expects to incur, any liability under (i) Title IV of ERISA (other than contributions to the Plan or premiums to the Public Company Guaranty Corporation in the ordinary course and without default) in respect of a Plan (including a "multiemployer plan", within the meaning of Section 4001(c)(3) of ERISA) or (ii) Sections 412, 4971, 4975 or 4980B of the Code and (e) no prohibited transaction, within the meaning of Section 406 of ERISA or Section 4975 of the Code, has occurred, excluding transactions effected pursuant to a statutory or administrative exemption; (iii) each Plan that is intended to be qualified under Section 401(a) of the Code is so qualified and nothing has occurred, whether by action or by failure to act, which would cause the loss of such qualification; and (iv) there is no pending audit or investigation by the Internal Revenue Service, the U.S. Department of Labor, the Pension Benefit Guaranty Corporation or any other governmental agency or any foreign regulatory agency with respect to any Plan that could reasonably be expected to result in material liability to any Fulgent Party.

(pp) *Stock Options*. Except as disclosed in the General Disclosure Package and the Final Prospectus, there are no options, warrants, agreements, contracts or other rights in existence to purchase or acquire from any Fulgent Party any shares of the capital stock of any Fulgent Party. The description of the Fulgent Parties' stock option, stock bonus and other stock plans or arrangements (the "**Stock Plans**"), and the options (the "**Options**") or other rights granted thereunder, set forth in the General Disclosure Package and the Final Prospectus accurately and fairly presents the information required to be shown with respect to such plans, arrangements, options and rights. Each grant of an Option (i) was duly authorized no later than the date on which the grant of such Option was by its terms to be effective by all necessary action, including, as applicable, approval by the Board (or a duly constituted and authorized committee thereof) or the manager of Fulgent Therapeutics, and any required stockholder or equityholder approval by the necessary number of votes or written consents, and the award agreement governing such grant (if any) was duly executed and delivered by each party thereto and (ii) was made in accordance with the terms of the applicable Stock Plan, and all applicable laws and regulatory rules or requirements, including all applicable federal securities laws.

(qq) *Reorganization Transactions*. Each of the agreements relating to the Reorganization Transactions has been duly authorized by each of the Fulgent Parties and Merger Sub and, prior to the Closing Date, will be executed and delivered by each of the Fulgent Parties and Merger Sub, and, upon such execution and delivery, will constitute a valid and legally binding agreement of each of the Fulgent Parties and Merger Sub; and the consummation of the Reorganization Transactions has been duly authorized by the Board, the manager of Fulgent Therapeutics and the manager of Merger Sub and the equityholders of each Fulgent Party and Merger Sub, as applicable, and no other corporate proceedings on the part of any Fulgent Party or Merger Sub is required to authorize the Reorganization Transactions.

(rr) *Absence of Unlawful Influence*. The Company has not offered or sold, or caused the Underwriters to offer or sell, any Offered Securities to any person pursuant to the Directed Share Program with the specific intent to unlawfully influence (i) a customer or supplier of any Fulgent Party to alter the customer's or supplier's level or type of business with any Fulgent Party or (ii) a trade journalist or publication to write or publish favorable information about any Fulgent Party or its respective products.

3. *Purchase, Sale and Delivery of Offered Securities*. On the basis of the representations, warranties and agreements and subject to the terms and conditions set forth herein, the Company agrees to sell to the Underwriters, and each Underwriter agrees, severally and not jointly, to purchase from the Company, at a purchase price of $[l] per share, the number of Firm Securities set forth opposite the name of such Underwriter in Schedule A hereto.

The Company will deliver the Firm Securities to or as instructed by the Representatives for the accounts of the several Underwriters in a form reasonably acceptable to the Representatives, against payment of the purchase price by the Underwriters in Federal (same day) funds by wire transfer to an account at a bank acceptable to the Representatives drawn to the order of the Company at the office of Latham & Watkins LLP, 650 Town Center Drive, 20th Floor, Costa Mesa, California 92627, at [l] A.M., New York time, on [l], or at such other time not later than seven full business days thereafter as the Representatives and the Company determine, such time being herein referred to as the "**First Closing Date**". For purposes of Rule 15c6-1 under the Securities Exchange Act of 1934, the First Closing Date (if later than the otherwise applicable settlement date) shall be the settlement date for payment of funds and delivery of securities for all the Offered Securities sold pursuant to the offering.

In addition, upon written notice from the Representatives given to the Company from time to time not more than 30 days subsequent to the date of the Final Prospectus, the Underwriters may purchase all or less than all of the Optional Securities at the purchase price per Security to be paid for the Firm Securities. The Company agrees to sell to the Underwriters the number of shares of Optional Securities specified in such notice and the Underwriters agree, severally and not jointly, to purchase such Optional Securities. Such Optional Securities shall be purchased for the account of each Underwriter in the same proportion as the number of Firm Securities set forth opposite such Underwriter's name bears to the total number of Firm Securities (subject to adjustment by the Representatives to eliminate fractions) and may be purchased by the Underwriters only for the purpose of covering over-allotments made in connection with the sale of the Firm Securities. No Optional Securities shall be sold or delivered unless the Firm Securities previously have been, or simultaneously are, sold and delivered. The right to purchase the Optional Securities or any portion thereof may be exercised from time to time and to the extent not previously exercised may be surrendered and terminated at any time upon notice by the Representatives to the Company.

Each time for the delivery of and payment for the Optional Securities, being herein referred to as an "**Optional Closing Date**", which may be the First Closing Date (the First Closing Date and each Optional Closing Date, if any, being sometimes referred to as a "**Closing Date**"), shall be determined by the Representatives but shall be not later than five full business days after written notice of election to purchase Optional Securities is given. The Company will deliver the Optional Securities being purchased on each

Optional Closing Date to or as instructed by the Representatives for the accounts of the several Underwriters, in a form reasonably acceptable to the Representatives against payment of the purchase price therefore in Federal (same day) funds by wire transfer to an account at a bank acceptable to the Representatives drawn to the order of the Company, at the above office of Latham & Watkins LLP.

4. *Offering by Underwriters*. It is understood that the several Underwriters propose to offer the Offered Securities for sale to the public as set forth in the Final Prospectus.

5. *Certain Agreements of the Fulgent Parties*. Each of the Fulgent Parties agrees with the several Underwriters that:

(a) *Additional Filings.* Unless filed pursuant to Rule 462(c) as part of the Additional Registration Statement in accordance with the next sentence, the Company will file the Final Prospectus, in a form approved by the Representatives, with the Commission pursuant to and in accordance with subparagraph (1) (or, if applicable and if consented to by the Representatives, subparagraph (4)) of Rule 424(b) not later than the earlier of (A) the second business day following the execution and delivery of this Agreement or (B) the fifteenth business day after the Effective Time of the Initial Registration Statement. The Company will advise the Representatives promptly of any such filing pursuant to Rule 424(b) and provide satisfactory evidence to the Representatives of such timely filing. If an Additional Registration Statement is necessary to register a portion of the Offered Securities under the Act but the Effective Time thereof has not occurred as of the execution and delivery of this Agreement, the Company will file the additional registration statement or, if filed, will file a post-effective amendment thereto with the Commission pursuant to and in accordance with Rule 462(b) on or prior to 10:00 P.M., New York time, on the date of this Agreement or, if earlier, on or prior to the time the Final Prospectus is finalized and distributed to any Underwriter, or will make such filing at such later date as shall have been consented to by the Representatives.

(b) *Filing of Amendments: Response to Commission Requests.* The Company will promptly advise the Representatives of any proposal to amend or supplement at any time the Initial Registration Statement, any Additional Registration Statement or any Statutory Prospectus and will not effect such amendment or supplementation without the Representatives' consent; and the Company will also advise the Representatives promptly of (i) the effectiveness of any Additional Registration Statement (if its Effective Time is subsequent to the execution and delivery of this Agreement), (ii) any amendment or supplementation of a Registration Statement or any Statutory Prospectus, (iii) any request by the Commission or its staff for any amendment to any Registration Statement, for any supplement to any Statutory Prospectus or for any additional information, (iv) the institution by the Commission of any stop order proceedings in respect of a Registration Statement or the threatening of any proceeding for that purpose, and (v) the receipt by the Company of any notification with respect to the suspension of the qualification of the Offered Securities in any jurisdiction or the institution or threatening of any proceedings for such purpose. The Company will use its best efforts to prevent the issuance of any such stop order or the suspension of any such qualification and, if issued, to obtain as soon as possible the withdrawal thereof.

(c) *Continued Compliance with Securities Laws.* If, at any time when a prospectus relating to the Offered Securities is (or but for the exemption in Rule 172 would be) required to be delivered under the Act by any Underwriter or dealer, any event occurs as a result of which the Final Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary at any time to amend the Registration Statement or supplement the Final Prospectus to comply with the Act, the Company will promptly notify the Representatives of such event and will promptly prepare and file with the Commission and furnish, at its own expense, to the Underwriters and the dealers and any other dealers upon request of the Representatives, an amendment or supplement which will correct such statement or omission or an amendment which will effect such compliance. Neither the Representatives' consent to, nor the Underwriters' delivery of, any such amendment or supplement shall constitute a waiver of any of the conditions set forth in Section 7 hereof.

(d) *Testing-the-Waters Communication.* If at any time following the distribution of any Written Testing-the-Waters Communication there occurred or occurs an event or development as a result of which such Written Testing-the-Waters Communication included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Company will promptly notify the Representatives and will promptly amend or supplement, at its own expense, such Written Testing-the-Waters Communication to eliminate or correct such statement or omission.

(e) *Rule 158.* As soon as practicable, but not later than the Availability Date (as defined below), the Company will make generally available to its security holders an earnings statement covering a period of at least 12 months beginning after the Effective Time of the Initial Registration Statement (or, if later, the Effective Time of the Additional Registration Statement) which will satisfy the provisions of Section 11(a) of the Act and Rule 158 under the Act. For the purpose of the preceding sentence, "**Availability Date**" means the day after the end of the fourth fiscal quarter following the fiscal quarter that includes such Effective Time on which the Company is required to file its Form 10-Q for such fiscal quarter except that, if such fourth fiscal quarter is the last quarter of the Company's fiscal year, "Availability Date" means the day after the end of such fourth fiscal quarter on which the Company is required to file its Form 10-K.

(f) *Furnishing of Prospectuses.* The Company will furnish to the Representatives copies of each Registration Statement (three of which will be signed and will include all exhibits), each related Statutory Prospectus, and, so long as a prospectus relating to the Offered Securities is (or but for the exemption in Rule 172 would be) required to be delivered under the Act, the Final Prospectus and all amendments and supplements to such documents, in each case in such quantities as the Representatives request. The Final Prospectus shall be so furnished on or prior to 3:00 P.M., New York time, on the business day following the execution and delivery of this Agreement. All other such documents shall be so furnished as soon as available. The Company will pay the expenses of printing and distributing to the Underwriters all such documents.

(g) *Blue Sky Qualifications.* The Company will arrange for the qualification of the Offered Securities for sale under the laws of such jurisdictions as the Representatives designate and will continue such qualifications in effect so long as required for the distribution; provided that, the Company shall not be required to (i) qualify as a foreign corporation in any such jurisdiction in which it is not already so qualified, (ii) file any general consent to service of process in any such jurisdiction or (iii) subject itself to taxation in respect of doing business in any such jurisdiction in which it is not otherwise so subject.

(h) *Reporting Requirements.* During the period of three (3) years hereafter, the Company will furnish to the Representatives and, upon request, to each of the other Underwriters, as soon as practicable after the end of each fiscal year, a copy of its annual report to stockholders for such year; and the Company will furnish to the Representatives (i) as soon as available, a copy of each report and any definitive proxy statement of the Company filed with the Commission under the Exchange Act or mailed to stockholders, and (ii) from time to time, such other information concerning the Company as the Representatives may reasonably request. However, so long as the Company is subject to the reporting requirements of either Section 13 or Section 15(d) of the Exchange Act and is timely filing reports with the Commission on its Electronic Data Gathering, Analysis and Retrieval system (or any successor system) ("**EDGAR**"), it is not required to furnish such reports or statements to the Underwriters.

(i) *Payment of Expenses.* The Fulgent Parties will, jointly and severally, pay all expenses incident to the performance of the obligations of the Fulgent Parties under this Agreement, including but not limited to the reasonable fees and expenses (including filing fees) incurred in connection with qualification of the Offered Securities for sale under the state or foreign securities or

blue sky laws of such jurisdictions as the Representatives may designate and the preparation and printing of blue sky memoranda relating thereto (including the related reasonable and documented fees and disbursements of counsel for the Underwriters), costs and expenses related to the review by the Financial Industry Regulatory Authority, Inc. ("**FINRA**") of the Offered Securities (including (A) filing fees and (B) the fees and expenses of counsel for the Underwriters relating to such review, in the case of (B), up to $35,000), costs and expenses relating to investor presentations or any "road show" in connection with the offering and sale of the Offered Securities including, without limitation, any travel expenses of any Fulgent Party's officers and employees and any other expenses of any Fulgent Party (including one-half of the cost of any aircraft chartered in connection with any road show with the remaining one-half of the cost of such aircraft to be paid by the Underwriters), fees and expenses incident to listing the Offered Securities on the NASDAQ Stock Market and any other national or foreign exchange, fees and expenses in connection with the registration of the Offered Securities under the Exchange Act, and expenses incurred in distributing preliminary prospectuses and the Final Prospectus (including any amendments and supplements thereto) to the Underwriters and for expenses incurred for preparing, printing and distributing any Issuer Free Writing Prospectuses to investors or prospective investors.

(j) *Use of Proceeds.* The Company will use the net proceeds received by it in connection with this offering in the manner described in the "Use of Proceeds" section of the General Disclosure Package and, except as disclosed in the General Disclosure Package and the Final Prospectus, the Company does not intend to use any of the proceeds from the sale of the Offered Securities hereunder to repay any outstanding debt owed to any Underwriter or affiliate of any Underwriter.

(k) *Absence of Manipulation.* No Fulgent Party will take, directly or indirectly, any action designed to or that would constitute or that might reasonably be expected to cause or result in, stabilization or manipulation of the price of any securities of any Fulgent Party to facilitate the sale or resale of the Offered Securities.

(l) *Restriction on Sale of Securities by the Fulgent Parties.* For the period specified below (the "**Lock-Up Period**"), no Fulgent Party will, directly or indirectly, take any of the following actions with respect to the Securities or any securities convertible into or exchangeable or exercisable for any of the Securities ("**Lock-Up Securities**"): (i) offer, sell, issue, contract to sell, pledge or otherwise dispose of Lock-Up Securities, (ii) offer, sell, issue, contract to sell, contract to purchase or grant any option, right or warrant to purchase Lock-Up Securities, (iii) enter into any swap, hedge or any other agreement that transfers, in whole or in part, the economic consequences of ownership of Lock-Up Securities, (iv) establish or increase a put equivalent position or liquidate or decrease a call equivalent position in Lock-Up Securities within the meaning of Section 16 of the Exchange Act or (v) file with the Commission a registration statement under the Act relating to Lock-Up Securities, or publicly disclose the intention to take any such action, without the prior written consent of the Representatives, except (A) issuances of Lock-Up Securities pursuant to the Reorganization Transactions, (B) issuances of Lock-Up Securities pursuant to the conversion or exchange of convertible or exchangeable securities or the exercise of warrants or options, in each case outstanding on the date hereof and described in the General Disclosure Package and the Final Prospectus, (C) grants of employee stock options pursuant to the terms of a plan in effect on the date hereof and described in the General Disclosure Package and the Final Prospectus, (D) issuances of Lock-Up Securities pursuant to the exercise of such options or (E) issuance of shares of Common Stock or securities convertible into or exchangeable or exercisable for shares of Common Stock pursuant to a bona fide merger, consolidation, acquisition of securities, businesses, property or other assets, joint venture, collaboration, licensing or strategic alliances or other similar transactions, provided that the aggregate number of shares of Common Stock that the Company may issue pursuant to clause (E) (including shares issuable upon conversion, exchange or exercise of other securities) shall not exceed 5% of the total number of shares of the Common Stock issued and outstanding immediately following the completion of the transactions contemplated by this Agreement and, provided further that, in the case of clauses (B), (D) and (E), the Company shall cause each recipient of such Lock-Up Securities or other securities to execute and deliver to the

Representatives, on or prior to such issuance, a lock-up agreement, substantially in the form of Exhibit B hereto, and in the case of clause (E), the Company shall issue stop-order instructions to its transfer agent and registrar for the Common Stock with respect to any transaction or contemplated transaction that would constitute a breach of or default under the applicable lock-up agreement. The Lock-Up Period will commence on the date hereof and continue for 180 days after the date hereof or such earlier date that the Representatives consent to in writing.

(m) *Agreement to Announce Lock-up Waiver*. If the Representatives, in their sole discretion, agree to release or waive the restrictions set forth in a lock-up letter described in Section 7(g) hereof for an officer or director of the Company and provide the Company with notice of the impending release or waiver at least three business days before the effective date of the release or waiver, the Company agrees to announce the impending release or waiver by a press release substantially in the form of Exhibit A hereto through a major news service at least two business days before the effective date of the release or waiver.

(n) *Emerging Growth Company Status*. The Company will promptly notify the Representatives if the Company ceases to be an Emerging Growth Company at any time prior to the later of (i) completion of the distribution of the Offered Securities within the meaning of the Act and (ii) completion of the Lock-Up Period.

(o) *Transfer Restrictions*. In connection with the Directed Share Program, the Company will ensure that the Directed Shares will be restricted to the extent required by FINRA or the FINRA rules from sale, transfer, assignment, pledge or hypothecation for a period of three months following the date of the effectiveness of the Registration Statement. The Designated Underwriter will notify the Company as to which Participants will need to be so restricted. The Company will direct the transfer agent to place stop transfer restrictions upon such securities for such period of time.

(p) *Payment of Expenses Related to Directed Share Program.* Each of the Fulgent Parties will, jointly and severally, pay all fees and disbursements of counsel (including non-U.S. counsel) incurred by the Underwriters in connection with the Directed Share Program and stamp duties, similar taxes or duties or other taxes, if any, incurred by the Underwriters in connection with the Directed Share Program.

(q) *Compliance with Foreign Laws.* The Company will comply with all applicable securities and other applicable laws, rules and regulations in each foreign jurisdiction in which the Directed Shares are offered in connection with the Directed Share Program.

6. *Free Writing Prospectuses*. The Company represents and agrees that, unless it obtains the prior consent of the Representatives, and each Underwriter represents and agrees that, unless it obtains the prior consent of the Company and the Representatives, it has not made and will not make any offer relating to the Offered Securities that would constitute an Issuer Free Writing Prospectus, or that would otherwise constitute a "free writing prospectus," as defined in Rule 405, required to be filed with the Commission. Any such free writing prospectus consented to by the Company and the Representatives is hereinafter referred to as a "**Permitted Free Writing Prospectus**." The Company represents that it has treated and agrees that it will treat each Permitted Free Writing Prospectus as an "issuer free writing prospectus," as defined in Rule 433, and has complied and will comply with the requirements of Rules 164 and 433 applicable to any Permitted Free Writing Prospectus, including timely Commission filing where required, legending and record keeping. The Company represents that is has satisfied and agrees that it will satisfy the conditions in Rule 433 to avoid a requirement to file with the Commission any electronic road show.

7. *Conditions of the Obligations of the Underwriters*. The obligations of the several Underwriters to purchase and pay for the Firm Securities on the First Closing Date and the Optional Securities to be purchased on each Optional Closing Date will be subject

to the accuracy of the representations and warranties of each of the Fulgent Parties herein (as though made on such Closing Date), to the accuracy of the statements of Company officers made pursuant to the provisions hereof, to the performance by each of the Fulgent Parties of their obligations hereunder and to the following additional conditions precedent:

(a) *Accountants' Comfort Letter.* The Representatives shall have received letters, dated, respectively, the date hereof and each Closing Date, of Deloitte & Touche LLP confirming that they are a registered public accounting firm and independent public accountants within the meaning of the Securities Laws and in the form and substance satisfactory to the Representatives (except that, in any letter dated a Closing Date, the specified date referred to in the comfort letters shall be a date no more than three days prior to such Closing Date).

(b) *Effectiveness of Registration Statement.* If the Effective Time of the Additional Registration Statement (if any) is not prior to the execution and delivery of this Agreement, such Effective Time shall have occurred not later than 10:00 P.M., New York time, on the date of this Agreement or, if earlier, the time the Final Prospectus is finalized and distributed to any Underwriter, or shall have occurred at such later time as shall have been consented to by the Representatives. The Final Prospectus shall have been filed with the Commission in accordance with the Rules and Regulations and Section 5(a) hereof. Prior to such Closing Date, no stop order suspending the effectiveness of a Registration Statement shall have been issued and no proceedings for that purpose shall have been instituted or, to the knowledge of any Fulgent Party or the Representatives, shall be contemplated by the Commission.

(c) *No Material Adverse Change.* Subsequent to the execution and delivery of this Agreement, there shall not have occurred (i) any change, or any development or event involving a prospective change, in the condition (financial or otherwise), results of operations, business, properties or prospects of any Fulgent Party which, in the judgment of the Representatives, is material and adverse and makes it impractical or inadvisable to market the Offered Securities; (ii) any downgrading in the rating of any debt securities of any Fulgent Party by any "nationally recognized statistical rating organization" (as defined in Section 3(a)(62) of the Exchange Act), or any public announcement that any such organization has under surveillance or review its rating of any debt securities of any Fulgent Party (other than an announcement with positive implications of a possible upgrading, and no implication of a possible downgrading, of such rating); (iii) any change in U.S. or international financial, political or economic conditions or currency exchange rates or exchange controls the effect of which is such as to make it, in the judgment of the Representatives, impractical to market or to enforce contracts for the sale of the Offered Securities, whether in the primary market or in respect of dealings in the secondary market; (iv) any suspension or material limitation of trading in securities generally on the New York Stock Exchange or the NASDAQ Stock Market, or any setting of minimum or maximum prices for trading on such exchange; (v) or any suspension of trading of any securities of any Fulgent Party on any exchange or in the over-the-counter market; (vi) any banking moratorium declared by any U.S. federal or New York authorities; (vii) any major disruption of settlements of securities, payment or clearance services in the United States or any other country where such securities are listed or (viii) any attack on, outbreak or escalation of hostilities or act of terrorism involving the United States, any declaration of war by Congress or any other national or international calamity or emergency if, in the judgment of the Representatives, the effect of any such attack, outbreak, escalation, act, declaration, calamity or emergency is such as to make it impractical or inadvisable to market the Offered Securities or to enforce contracts for the sale of the Offered Securities.

(d) *Opinion of Counsel for the Fulgent Parties.* The Representatives shall have received an opinion, dated such Closing Date, of (i) Morrison & Foerster LLP, counsel for the Fulgent Parties, in form and substance satisfactory to the Representatives, and (ii) Kleinfeld, Kaplan and Becker, LLP, regulatory counsel for the Fulgent parties, in form and substance satisfactory to the Representatives.

(e) *Opinion of Counsel for Underwriters.* The Representatives shall have received from Latham & Watkins LLP, counsel for the Underwriters, such opinion or opinions, dated such Closing Date, with respect to such matters as the Representatives may require, and each of the Fulgent Parties shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters.

(f) *Officers' Certificate.* The Representatives shall have received a certificate, dated such Closing Date, of an executive officer of each of the Fulgent Parties and a principal financial or accounting officer of each of the Fulgent Parties in which such officers shall state that: the representations and warranties of such Fulgent Party in this Agreement are true and correct; such Fulgent Party has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to such Closing Date; no stop order suspending the effectiveness of any Registration Statement has been issued and no proceedings for that purpose have been instituted or, to the best of their knowledge and after reasonable investigation, are contemplated by the Commission; the Additional Registration Statement (if any) satisfying the requirements of subparagraphs (1) and (3) of Rule 462(b) was timely filed pursuant to Rule 462(b), including payment of the applicable filing fee in accordance with Rule 111(a) or (b) of Regulation S-T of the Commission; and, subsequent to the date of the most recent financial statements in the General Disclosure Package and the Final Prospectus, there has been no material adverse change, nor any development or event involving a prospective material adverse change, in the condition (financial or otherwise), results of operations, business, properties or prospects of such Fulgent Party except as set forth in the General Disclosure Package and the Final Prospectus or as described in such certificate.

(g) *Lock-Up Agreements.* On or prior to the date hereof, the Representatives shall have received lockup agreements in the form set forth on Exhibit B hereto from each executive officer, director, stockholder and other equityholder of the Fulgent Parties specified in Schedule C to this Agreement.

(h) *Reorganization Transactions*. The Reorganization Transactions shall have been duly consummated on the terms contemplated by this Agreement, the General Disclosure Package and the Final Prospectus, and the Representatives shall have received evidence that the Reorganization Transactions have been consummated as the Representatives may reasonably request.

Each Fulgent Party will furnish the Representatives with such conformed copies of such opinions, certificates, letters and documents as the Representatives reasonably request. The Representatives may in their sole discretion waive on behalf of the Underwriters compliance with any conditions to the obligations of the Underwriters hereunder, whether in respect of an Optional Closing Date or otherwise.

8. *Indemnification and Contribution*.

(a) *Indemnification of Underwriters by the Fulgent Parties.* Each Fulgent Party will, jointly and severally, indemnify and hold harmless each Underwriter, its partners, members, directors, officers, employees, agents, affiliates and each person, if any, who controls such Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act (each an "**Indemnified Party**"), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject, under the Act, the Exchange Act, other U.S. federal or state statutory law or regulation or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any part of any Registration Statement at any time, any Statutory Prospectus as of any time, the Final Prospectus, any Issuer Free Writing Prospectus or any Written Testing-the-Waters Communication, or arise out of or are based upon the omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Indemnified Party for any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending against any loss, claim, damage, liability, action, litigation, investigation or proceeding whatsoever (whether or not such Indemnified Party is a party thereto), whether threatened or commenced, and in connection with the enforcement of this provision with respect to any of the above as such expenses are incurred; provided, however, that the Fulgent Parties will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement in or omission or alleged omission from any of such documents in reliance upon and in conformity with written information furnished to the Fulgent Parties by any

Underwriter through the Representatives specifically for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in subsection (b) below.

Each of the Fulgent Parties agrees, jointly and severally, to indemnify and hold harmless the Designated Underwriter and its affiliates and each person, if any, who controls the Designated Underwriter within the meaning of either Section 15 of the Act or Section 20 of the Exchange Act (the "**Designated Entities"**), from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) (i) arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any material prepared by or with the consent of any Fulgent Party for distribution to Participants in connection with the Directed Share Program or arising out of or based upon any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading; (ii) arising out of or based upon the failure of any Participant to pay for and accept delivery of Directed Shares that the Participant agreed to purchase; or (iii) arising out of, related to, or in connection with the Directed Share Program, other than losses, claims, damages or liabilities (or expenses relating thereto) that are finally judicially determined to have resulted from the willful misconduct or gross negligence of the Designated Entities.

(b) *Indemnification of the Fulgent Parties.* Each Underwriter will severally and not jointly indemnify and hold harmless the Fulgent Parties, the directors of the Company and each of the Company's officers who signs a Registration Statement and each person, if any, who controls any Fulgent Party within the meaning of Section 15 of the Act or Section 20 of the Exchange Act (each, an "**Underwriter Indemnified Party**") against any losses, claims, damages or liabilities to which such Underwriter Indemnified Party may become subject, under the Act, the Exchange Act, or other U.S. federal or state statutory law or regulation or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any part of any Registration Statement at any time, any Statutory Prospectus as of any time, the Final Prospectus, any Written Testing-the-Waters Communication or any Issuer Free Writing Prospectus or arise out of or are based upon the omission or the alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to any Fulgent Party by such Underwriter through the Representatives specifically for use therein, and will reimburse any legal or other expenses reasonably incurred by such Underwriter Indemnified Party in connection with investigating or defending against any such loss, claim, damage, liability, action, litigation, investigation or proceeding whatsoever (whether or not such Underwriter Indemnified Party is a party thereto), whether threatened or commenced, based upon any such untrue statement or omission, or any such alleged untrue statement or omission as such expenses are incurred, it being understood and agreed that the only such information furnished by any Underwriter consists of the following information in the Final Prospectus furnished on behalf of each Underwriter: the concession and reallowance figures appearing in the seventh paragraph under the caption "Underwriting" and the information contained in the fifteenth and sixteenth paragraphs under the caption "Underwriting".

(c) *Actions against Parties; Notification.* Promptly after receipt by an indemnified party under this Section 8 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party under subsection (a) or (b) above, notify the indemnifying party of the commencement thereof; but the failure to notify the indemnifying party shall not relieve it from any liability that it may have under subsection (a) or (b) above except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided further that the failure to notify the indemnifying party shall not relieve it from any liability that it may have to an indemnified party otherwise than under subsection (a) or (b) above. In case any such action is brought against any

indemnified party and it notifies an indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. Notwithstanding anything contained herein to the contrary, if indemnity may be sought pursuant to the last paragraph in Section 8(a) hereof in respect of such action or proceeding, then in addition to such separate firm for the indemnified parties, the indemnifying party shall be liable for the reasonable fees and expenses of not more than one separate firm (in addition to any local counsel) for the Designated Underwriter for the defense of any losses, claims, damages and liabilities arising out of the Directed Share Program, and all persons, if any, who control the Designated Underwriter within the meaning of either Section 15 of the Act of Section 20 of the Exchange Act. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such settlement (i) includes an unconditional release of such indemnified party from all liability on any claims that are the subject matter of such action and (ii) does not include a statement as to, or an admission of, fault, culpability or a failure to act by or on behalf of an indemnified party.

(d) *Contribution.* If the indemnification provided for in this Section is unavailable or insufficient to hold harmless an indemnified party under subsection (a) or (b) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in subsection (a) or (b) above (i) in such proportion as is appropriate to reflect the relative benefits received by the Fulgent Parties on the one hand and the Underwriters on the other from the offering of the Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Fulgent Parties on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities as well as any other relevant equitable considerations. The relative benefits received by the Fulgent Parties on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Fulgent Parties bear to the total underwriting discounts and commissions received by the Underwriters. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by any of the Fulgent Parties or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim which is the subject of this subsection (d). Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint. The Fulgent Parties and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 8(d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 8 (d).

9. *Default of Underwriters*. If any Underwriter or Underwriters default in their obligations to purchase Offered Securities hereunder on either the First or any Optional Closing Date and the aggregate number of shares of Offered Securities that such defaulting Underwriter or Underwriters agreed but failed to purchase does not exceed 10% of the total number of shares of Offered Securities that the Underwriters are obligated to purchase on such Closing Date, the Representatives may make arrangements satisfactory to the Company for the purchase of such Offered Securities by other persons, including any of the Underwriters, but if no such arrangements are made by such Closing Date, the non-defaulting Underwriters shall be obligated severally, in proportion to their respective commitments hereunder, to purchase the Offered Securities that such defaulting Underwriters agreed but failed to purchase on such Closing Date. If any Underwriter or Underwriters so default and the aggregate number of shares of Offered Securities with respect to which such default or defaults occur exceeds 10% of the total number of shares of Offered Securities that the Underwriters are obligated to purchase on such Closing Date and arrangements satisfactory to the Representatives and the Company for the purchase of such Offered Securities by other persons are not made within 36 hours after such default, this Agreement will terminate without liability on the part of any non-defaulting Underwriter or the Company, except as provided in Section 10 (provided that if such default occurs with respect to Optional Securities after the First Closing Date, this Agreement will not terminate as to the Firm Securities or any Optional Securities purchased prior to such termination). As used in this Agreement, the term "Underwriter" includes any person substituted for an Underwriter under this Section. Nothing herein will relieve a defaulting Underwriter from liability for its default.

10. *Survival of Certain Representations and Obligations*. The respective indemnities, agreements, representations, warranties and other statements of the Fulgent Parties or its officers and of the several Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of any Underwriter, any Fulgent Party or any of their respective representatives, officers or directors or any controlling person, and will survive delivery of and payment for the Offered Securities. If the purchase of the Offered Securities by the Underwriters is not consummated for any reason other than solely because of the termination of this Agreement pursuant to Section 9 hereof, the Fulgent Parties will, jointly and severally, reimburse the Underwriters for all documented out-of-pocket expenses reasonably incurred by them (including reasonable fees and disbursements of counsel) in connection with the offering of the Offered Securities, and the respective obligations of the Fulgent Parties and the Underwriters pursuant to Section 8 hereof shall remain in effect. In addition, if any Offered Securities have been purchased hereunder, the representations and warranties in Section 2 and all obligations under Section 5 shall also remain in effect.

11. *Notices*. All communications hereunder will be in writing and, if sent to the Underwriters, will be mailed, delivered or telegraphed and confirmed to the Representatives at c/o Credit Suisse Securities (USA) LLC, Eleven Madison Avenue, New York, NY 10010-3629, Attention: LCD-IBD, and c/o Piper Jaffray & Co., 800 Nicollet Mall, Minneapolis, MN 55402, Attention: Equity Capital Markets and separately, General Counsel, or, if sent to the Company, will be mailed, delivered or telegraphed and confirmed to it at Fulgent Genetics, Inc., 4978 Santa Anita Avenue, Suite 205, Temple City, CA, 91780, Attention: Paul Kim; provided, however, that any notice to an Underwriter pursuant to Section 8 will be mailed, delivered or telegraphed and confirmed to such Underwriter.

12. *Successors*. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers and directors and controlling persons referred to in Section 7, and no other person will have any right or obligation hereunder.

13. *Representation of Underwriters*. The Representatives will act for the several Underwriters in connection with the transactions contemplated by this Agreement, and any action under this Agreement taken by the Representatives will be binding upon all the Underwriters.

14. *Counterparts*. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement.

15. *Absence of Fiduciary Relationship.* Each of the Fulgent Parties acknowledges and agrees that:

(a) *No Other Relationship.* The Representatives have been retained solely to act as underwriters in connection with the sale of the Offered Securities and that no fiduciary, advisory or agency relationship between any of the Fulgent Parties, on the one hand, and the Representatives, on the other, has been created in respect of any of the transactions contemplated by this Agreement or the Final Prospectus, irrespective of whether the Representatives have advised or are advising any of the Fulgent Parties on other matters;

(b) *Arms' Length Negotiations.* The price of the Offered Securities set forth in this Agreement was established by the Fulgent Parties following discussions and arms-length negotiations with the Representatives and the Fulgent Parties are capable of evaluating and understanding and understand and accept the terms, risks and conditions of the transactions contemplated by this Agreement;

(c) *Absence of Obligation to Disclose.* The Fulgent Parties have been advised that the Representatives and their affiliates are engaged in a broad range of transactions which may involve interests that differ from those of the Company and that the Representatives have no obligation to disclose such interests and transactions to any of the Fulgent Parties by virtue of any fiduciary, advisory or agency relationship; and

(d) *Waiver.* Each of the Fulgent Parties waives, to the fullest extent permitted by law, any claims they may have against the Representatives for breach of fiduciary duty or alleged breach of fiduciary duty and agree that the Representatives shall have no liability (whether direct or indirect) to such Fulgent Party in respect of such a fiduciary duty claim or to any person asserting a fiduciary duty claim on behalf of or in right of such Fulgent Party, including equityholders, employees or creditors of such Fulgent Party.

16. *Applicable Law*. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

Each Fulgent Party hereby submits to the non-exclusive jurisdiction of the U.S. federal and state courts in the Borough of Manhattan in The City of New York in any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. Each Fulgent Party irrevocably and unconditionally waives any objection to the laying of venue of any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby in U.S. federal and state courts in the Borough of Manhattan in the City of New York and irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such suit or proceeding in any such court has been brought in an inconvenient forum.

17. *Waiver of Jury Trial*. Each Fulgent Party hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

If the foregoing is in accordance with the Representatives' understanding of our agreement, kindly sign and return to the Fulgent Parties one of the counterparts hereof, whereupon it will become a binding agreement among the Fulgent Parties and the several Underwriters in accordance with its terms.

Very truly yours,

FULGENT GENETICS, INC.

By _____
[*Insert title*]

FULGENT THERAPEUTICS LLC

By _____
[*Insert title*]

The foregoing Underwriting Agreement is hereby confirmed and accepted as of the date first above written.

Acting on behalf of themselves and as the Representatives of the several Underwriters.

CREDIT SUISSE SECURITIES (USA) LLC

By: _____
Name:
Title:

PIPER JAFFRAY & CO.

By: _____
Name:
Title:

SCHEDULE A

Underwriter	Number of Firm Securities to be Purchased
Credit Suisse Securities (USA) LLC	[l]
Piper Jaffray & Co.	[l]
Raymond James & Associates, Inc.	[l]
BTIG, LLC	[l]
Total	[l]

SCHEDULE B

1. General Use Free Writing Prospectuses (included in the General Disclosure Package)

"General Use Issuer Free Writing Prospectus" includes each of the following documents:

A. [l]

2. Other Information Included in the General Disclosure Package

The following information is also included in the General Disclosure Package:

A. The initial price to the public of the Offered Securities.

B. [l]

SCHEDULE C

Persons Delivering a Lock-Up Agreement

[•]

Exhibit A

Form of Press Release

Fulgent Genetics, Inc.
[Date]

Fulgent Genetics, Inc. (the "Company") announced today that Credit Suisse and Piper Jaffray & Co., the lead book-running managers in the Company's recent public sale of [l] shares of common stock, are [waiving] [releasing] a lock-up restriction with respect to [l] shares of the Company's common stock held by [certain officers or directors] [an officer or director] of the Company. The [waiver] [release] will take effect on [l],20__, and the shares may be sold on or after such date.

This press release is not an offer for sale of the securities in the United States or in any other jurisdiction where such offer is prohibited, and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended.

Exhibit B

Form of Lock-Up Agreement

FULGENT DIAGNOSTICS, INC.
4978 Santa Anita Avenue
Suite 205
Temple City, CA 91780

CREDIT SUISSE SECURITIES (USA) LLC,
PIPER JAFFRAY & CO.,
As Representatives of the Several Underwriters,

c/o Credit Suisse Securities (USA) LLC
Eleven Madison Avenue
New York, NY 10010

c/o Piper Jaffray & Co.
800 Nicollet Mall
Minneapolis, MN 55402

Ladies and Gentlemen:

As an inducement to the underwriters to execute the Underwriting Agreement (the "**Underwriting Agreement**"), pursuant to which an offering (the "**Offering**") will be made that is intended to result in the establishment of a public market for the common stock (the "**Securities**") of Fulgent Diagnostics, Inc. and any successor (by merger or otherwise) thereto, (the "**Company**"), the undersigned hereby agrees that during the period specified in the following paragraph (the "**Lock-Up Period**"), the undersigned will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any Securities or securities convertible into or exchangeable or exercisable for any Securities (including without limitation, any membership or equity interests in Fulgent Therapeutics LLC, including interests subject to profits threshold amounts (collectively, the "**LLC Interests**")), enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of the Securities or the LLC Interests, whether any such aforementioned transaction is to be settled by delivery of the Securities, the LLC Interests or such other securities, in cash or otherwise, or publicly disclose the intention to make any such offer, sale, pledge or disposition, or to enter into any such transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of Credit Suisse Securities (USA) LLC and Piper Jaffray & Co. (together, the "**Representatives**"). In addition, the undersigned agrees that, without the prior written consent of the Representatives, it will not, during the Lock-Up Period, make any demand for or exercise any right with respect to, the registration of any Securities or any security convertible into or exercisable or exchangeable for the Securities (including, without limitation, the LLC Interests).

The Lock-Up Period will commence on the date of this Lock-Up Agreement and continue and include the date that is 180 days after the public offering date set forth on the final prospectus (the "**Prospectus**") used to sell the Securities (the "**Public Offering Date**") pursuant to the Underwriting Agreement, to which you are or expect to become parties.

The restrictions in this Lock-Up Agreement shall not apply to:

a) the transfer, exchange or conversion of LLC Interests for Securities in connection with the Reorganization Transactions (as defined in the Underwriting Agreement) as described in the Prospectus; *provided* that any such Securities issued upon such transfer, exchange or conversion shall be Securities subject to the restrictions set forth herein;

b) transactions relating to Securities acquired by the undersigned in the open market on or after the Public Offering Date; *provided* that no filing by the transferor under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") shall be required or shall be voluntarily made in connection with such open market transactions (other than a filing on a Form 5 made after the expiration of the Lock-Up Period);

c) the transfer of Securities or LLC Interests (i) to a family member of the undersigned or to a trust formed for the benefit of the undersigned or of a family member of the undersigned, (ii) by a bona fide gift, will or intestacy, (iii) if the undersigned is a corporation, partnership, limited liability company, investment fund or other business entity (A) to another corporation, partnership, limited liability company or other business entity that controls, is controlled by or is under common control with the undersigned, (B) to investment funds under common management with the undersigned or the limited partners, general partners or other principals of such funds or the undersigned or (C) as part of a disposition, transfer or distribution by the undersigned to its equity holders or (iv) if the undersigned is a trust, to a trustor or beneficiary of the trust; *provided* that in the case of any transfer or distribution pursuant to this clause, (i) each donee, transferee or distributee agrees in writing with the Representatives to be bound by the terms of this Lock-Up Agreement prior to such transfer and no filing by any party (donor, donee, transferor, transferee, distributor or distributee) under the Exchange Act shall be required or shall be voluntarily made in connection with such transfer (other than a filing on a Form 5 made after the expiration of the Lock-Up Period); *provided further* any transfer pursuant to this clause shall not involve a disposition of value. For purposes of this Lock-Up Agreement, a "family member" shall mean any relationship by blood, marriage, domestic partnership or adoption, not more remote than first cousin;

d) the receipt by the undersigned from the Company of Securities upon the vesting of securities convertible into or exchangeable for Securities (including, without limitation, LLC Interests) or upon the exercise of options, in each case in accordance with their terms pursuant to an employee benefit plan, award or option disclosed in the Prospectus, *provided* that any such Securities issued upon such vesting or upon exercise of such option shall be Securities subject to the restrictions set forth herein;

e) the transfer of Securities to the Company upon a vesting event of securities convertible into or exchangeable for Securities (including, without limitation, LLC Interests) or upon the exercise of options to purchase Securities, in each case in accordance with their terms pursuant to an employee benefit plan, award or option disclosed in the Prospectus, in each case on a "cashless" or "net exercise" basis or to cover tax withholding obligations of the undersigned in connection with such vesting or exercise; *provided* that no filing under the Exchange Act or other public announcement shall be required or shall be voluntarily made during the Lock-Up Period;

f) the establishment of a trading plan pursuant to Rule 10b5-1 of the Exchange Act during the Lock-Up Period; *provided* that no direct or indirect offers, pledges, sales, contracts to sell, sales of any option or contract to purchase, purchases of any option or contract to sell, grants of any option, right or warrant to purchase, loans, or other transfers or disposals of any Securities or any securities convertible into or exercisable or exchangeable for Securities (including, without limitation, LLC Interests) may be effected pursuant to such plan during the Lock-Up Period; and *provided* that no public announcement or filing under the Exchange Act regarding the establishment of such plan shall be required of or voluntarily made by or on behalf of the undersigned or the Company during the Lock-Up Period;

g) the transfer of Securities or other securities convertible into or exchangeable for Securities (including, without limitation, LLC Interests) pursuant to a qualified domestic order or in connection with a divorce settlement; *provided* that the transferee shall sign and deliver to the Representatives a lock-up letter substantially in the form of this agreement prior to such transfer; *provided*, *further*, that if the undersigned is required to file a report under the Exchange Act, the undersigned shall include a statement in such report to the effect that such transfer was made pursuant to a qualified domestic order or divorce settlement; or

h) the transfer of Securities or other securities convertible into or exchangeable for Securities (including, without limitation, LLC Interests) pursuant to a change of control (as defined below) of the Company after the Public Offering Date that has been approved by the independent members of the Company's board of directors, *provided* that in the event that the change of control is not completed, the Securities owned by the undersigned shall remain subject to the restrictions contained in this Lock-Up Agreement.

For purposes of subsection (h) above, "change of control" shall mean the consummation of any bona fide third party tender offer, merger, consolidation or other similar transaction made to all holders of Securities the result of which is that any "person" (as defined in Section 13(d)(3) of the Exchange Act), or group of persons, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 of the Exchange Act) of more than 50% of the voting capital stock of the Company.

In furtherance of the foregoing, the Company and its transfer agent and registrar are hereby authorized to decline to make any transfer of Securities or LLC Interests if such transfer would constitute a violation or breach of this Lock-Up Agreement.

If the undersigned is an officer or director of the Company, the undersigned further agrees that the foregoing restrictions in this Lock-Up Agreement shall be equally applicable to any issuer-directed Securities the undersigned may purchase in the above-referenced offering.

If the undersigned is an officer or director of the Company, (i) the Representatives agree that, at least three business days before the effective date of any release or waiver of the foregoing restrictions in connection with a transfer of Securities or LLC Interests, the Representatives will notify the Company of the impending release or waiver, and (ii) the Company has agreed in the Underwriting Agreement to announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver. Any release or waiver granted by the Representatives hereunder to any such officer or director shall only be effective two business days after the publication date of such press release. The provisions of this paragraph will not apply if (a) the release or waiver is effected solely to permit a transfer not for consideration and (b) the transferee has agreed in writing to be bound by the same terms described in this Lock-Up Agreement to the extent and for the duration that such terms remain in effect at the time of the transfer.

This Lock-Up Agreement shall be binding on the undersigned and the successors, heirs, personal representatives and assigns of the undersigned. This Lock-Up Agreement shall automatically terminate and be of no further force and effect upon the earlier to occur of: (i) the Company advising the Representatives in writing prior to the execution of the Underwriting Agreement that it does not intend to proceed with the Offering; (ii) the termination of the Underwriting Agreement before the closing of the Offering; (iii) the Company files an application with the Securities and Exchange Commission to withdraw the registration statement related to the Offering; or (iv) March 31, 2017, if the Underwriting Agreement has not been executed by that date; *provided, however*, that the Representatives and the Company may, by joint written notice to you prior to such date, extend such date for a period of up to three additional months. **This agreement shall be governed by, and construed in accordance with, the laws of the State of New York.**

[*Signature page follows*]

Very truly yours,

IF AN INDIVIDUAL:

By: _____
(duly authorized signature)

Name: _____
(please print full name)

Address:

_____

_____

IF AN ENTITY:

_____
(please print complete name of entity)

By: _____
(duly authorized signature)

Name: _____
(please print full name)

Address:

_____

_____

FORM OF

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER (this "Agreement"), dated as of [·], 2016, by and among Fulgent Therapeutics LLC, a California limited liability company ("Therapeutics"), Fulgent Genetics, Inc., a Delaware corporation ("Genetics"), and Fulgent MergerSub, LLC, a Delaware limited liability company and a wholly owned subsidiary of Genetics ("MergerSub").

WITNESSETH:

WHEREAS, the board of directors of Genetics and the respective managers of Therapeutics and MergerSub have each approved and adopted this Agreement and the transactions contemplated by this Agreement, including, without limitation, the reorganization of Therapeutics into a Delaware holding company structure as a wholly-owned subsidiary of Genetics, in each case after making a determination that this Agreement and such transactions are advisable and fair to, and in the best interests of, such corporation and its sole stockholder or limited liability company and its members, as applicable;

WHEREAS, the sole stockholder of Genetics has adopted and approved this Agreement;

WHEREAS, Genetics, in its capacity as the sole member of MergerSub, has adopted and approved this Agreement;

WHEREAS, at the Effective Time (as defined below), pursuant to the transactions contemplated by this Agreement and on the terms and subject to the conditions set forth herein, *inter alia*: (i) MergerSub, in accordance with the California Revised Uniform Limited Liability Company Act (as amended from time to time, the "LLC Act") and the Delaware Limited Liability Company Act (as amended from time to time, the "DE Act"), will merge with and into Therapeutics, with Therapeutics as the Surviving Entity (the "Merger"); (ii) each [·] ([·]) shares of Therapeutics' Class D-1 Preferred (the "D-1 Preferred") will be converted into the right to receive one (1) share of Genetics Common Stock (as defined below) (the "D-1 Merger Ratio"); (iii) each [·] ([·]) shares of Therapeutics' Class D-2 Preferred (the "D-2 Preferred") will be converted into the right to receive one (1) share of Genetics Common Stock (the "D-2 Merger Ratio"); (iv) each [·] ([·]) shares of Therapeutics' Class D Voting Common (the "Voting Common") will be converted into the right to receive one (1) share of Genetics Common Stock (the "Voting Merger Ratio"); (v) each [·] ([·]) shares of Therapeutics' Class D Non-Voting Common (the "Non-Voting Common" and together with the D-1 Preferred, the D-2 Preferred and the Voting Common, the "Therapeutics Shares") will be converted into the right to receive one (1) share of Genetics Common Stock (the "Non-Voting Merger Ratio" and together with the D-1 Merger Ratio, the D-2 Merger Ratio and the Voting Merger Ratio, the "Merger Ratios"); and (vi) the membership interest in MergerSub held by Gentics will be canceled;

WHEREAS, a majority of each class of the outstanding Therapeutics Shares (the "Therapeutics Shareholder Approval") has adopted and approved this Agreement; and

WHEREAS, for U.S. federal and applicable state and local income tax purposes, the parties hereto intend for the Merger to be treated, from the perspective of holders of the Therapeutics Shares, as an exchange of Therapeutics Shares for Genetics Common Stock in a transaction, together with the initial public offering of Genetics Common Stock, subject to Section 351 of the Internal Revenue Code (the "Code"), and, from the perspective of Genetics, as a deemed acquisition by Genetics of the Therapeutics Shares followed by a deemed liquidation of Therapeutics into Genetics.

NOW, THEREFORE, in furtherance of the foregoing, the parties agree as follows:

ARTICLE I

MERGER

Section 1.1 Merger. Upon the terms and subject to the conditions set forth in this Agreement, and in accordance with the LLC Act and the DE Act, MergerSub shall be merged with and into Therapeutics at the Effective Time of the Merger. Following the Effective Time of the Merger, the separate existence of MergerSub shall cease, and Therapeutics shall continue as the surviving entity (the "Surviving Entity"), becoming a wholly owned direct subsidiary of Genetics. The effects and the consequences of the Merger shall be as set forth in this Agreement and the LLC Act and the DE Act. A copy of this Agreement shall be kept on file at the principal place of business of Therapeutics.

Section 1.2 Effective Time.

(a) Subject to the provisions of this Agreement, following the satisfaction or waiver of the conditions set forth in Section 3.1, the parties shall duly prepare, execute and file a certificate of merger (the "CA Certificate of Merger") complying with Section 17710.12 of the LLC Act with the Secretary of State of the State of California and the parties shall duly prepare, execute and file a certificate of merger (the "DE Certificate of Merger") complying with Section 18-209 of the DE Act with the Secretary of the State of Delaware. The Merger shall become effective upon the filing of the CA Certificate of Merger and the DE Certificate of Merger (or at such later time reflected in the CA Certificate of Merger and the DE Certificate of Merger as shall be agreed to by Genetics and Therapeutics). The date and time when the Merger shall become effective is referred to as the "Effective Time."

(b) The Merger shall have the effects set forth in the LLC Act and the DE Act. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, (i) all the properties, rights, privileges, immunities, powers and franchises of Therapeutics and MergerSub shall vest in the Surviving Entity, and (ii) all debts, liabilities, obligations and duties of Therapeutics and MergerSub shall become the debts, liabilities, obligations and duties of the Surviving Entity.

Section 1.3 Organizational Documents. The parties shall cause the operating agreement of Therapeutics to be amended and restated to be in the form set forth in Exhibit A hereto (as the same may be amended from time to time, the "Operating Agreement"). The Operating Agreement shall be the Operating Agreement of Therapeutics until thereafter changed or amended as provided therein or by the LLC Act.

Section 1.4 Manager. The manager of Therapeutics immediately prior to the Effective Time shall cease to be the manager of Therapeutics at the Effective Time and Genetics shall be the manager of Therapeutics from and after the Effective Time and shall hold office until the earlier of its dissolution, resignation or removal or its successor is duly elected or appointed and qualified in the manner provided for in the Operating Agreement, or as otherwise provided by the LLC Act.

Section 1.5 Officers. The officers of Therapeutics immediately prior to the Effective Time shall continue to be the officers of Therapeutics from and after the Effective Time and shall hold office until the earlier of their respective death, resignation or removal or their respective successors are duly elected or appointed and qualified in the manner provided for in the Operating Agreement, or as otherwise provided by the LLC Act.

ARTICLE II

CONVERSION OF SECURITIES; ISSUANCE OF NEW SECURITIES; STOCK CERTIFICATE

Section 2.1 Conversion of Securities. At the Effective Time, by virtue of the Merger and without any action on the part of the holders of the Therapeutics Shares:

(a) each Therapeutics Share issued and outstanding immediately prior to the Effective Time shall be converted into the right to receive shares of validly issued, fully paid and nonassessable common stock, par value $0.0001 per share, of Genetics ("Genetics Common Stock") at the applicable Merger Ratio (the "Conversion");

(b) each share of capital stock of Genetics, including, without limitation, Genetics Common Stock, that is issued, outstanding and held by Ming Hsieh immediately prior to the Effective Time (the "Initial Share") shall be canceled and extinguished without any conversion thereof and no payment shall be made with respect thereto;

(c) each share of capital stock of MergerSub issued and outstanding immediately prior to the Effective Time shall convert into one share of capital stock of Surviving Entity; and

(d) no fractional shares shall be issued upon the Conversion. In lieu of any fractional shares to which the holder of Therapeutics Share would otherwise be entitled, Genetics shall pay cash equal to such fraction multiplied by the then fair market value of a share of Voting Common as determined in good faith by the manager of Therapeutics. The number of shares of Genetics Common Stock to be issued upon the Conversion shall be determined on the basis of the total number of Therapeutics Shares the holder is at the time converting into Genetics Common Stock and the number of shares of Genetics Common Stock issuable upon such aggregate conversion;

Section 2.2 Stock Certificate. From and after the Effective Time, subject to Section 2.1, the outstanding certificate which immediately prior to the Effective Time represented the Initial Share shall be deemed cancelled without any action by the holder thereof. The books and records of Genetics or its transfer agent shall be revised to reflect such cancellation.

Section 2.3 Options; Restricted Share Units; Equity Incentive Plan.

(a) Prior to, but contingent upon, the Effective Time, Therapeutics shall take all actions necessary to provide that each option to acquire Non-Voting Common, whether vested or unvested (each, a "Therapeutics Stock Option"), that is unexpired and unexercised as of immediately prior to the Effective Time shall, by virtue of the Merger and without any further action by Genetics, Merger Sub, Therapeutics or the holder of such Therapeutics Stock Option, be assumed by Parent and converted into a stock option pursuant to the Genetics 2016 Omnibus Incentive Plan that represents the right to acquire a number of validly issued, fully paid and non-assessable shares of Genetics Common Stock, equal to the product of (i) the number of Non-Voting Common shares subject to such Therapeutics Stock Option, *multiplied by* (ii) the Non-Voting Merger Ratio (each, a "Converted Option"); provided, however, that any fractional share resulting from such multiplication shall be rounded down to the nearest whole share. The exercise price of each Converted Option shall be equal to (i) the exercise price of the Therapeutics Stock Option from which it was converted, *divided by* (ii) the Non-Voting Merger Ratio, rounded up to the nearest whole cent (the "Converted Option Exercise Price").

(b) Prior to, but contingent upon, the Effective Time, Therapeutics shall take all actions necessary to provide that each award of notional units that represent an unfunded and unsecured right to receive Non-Voting Common shares on a specified future date or event (each, a "Therapeutics RSU") that is outstanding as of immediately prior to the Effective Time shall, by virtue of the Merger and without any further action by Genetics, Merger Sub, Therapeutics or the holder of such Therapeutics RSU, be assumed by Parent and converted into a restricted stock unit award pursuant to the Genetics 2016 Omnibus Incentive Plan that covers a number of validly issued, fully paid and non-assessable shares of Genetics Common Stock, equal to the product of (i) the number of shares of Non-Voting Common to which the Therapeutics RSU relates immediately prior to the Effective Time, *multiplied by* (ii) the Non-Voting Merger Ratio (each, a "Converted RSU"); provided, however, that any fractional share resulting from such multiplication shall be rounded down to the nearest whole share.

(c) Following the Effective Time, each Converted Option and each Converted RSU shall remain subject to the same material terms and conditions, including the vesting schedule and any exercise schedule, as were applicable immediately prior to the Effective Time to the Therapeutics Stock Option and Therapeutics RSU, as applicable, from which it was converted except for administrative changes that are not adverse to the interests of the holder of the Converted Option or the Converted RSU, as applicable, or to which the holder consents in writing, in all cases subject to restrictions related to the issuance of shares under applicable law.

(d) At the Effective Time, Therapeutics shall terminate the Therapeutics Amended and Restated 2015 Equity Incentive Plan.

(e) Genetics shall take such actions as are necessary for the assumption of Therapeutics Stock Options and Therapeutics RSUs, including the reservation, issuance and listing of Genetics Common Stock, as is necessary to effectuate the transactions contemplated by this Section 2.3. It is intended that the assumption of the Therapeutics Stock Options assumed by Genetics shall comply with Section 409A of the Code and this Section 2.3 shall be construed consistent with such intent.

Section 2.4 Profits Interests. For the avoidance of doubt, each share of Voting Common and Non-Voting Common that is subject to a Profits Interest Threshold Amount (as defined in the Third Amended and Restated Operating Agreement of Therapeutics) prior to the Effective Time shall, at the Effective Time and immediately prior to the Conversion, cease to be subject to a Profits Interest Threshold Amount and shall be converted at the same Merger Ratio applicable to Voting Common and Non-Voting Common that are not subject to a Profits Interest Threshold Amount. Unless otherwise required by applicable law, the parties hereto shall treat such conversion as a nontaxable and noncompensatory event for U.S. federal and applicable state and local income tax purposes.

ARTICLE III

CONDITIONS TO MERGER

Section 3.1 Conditions Precedent. The respective obligation of each party to effect the Merger is subject to the satisfaction or waiver of each of the following conditions:

(a) the holders of a majority of each class of capital stock of MergerSub shall have approved the Merger;

(b) the sole holder of Genetics Common Stock issued and outstanding prior to the Effective Time shall have approved the Merger;

(c) no court or governmental entity of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any law or order (whether temporary, preliminary or permanent) that is in effect and has a material adverse effect on Therapeutics or Genetics or enjoins or otherwise prohibits consummation of the transactions contemplated by this Agreement and no judicial or administrative proceeding that seeks any such result shall continue to be pending; and

(d) all required approvals, licenses and certifications from, and notifications and filings to, governmental entities and non-governmental third parties shall have been obtained or made, as applicable.

ARTICLE IV

TERMINATION AND AMENDMENT

Section 4.1 Termination. This Agreement may be terminated at any time prior to the Effective Time by the affirmative vote of each of a majority of the board of directors of Genetics and the manager of Therapeutics. In the event of such termination, this Agreement shall become null and void and have no effect, without any liability or obligation on the part of Therapeutics, MergerSub or Genetics by reason of this Agreement.

Section 4.2 Amendment. This Agreement may be amended, modified or supplemented; provided, however, that after any such approval and prior to the Effective Time, there shall be made no amendment that (a) alters or changes the kind of shares to be received by holders of Therapeutics Shares in the Merger and Conversion; (b) alters or changes any term of the Certificate of Incorporation or Bylaws of Genetics or the Operating Agreement, except for alterations or changes that could otherwise be adopted by the directors of Genetics or the manager of the Surviving Entity, as applicable; or (c) alters or changes any other terms and conditions of this Agreement if any of the alterations or changes, alone or in the aggregate, would materially adversely affect the holders of Therapeutics Shares. Notwithstanding anything herein to the contrary, the Merger Ratios may be amended with the approval of the manager of Therapeutics. This Agreement may not be amended except after approval by the manager of Therapeutics and evidenced by an instrument in writing signed on behalf of each of the parties.

ARTICLE V

GENERAL PROVISIONS

Section 5.1 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Delaware applicable to contracts to be made and performed entirely therein without giving effect to the principles of conflicts of law thereof or of any other jurisdiction, except to the extent that provisions of the LLC Act are mandatorily applicable.

Section 5.2 Entire Agreement. This Agreement (including the documents and the instruments referred to herein), together with all exhibits, schedules, appendices, certificates, instruments and agreements delivered pursuant hereto and thereto (a) constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof, and (b) except as provided herein, is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

Section 5.3 Further Assurances. From time to time, and when required by the Surviving Entity or by its successors and assigns, Therapeutics shall execute and deliver, or cause to be executed and delivered, such deeds and other instruments, and Therapeutics shall take or cause to be taken such further and other action, as shall be appropriate or necessary in order to vest or perfect in or to conform of record or otherwise in the Surviving Entity the title to and possession of all the property, interests, assets, rights, privileges, immunities, powers, franchises and authority of Therapeutics and otherwise to carry out the purposes of this Agreement, and the officers and manager of the Surviving Entity are authorized fully in the name and on behalf of Therapeutics or otherwise to take any and all such action and to execute and deliver any and all such deeds and other instruments.

Section 5.4 Headings. Headings of the articles and sections of this Agreement, the table of contents are for convenience of the parties only, and shall be given no substantive or interpretative effect whatsoever.

Section 5.5 Counterparts. This Agreement may be executed in one or more counterparts, each of which when executed and delivered shall be deemed to be an original and all of which shall together be considered one and the same agreement.

Section 5.6 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective permitted successors and assigns.

Section 5.7 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void, unenforceable or against its regulatory policy, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their respective officers thereunto duly authorized as of the date first written above.

FULGENT GENETICS, INC.

By: _____
Name: Ming Hsieh
Title: President

FULGENT THERAPEUTICS LLC

By: _____
Name: Ming Hsieh
Title: Manager

FULGENT MERGERSUB, LLC

By: FULGENT GENETICS, INC.
Its: Manager

By: _____
Name: Ming Hsieh
Title: President

EXHIBIT A

Operating Agreement

FORM OF

FOURTH AMENDED AND RESTATED OPERATING AGREEMENT OF FULGENT THERAPEUTICS LLC a California Limited Liability Company dated as of [·], 2016

THE SECURITIES REPRESENTED BY THIS AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR REGISTERED NOR QUALIFIED UNDER ANY STATE SECURITIES LAWS. SUCH SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, DELIVERED AFTER SALE, TRANSFERRED, PLEDGED, OR HYPOTHECATED UNLESS QUALIFIED AND REGISTERED UNDER APPLICABLE STATE AND FEDERAL SECURITIES LAWS OR UNLESS, IN THE OPINION OF COUNSEL SATISFACTORY TO THE COMPANY, SUCH QUALIFICATION AND REGISTRATION IS NOT REQUIRED. ANY TRANSFER OF THE SECURITIES REPRESENTED BY THIS AGREEMENT IS FURTHER SUBJECT TO OTHER RESTRICTIONS, TERMS AND CONDITIONS WHICH ARE SET FORTH HEREIN.

FOURTH AMENDED AND RESTATED
OPERATING AGREEMENT
OF
FULGENT THERAPEUTICS LLC
A CALIFORNIA LIMITED LIABILITY COMPANY

This Fourth Amended and Restated Operating Agreement ("**Agreement**") of FULGENT THERAPEUTICS LLC, a California limited liability company (the "**Company**"), is made and entered into as of [·], 2016, by Fulgent Genetics, Inc., a Delaware corporation (the "**Member**"), with reference to the following facts:

A. The Company was duly formed upon the filing of the Articles of Organization-Conversion (the "**Articles**") with respect to Fulgent Therapeutics Inc., a California corporation and the predecessor of the Company, with the Secretary of State of the State of California on September 26, 2012, which set forth the information required by the California Beverly-Killea Limited Liability Company Act (the "**Act**") and Section 1151 *et seq.* of the California Corporations Code;

B. Concurrently with the formation of the Company the Members of the Company entered into an Operating Agreement for the Company, dated as of September 26, 2012 (the "**Original Agreement**"), governing the affairs of the Company and the rights, preferences, privileges and obligations of its Members;

C. On October 16, 2015, the manager of the Company ("**Manager**") and the Members of the Company amended and restated the Original Agreement (as amended and restated, the "**A&R Agreement**");

D. On April 4, 2016, the Manager and the Members of the Company amended and restated the A&R Agreement (as amended and restated, the "**Second A&R Agreement**");

E. On May 17, 2016, the Manager and the Members of the Company amended and restated the Second A&R Agreement (as amended and restated, the "**Third A&R Agreement**");

F. The Member has determined to amend and restate the Third A&R Agreement with this Agreement to recapitalize the Company by establishing one class of capital interest and reorganizing the Company into a Delaware holding company structure pursuant to the terms of that certain Agreement and Plan of Merger (the "**Merger Agreement**"), dated as of the date hereof, by and among the Company, the Member and Fulgent MergerSub, LLC, a Delaware limited liability company (the "**MergerSub**"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Merger Agreement; and

G. The Member desires to adopt and approve an operating agreement for the Company under the California Revised Uniform Limited Liability Company Act (the "**RULLCA**").

NOW, THEREFORE, the Member by this Agreement sets forth the limited liability company agreement for the Company upon the terms and subject to the conditions of this Agreement.

ARTICLE I
ORGANIZATIONAL MATTERS

1.1 Name. The name of the Company shall be "Fulgent Therapeutics LLC, a California limited liability company." The Company may conduct business under that name or any other name approved by the Member.

1.2 Term. The term of the Company commenced as of the date of the filing of the Articles under Section 17050 of the Act, and is perpetual.

1.3 Registered Office. The Company's registered office in the State of California shall be located at 4978 Santa Anita Avenue, Suite 205, Temple City, California 91780, until changed by designation of the Member.

1.4 Business of the Company. The purpose of the Company is to engage in any lawful business, purpose or activity for which a limited liability company may be organized under the RULLCA.

1.5 Agent for Service of Process. The Company shall maintain a California registered office and agent as required by the RULLCA. The registered office and registered agent may be changed by the Member from time to time by filing the address of the new registered office and/or the name of the new registered agent with the California Secretary of State pursuant to the RULLCA.

ARTICLE II
CAPITAL CONTRIBUTIONS AND TAX STATUS

2.1 Capital Contributions. Pursuant to the terms of the Merger Agreement, the Therapeutics Shares, issued and outstanding immediately prior to the Effective Time were converted into the right to receive shares of validly issued, fully paid and nonassessable Common Stock, par value $0.0001 per share, of the Member at the applicable Merger Ratio. Each (a) option to acquire Class D Non-Voting Common Shares ("**Non-Voting Common**") and (b) notional unit that represented an unfunded and unsecured right to receive a Non-Voting Common share on a specified future date or event, were assumed under the Diagnostics 2016 Omnibus Incentive Plan, subject to the terms and conditions set forth in the Merger Agreement. Each share of capital stock of the MergerSub issued and outstanding immediately prior to the Effective Time converted into one share of capital stock of the Company.

2.2 Profits, Losses and Distributions. All profits, losses and distributions shall be allocated and made to the Member.

2.3 Income Tax Status. Unless otherwise determined by the Member in its sole discretion, the Company shall be disregarded from the Member for applicable income tax purposes so long as the Company has a single member that owns one hundred percent (100%) of the limited liability company interests in the Company.

2.4 Fiscal Year. The Company's fiscal year will be its taxable year. The Company's taxable year will be the calendar year, unless otherwise required by the Internal Revenue Code of 1986, as amended (the "**Code**"), or the temporary and final regulations issued by the U.S. Treasury Department under the Code, as amended or superseded from time to time, as reasonably determined by the Member.

ARTICLE III
MANAGEMENT AND CONTROL OF THE COMPANY

3.1 Exclusive Management by the Member. The Member shall have full, complete and exclusive authority, power, and discretion to manage and control the business, property and affairs of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business, property and affairs.

3.2 Delegation of Authority. The Member may appoint, employ, or otherwise contract with such other persons or entities for the transaction of the business of the Company or the performance of services for, or on behalf of, the Company as it shall determine in his, her or its sole discretion. The Member may delegate to any officer of the Company, or to any such other person or entity, such authority to act on behalf of the Company as the Member may from time to time deem appropriate in his or her sole discretion. The salaries or other compensation, if any, of the officers and agents of the Company shall be fixed from time to time by the Member. Except as otherwise provided by the Member, when the taking of such action has been authorized by the Member, the Member or any officer of the Company, or any other person specifically authorized by the Member, may execute any contract or other agreement or document on behalf of the Company.

ARTICLE IV
DISSOLUTION AND WINDING UP

4.1 Conditions of Dissolution. The Company shall dissolve upon the occurrence of any of the following events:

(a) upon the entry of a decree of judicial dissolution pursuant to Section 17707.03 of the RULLCA;

(b) a determination by the Member to dissolve the Company;

(c) the bankruptcy or dissolution of the Member; or

(d) the sale of all or substantially all of the assets of the Company.

4.2 Winding Up. Upon the dissolution of the Company, the Company's assets shall be disposed of and its affairs wound up. The Company shall give written notice of the commencement of the dissolution to all of its known creditors.

ARTICLE V
INDEMNIFICATION

5.1 Indemnification. The Company, its receiver, or its trustee shall indemnify, defend and hold harmless the Member, and its respective affiliates, and their respective officers, directors, shareholders, partners, members, managers, agents, employees, successors and assigns and each of them, from and against any and all Damages (as defined below) arising out of or resulting from the fact that such Member is or was a Member or any act or omission in connection with such Member's activities on behalf of the Company or in furtherance of the interests of the Company, including, without limitation, any Damages incurred in connection with the defense of any actual or threatened action, proceeding, or claim to the fullest extent permitted by applicable law in effect on the date hereof and to such greater extent as applicable law may hereafter from time to time permit. Reasonable expenses incurred by an indemnified party may, in connection with the foregoing matters, be paid or reimbursed by the Company in advance of the final disposition of such proceedings upon receipt by the Company of (i) written affirmation by the indemnified party of its good faith belief that such person is entitled to indemnification by the Company, and (ii) a written undertaking by or on behalf of the indemnified party to repay such amount if a court of competent jurisdiction ultimately determines that the indemnified party is not entitled to indemnification.

As used in this Section 5.1, "**Damages**" shall mean all claims, actions, losses, damages, expenses, liabilities, judgments, awards, fines, sanctions, penalties, taxes, and amounts paid in settlement, including, without limitation, costs, fees and expenses of attorneys, experts, accountants, appraisers, consultants, witnesses, investigators and any other agents.

5.2 Insurance. The Company shall have the power to purchase and maintain insurance on behalf of any Person who is or was an agent of the Company against any liability asserted against such Person and incurred by such person in any such capacity, or arising out of such Person's status as an agent, whether or not the Company would have the power to indemnify such Person against such liability under the provisions of Section 5.1 or under applicable law.

ARTICLE VI
MISCELLANEOUS

6.1 Governing Law. This Agreement shall be governed by and construed under the laws of the State of California as applied to agreements among California residents made and to be performed entirely within California.

6.2 Conflict with Articles. To the extent that any provision of the Articles conflict with any provision of this Agreement, the Articles shall control.

6.3 Binding Effect. This Agreement will be binding upon and inure to the benefit of the Member, and its respective successors and assigns.

6.4 Severability. If any provision of this Agreement or the application of such provision to any person or circumstance shall be held invalid, the remainder of this Agreement or the application of such provision to persons or circumstances other than those to which it is held invalid shall not be affected thereby.

6.5 Parties in Interest. Except as expressly provided in the RULLCA, nothing in this Agreement shall confer any rights or remedies under or by reason of this Agreement on any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or governmental authority or agency, other than the Member and its respective successors and assigns, nor shall anything in this Agreement relieve or discharge the obligation or liability of any third person to any party to this Agreement, nor shall any provision give any third person any right of subrogation or action over or against any party to this Agreement.

(Signature Page Follows)

IN WITNESS WHEREOF, the sole Member of Fulgent Therapeutics LLC, a California limited liability company, has executed this Operating Agreement, effective as of the date written below.

MEMBER:

Fulgent Genetics, Inc.
a Delaware corporation

By: _____
Name: Ming Hsieh
Title: President

Date: [·], 2016

[*Signature Page to Fulgent Therapeutics LLC Operating Agreement*]

CERTIFICATE OF INCORPORATION

OF

FULGENT DIAGNOSTICS, INC.

ARTICLE 1

The name of the Corporation is Fulgent Diagnostics, Inc. (the "Corporation").

ARTICLE 2

The address of the Corporation's registered office in the State of Delaware is 850 New Burton Road, Suite 201, Dover, Delaware 19904, County of Kent. The name of its registered agent at such address is National Corporate Research, Ltd.

ARTICLE 3

The nature of the business of the Corporation and the objects or purposes to be transacted, promoted or carried on by it are as follows: to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

ARTICLE 4

A. The total number of shares of all classes of stock that the Corporation is authorized to issue is 201,000,000 shares, consisting of 200,000,000 shares of Common Stock, with a par value of $0.0001 per share, and 1,000,000 shares of Preferred Stock, with a par value of $0.0001 per share.

B. The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of shares of stock of the Corporation representing a majority of the votes represented by all of the outstanding shares of stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law of the State of Delaware.

C. Any of the shares of Preferred Stock may be issued from time to time in one or more series. Subject to the limitations and restrictions in this Article 4 set forth, the Board of Directors or a committee of the Board of Directors, to the extent permitted by law and the Bylaws of the Corporation or a resolution of the Board of Directors, by resolution or resolutions, is authorized to create or provide for any such series, and to fix the designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, including, without limitation, the authority to fix or alter the dividend rights, dividend rates, conversion rights, exchange rights, voting rights, rights and terms of redemption (including sinking and purchase fund provisions), the redemption price or prices, the dissolution preferences and the rights in respect to any distribution of assets of any wholly unissued series of

Preferred Stock and the number of shares constituting any such series, and the designation thereof, or any of them and to increase or decrease the number of shares of any series so created, subsequent to the issue of that series but not below the number of shares of such series then outstanding. In case the number of shares of any series shall be so decreased, the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series.

D. There shall be no limitation or restriction on any variation between any of the different series of Preferred Stock as to the designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof; and the several series of Preferred Stock may, except as hereinafter in this Article 4 otherwise expressly provided, vary in any and all respects as fixed and determined by the resolution or resolutions of the Board of Directors or by a committee of the Board of Directors, providing for the issuance of the various series; *provided, however*, that all shares of any one series of Preferred Stock shall have the same designation, preferences and relative, participating, optional or other special rights and qualifications, limitations and restrictions.

E. Except as otherwise required by law, or as otherwise fixed by resolution or resolutions of the Board of Directors with respect to one or more series of Preferred Stock, the entire voting power and all voting rights shall be vested exclusively in the Common Stock, and each stockholder of the Corporation who at the time possesses voting power for any purpose shall be entitled to one (1) vote for each share of such stock standing in his name on the books of the Corporation.

ARTICLE 5

A. The Board of Directors is expressly authorized to adopt, amend and repeal the Bylaws of the Corporation.

B. The stockholders are expressly authorized to adopt, amend and repeal the Bylaws of the Corporation, by the affirmative vote of a majority of the outstanding shares entitled to vote thereon.

ARTICLE 6

A. Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

B. The number of directors which shall constitute the Board of Directors shall be fixed exclusively by resolutions adopted by the Board of Directors.

C. Except as otherwise required by law and subject to the rights of the holders of any series of stock with respect to such series of stock, unless the Board of Directors otherwise determines, newly created directorships resulting from any increase in the authorized number of directors or any vacancies on the Board of Directors resulting from the death, resignation, retirement, disqualification, removal from office or other cause shall be filled only by a majority vote of the directors then in office, though less than a quorum, or by a sole remaining director, and not by the stockholders.

ARTICLE 7

Whenever a compromise or arrangement is proposed between the Corporation and its creditors or any class of them and/or between the Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of the Corporation or of any creditor or stockholder thereof, or on the application of any receiver or receivers appointed for the Corporation under the provisions of Section 291 of Delaware General Corporation Law or on the application of trustees in dissolution or of any receiver or receivers appointed for the Corporation under the provisions of Section 279 of Delaware General Corporation Law order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of the Corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of the Corporation, as the case may be, and also on the Corporation.

ARTICLE 8

The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

ARTICLE 9

To the fullest extent permitted by Delaware statutory or decisional law, as amended or interpreted, no director of this Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. To the fullest extent permitted by applicable law, the Corporation is required to provide indemnification of (and advancement of expenses to) directors, officers and agents of the Corporation (and any other persons to which applicable law permits the Corporation to provide indemnification) through Bylaw provisions, agreements with such agents or other persons, vote of stockholders or disinterested directors or otherwise in excess of the indemnification and advancement otherwise permitted by such applicable law. If applicable law is amended after approval by the stockholders of this Article 9 to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director to the Corporation shall be eliminated or limited to the fullest extent permitted by applicable law as so amended. No amendment to, or modification or repeal of, this Article 9 shall adversely affect any right or protection of a director of the Corporation existing hereunder with respect to any act or omission occurring prior to such amendment, modification or repeal. This Article 9 does not affect the availability of equitable remedies for breach of fiduciary duties.

ARTICLE 10

Except as otherwise provided for or fixed by or pursuant to the provisions of this Certificate of Incorporation or any resolution or resolutions of the Board of Directors providing for the issuance of any series of stock having a preference over the Common Stock, no action shall be taken by the stockholders except at an annual or special meeting of stockholders called in accordance with the Bylaws of the Corporation, and no action shall be taken by the stockholders by written consent.

ARTICLE 11

Except for (i) actions in which the Court of Chancery in the State of Delaware concludes that an indispensable party is not subject to the jurisdiction of the Delaware courts, and (ii) actions in which a federal court has assumed exclusive jurisdiction of a proceeding, any derivative action brought by or on behalf of the Corporation, and any direct action brought by a stockholder against the Corporation or any of its directors, officers or other employees, alleging a violation of the Delaware General Corporation Law, the Corporation's Certificate of Incorporation or Bylaws or breach of fiduciary duties or other violation of Delaware decisional law relating to the internal affairs of the Corporation, shall be brought in the Court of Chancery in the State of Delaware, which shall be the sole and exclusive forum for such proceedings; provided, however, that the Corporation may consent to an alternative forum for any such proceedings upon the approval of the Board of Directors of the Corporation.

ARTICLE 12

The name and mailing address of the sole incorporator is as follows:

Name	**Mailing Address**
Paul Kim	4978 Santa Anita Avenue, Suite 205 Temple City, CA 91780

I, the undersigned, being the sole incorporator hereinbefore named, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, do make this certificate, hereby declaring and certifying that this is my act and deed and the facts herein stated are true, and, accordingly, have hereunto set my hands this 13th day of May, 2016.

/s/ Paul Kim

Paul Kim, Sole Incorporator

Exhibit 3.1.1

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
FULGENT DIAGNOSTICS, INC.

The undersigned, Ming Hsieh, hereby certifies that:

1. He is the President of Fulgent Diagnostics, Inc., a Delaware corporation (the "Corporation").

2. The original Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on May 13, 2016.

3. Article 1 of the Certificate of Incorporation of the Corporation is amended and restated to read in its entirety as follows:

The name of the corporation is Fulgent Genetics, Inc. (the "Corporation").

4. This Certificate of Amendment has been duly adopted by the Board of Directors of this Corporation in accordance with Sections 242 and 141 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Amendment of Certificate of Incorporation on August 2, 2016.

/s/ Ming Hsieh
Ming Hsieh, President

Exhibit 3.2

BYLAWS

OF

FULGENT DIAGNOSTICS, INC.

a Delaware Corporation

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BYLAWS

OF

FULGENT DIAGNOSTICS, INC.

ARTICLE 1

OFFICES

Section 1.1 Registered Office.

The registered office of the Corporation in the State of Delaware shall be set forth in the Certificate of Incorporation of the Corporation (as amended, modified or restated from time to time, the "Certificate of Incorporation").

Section 1.2 Other Offices.

The Corporation may also have offices at such other places, either within or without the State of Delaware, as the board of directors of the Corporation (the "Board of Directors" or "Board") may from time to time determine or the business of the Corporation may require.

ARTICLE 2

STOCKHOLDERS' MEETINGS

Section 2.1 Place of Meetings.

(a) Meetings of stockholders may be held at such place, either within or without the State of Delaware, as may be designated by or in the manner provided in these Bylaws or, if not so designated, as determined by the Board of Directors. The Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication as authorized by paragraph (b) of this Section 2.1.

(b) If authorized by the Board of Directors in its sole discretion, and subject to such guidelines and procedures as the Board of Directors may adopt, stockholders and proxyholders not physically present at a meeting of stockholders may, by means of remote communication:

(1) Participate in a meeting of stockholders; and

(2) Be deemed present in person and vote at a meeting of stockholders whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (A) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, (B) the Corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate

in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (C) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

(c) For purposes of these Bylaws, “remote communication” shall include (1) telephone or other voice communications and (2) electronic mail or other form of written or visual electronic communications satisfying the requirements of Section 2.11(b).

Section 2.2 Annual Meetings.

The annual meetings of the stockholders of the Corporation, for the purpose of election of directors and for such other business as may lawfully come before it, shall be held on such date and at such time as may be designated from time to time by the Board of Directors. To the fullest extent permitted by applicable law, the Board of Directors may postpone or reschedule any previously scheduled annual meeting.

Section 2.3 Special Meetings.

Special meetings of the stockholders of the Corporation may be called, for any purpose or purposes, by the Chairman of the Board or the President or the Board of Directors at any time. Only such business shall be brought before a special meeting of stockholders as shall have been specified in the notice of such meeting. To the fullest extent permitted by applicable law, the Board of Directors may postpone or reschedule any previously scheduled special meeting.

Section 2.4 Notice of Meetings.

(a) Except as otherwise provided by law or the Certificate of Incorporation, written notice of each meeting of stockholders, specifying the place, if any, date and hour and purpose or purposes of the meeting, and the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, and the record date for determining the stockholders entitled to vote at the meeting, if such date is different from the record date for determining stockholders entitled to notice of the meeting, shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote thereat, directed to his address as it appears upon the books of the Corporation. If the Board of Directors fixes a date for determining the stockholders entitled to notice of a meeting of stockholders, such date shall also be the record date for determining the stockholders entitled to vote at such meeting, unless the Board of Directors determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination.

(b) If at any meeting action is proposed to be taken which, if taken, would entitle stockholders fulfilling the requirements of Section 262(d) of the Delaware General Corporation Law to an appraisal of the fair value of their shares, the notice of such meeting shall contain a statement to that effect and shall be accompanied by a copy of that statutory section.

(c) When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time, place, if any, thereof, and the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting, are announced at the meeting at which the adjournment is taken unless the adjournment is for more than thirty days, or unless after the adjournment a new record date is fixed for the adjourned meeting, in which event a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting; provided, however, that the Board of Directors may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote at the adjourned meeting.

(d) Notice of the time, place and purpose of any meeting of stockholders may be waived in writing or by electronic transmission, either before or after such meeting, and, to the extent permitted by law, will be waived by any stockholder or proxyholder by his attendance thereat, in person or by proxy.

(e) Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation under any provision of Delaware General Corporation Law, the Certificate of Incorporation, or these Bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Any such consent shall be deemed revoked if (i) the Corporation is unable to deliver by electronic transmission two consecutive notices given by the Corporation in accordance with such consent, and (ii) such inability becomes known to the Secretary or an Assistant Secretary of the Corporation or to the transfer agent or other person responsible for the giving of notice; provided, however, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action. Notice given pursuant to this subparagraph (e) shall be deemed given: (1) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice; (2) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (3) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and (4) if by any other form of electronic transmission, when directed to the stockholder. An affidavit of the Secretary or an Assistant Secretary or of the transfer agent or other agent of the Corporation that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein. For purposes of these Bylaws, “electronic transmission” means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

Section 2.5 Quorum and Voting.

(a) At all meetings of stockholders except where otherwise provided by law, the Certificate of Incorporation or these Bylaws, the presence, in person or by proxy duly authorized, of the holders of a majority of the outstanding shares of stock entitled to vote shall constitute a

quorum for the transaction of business. Shares, the voting of which at said meeting have been enjoined, or which for any reason cannot be lawfully voted at such meeting, shall not be counted to determine a quorum at said meeting. In the absence of a quorum, any meeting of stockholders may be adjourned, from time to time, by vote of the holders of a majority of the shares represented thereat, but no other business shall be transacted at such meeting. At such adjourned meeting at which a quorum is present or represented, any business may be transacted which might have been transacted at the original meeting. The stockholders present at a duly called or convened meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

(b) Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, all action taken by the holders of a majority of the votes cast on a matter affirmatively or negatively shall be valid and binding upon the Corporation. For purposes of these Bylaws, a share present at a meeting, but for which there is an abstention or as to which a stockholder gives no authority or direction as to a particular proposal or director nominee, shall be counted as present for the purpose of establishing a quorum but shall not be counted as a vote cast.

(c) Where a separate vote by a class or classes is required, a majority of the outstanding shares of such class or classes present in person or represented by proxy shall constitute a quorum entitled to take action with respect to that vote on that matter, and the affirmative vote of the majority of votes cast of such class or classes present in person or represented by proxy at the meeting shall be the act of such class.

Section 2.6 Voting Rights.

(a) Except as otherwise provided by law, only persons in whose names shares entitled to vote stand on the stock records of the Corporation on the record date for determining the stockholders entitled to vote at said meeting shall be entitled to vote at such meeting. Shares standing in the names of two or more persons shall be voted or represented in accordance with the determination of the majority of such persons, or, if only one of such persons is present in person or represented by proxy, such person shall have the right to vote such shares and such shares shall be deemed to be represented for the purpose of determining a quorum.

(b) Every person entitled to vote or to execute consents shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such person or his duly authorized agent, which proxy shall be filed with the Secretary of the Corporation at or before the meeting at which it is to be used. Said proxy so appointed need not be a stockholder. No proxy shall be voted on after three (3) years from its date unless the proxy provides for a longer period. Unless and until voted, every proxy shall be revocable at the pleasure of the person who executed it or of his legal representatives or assigns, except in those cases where an irrevocable proxy permitted by statute has been given.

(c) Without limiting the manner in which a stockholder may authorize another person or persons to act for him as proxy pursuant to subsection (b) of this section, the following shall constitute a valid means by which a stockholder may grant such authority:

(1) A stockholder may execute a writing authorizing another person or persons to act for him as proxy. Execution may be accomplished by the stockholder or his authorized officer, director, employee or agent signing such writing or causing his or her signature to be affixed to such writing by any reasonable means including, but not limited to, by facsimile signature.

(2) A stockholder may authorize another person or persons to act for him as proxy by transmitting or authorizing the transmission of an electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that any such transmission must either set forth or be submitted with information from which it can be determined that the transmission was authorized by the stockholder. Such authorization can be established by the signature of the stockholder on the proxy, either in writing or by a signature stamp or facsimile signature, or by a number or symbol from which the identity of the stockholder can be determined, or by any other procedure deemed appropriate by the inspectors or other persons making the determination as to due authorization. If it is determined that such transmissions are valid, the inspectors or, if there are no inspectors, such other persons making that determination shall specify the information upon which they relied.

(d) Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to subsection (c) of this section may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

Section 2.7 Voting Procedures and Inspectors of Elections.

(a) The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his ability.

(b) The inspectors shall (i) ascertain the number of shares outstanding and the voting power of each, (ii) determine the shares represented at a meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares represented at the meeting and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

(c) The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting. No ballot, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the inspectors after the closing of the polls unless the Court of Chancery shall determine otherwise upon application by a stockholder.

(d) In determining the validity and counting of proxies and ballots, the inspectors shall be limited to an examination of the proxies, any envelopes submitted with those proxies, any information provided in accordance with Sections 211(e) or 212(c)(2) of the Delaware General Corporation Law, or any information provided pursuant to Section 211(a)(2)(B)(i) or (iii) thereof, ballots and the regular books and records of the Corporation, except that the inspectors may consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers, their nominees or similar persons which represent more votes than the holder of a proxy is authorized by the record owner to cast or more votes than the stockholder holds of record. If the inspectors consider other reliable information for the limited purpose permitted herein, the inspectors at the time they make their certification pursuant to subsection (b)(v) of this section shall specify the precise information considered by them including the person or persons from whom they obtained the information, when the information was obtained, the means by which the information was obtained and the basis for the inspectors' belief that such information is accurate and reliable.

Section 2.8 List of Stockholders.

The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, (or, if the record date for determining the stockholders entitled to vote is less than 10 days before the meeting date, the list shall reflect the stockholders entitled to vote on the tenth day before the meeting date), arranged in alphabetical order, showing the address of and the number of shares registered in the name of each stockholder. The Corporation need not include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting for a period of at least 10 days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

Section 2.9 Stockholder Proposals at Annual Meetings.

At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (ii) otherwise properly brought before the

meeting by or at the direction of the Board of Directors, or (iii) otherwise properly brought before the meeting by a stockholder. The foregoing clause (iii) shall be the exclusive means for a stockholder to propose business (other than business included in the Corporation's proxy materials pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) at an annual meeting of stockholders.

In addition to any other applicable requirements for business to be properly brought before an annual meeting by a stockholder, whether or not the stockholder is seeking to have a proposal included in the Corporation's proxy statement or information statement under Rule 14a-8 under the Exchange Act, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, in the case of a stockholder seeking to have a proposal included in the Corporation's proxy statement or information statement, a stockholder's notice must be delivered to the Secretary at the Corporation's principal executive offices not less than 120 days or more than 180 days prior to the first anniversary of the date on which the Corporation first mailed its proxy materials (or, in the absence of proxy materials, its notice of meeting) for the previous year's annual meeting of stockholders. However, if the Corporation did not hold an annual meeting the previous year, or if the date of the annual meeting is advanced more than 30 days prior to or delayed by more than 30 days after the anniversary of the preceding year's annual meeting, then to be timely, notice by the stockholder must be delivered to the Secretary at the Corporation's principal executive offices not later than the close of business on the later of (i) the 90th day prior to such annual meeting or (ii) the 15th day following the day on which public announcement of the date of such meeting is first made. If the stockholder is not seeking inclusion of the proposal in the Corporation's proxy statement or information statement, timely notice consists of a stockholder's notice delivered to or mailed and received at the principal executive offices of the Corporation not less than 90 days prior to the date of the annual meeting. In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above. Other than with respect to stockholder proposals relating to director nomination(s), which requirements are set forth in Section 2.10 below, a stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and record address of the stockholder proposing such business, (iii) the class and number of shares of the Corporation which are beneficially owned by the stockholder, (iv) any material interest of the stockholder in such business, (v) as to the stockholder giving the notice and any Stockholder Associated Person (as defined below) or any member of such stockholder's immediate family sharing the same household, whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of, or any other agreement, arrangement or understanding (including, but not limited to, any short position or any borrowing or lending of shares of stock) has been made, the effect or intent of which is to mitigate loss or increase profit to or manage the risk or benefit of stock price changes for, or to increase or decrease the voting power of, such stockholder, such Stockholder Associated Person or family member with respect to any share of stock of the Corporation (each, a "Relevant Hedge Transaction"), and (vi) as to the stockholder giving the notice and any Stockholder Associated Person or any member of such stockholder's immediate family sharing the same household, to the extent not set forth pursuant to the immediately preceding clause, (a) whether and the extent to which such stockholder, Stockholder Associated Person or family member has direct or

indirect beneficial ownership of any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Corporation or otherwise, or any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation (a "Derivative Instrument"), (b) any rights to dividends on the shares of the Corporation owned beneficially by such stockholder, Stockholder Associated Person or family member that are separated or separable from the underlying shares of the Corporation, (c) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder, Stockholder Associated Person or family member is a general partner or, directly or indirectly, beneficially owns an interest in a general partner and (d) any performance-related fees (other than an asset-based fee) that such stockholder, Stockholder Associated Person or family member is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, as of the date of such notice (which information shall be supplemented by such stockholder and beneficial owner, if any, not later than 10 days after the record date for the meeting to disclose such ownership as of the record date).

For purposes of this Section 2.9 and Section 2.10, "Stockholder Associated Person" of any stockholder shall mean (i) any person controlling or controlled by, directly or indirectly, or acting in concert with, such stockholder, (ii) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder and (iii) any person controlling, controlled by or under common control with such Stockholder Associated Person.

Notwithstanding anything in the Bylaws to the contrary, no business shall be conducted at the annual meeting except in accordance with the procedures set forth in Section 2.1 and this Section 2.9, provided, however, that nothing in this Section 2.9 shall be deemed to preclude discussion by any stockholder of any business properly brought before the annual meeting in accordance with said procedure.

The chairman of an annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of Section 2.1 and this Section 2.9, and if he should so determine he shall so declare to the meeting, and any such business not properly brought before the meeting shall not be transacted.

Nothing in this Section 2.9 shall affect the right of a stockholder to request inclusion of a proposal in the Corporation's proxy statement or information statement pursuant to Rule 14a-8 under the Exchange Act.

Section 2.10 Nominations of Persons for Election to the Board of Directors.

In addition to any other applicable requirements, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors. Nominations of persons for election to the Board of Directors of the Corporation may be made at a meeting of stockholders (i) pursuant to the Corporation's notice of meeting (or any supplement thereto)

given by or at the direction of the Board of Directors, (ii) by or at the direction of the Board of Directors, or by any nominating committee or person appointed by the Board of Directors or (iii) by any stockholder of the Corporation entitled to vote for the election of directors at the meeting who complies with the notice procedures set forth in this Section 2.10. The foregoing clause (iii) shall be the exclusive means for a stockholder to make nominations at a meeting of stockholders. A stockholder who complies with the notice procedures set forth in this Section 2.10 is permitted to present the nomination at the meeting of stockholders but is not entitled to have a nominee included in the Corporation's proxy statement in the absence of an applicable rule of the U.S. Securities and Exchange Commission requiring the Corporation to include a director nomination made by a stockholder in the Corporation's proxy statement or information statement.

Such nominations, other than those made by or at the direction of the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary of the Corporation. To be timely, notice by the stockholder must be delivered to the Secretary at the Corporation's principal executive offices not later than 90 days prior to the date of the annual meeting. In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above. The stockholder's notice relating to director nomination(s) shall set forth (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director, (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class and number of shares of the Corporation which are beneficially owned by the person, (iv) a statement whether such person, if elected, intends to tender a resignation effective upon such person's failure to receive the required vote for re-election at the next meeting at which such person would face re-election and upon acceptance of such resignation by the Board of Directors, in accordance with these Bylaws, and (v) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to Regulation 14A under the Exchange Act; (b) as to the stockholder giving the notice, (i) the name and record address of the stockholder, and (ii) the class and number of shares of the Corporation which are beneficially owned by the stockholder; (c) as to the stockholder giving the notice and any Stockholder Associated Person (as defined in Section 2.9), to the extent not set forth pursuant to the immediately preceding clause, whether and the extent to which any Relevant Hedge Transaction (as defined in Section 2.9) has been entered into, and (d) as to the stockholder giving the notice and any Stockholder Associated Person, (1) whether and the extent to which any Derivative Instrument (as defined in Section 2.9) is directly or indirectly beneficially owned, (2) any rights to dividends on the shares of the Corporation owned beneficially by such stockholder that are separated or separable from the underlying shares of the Corporation, (3) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder is a general partner or, directly or indirectly, beneficially owns an interest in a general partner and (4) any performance-related fees (other than an asset-based fee) that such stockholder is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, as of the date of such notice, including without limitation any such interests held by members of such stockholder's immediate family sharing the same household (which information shall be supplemented by such stockholder and beneficial owner, if any, not later than 10 days after the record date for the meeting to disclose such ownership as of the record date). The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine

the eligibility of such proposed nominee to serve as a director of the Corporation. The stockholder giving such notice shall indemnify the Corporation in respect of any loss arising as a result of any false or misleading information or statement submitted by the nominating stockholder in connection with the nomination, as provided by Section 112(5) of the Delaware General Corporation Law. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth herein. These provisions shall not apply to nomination of any persons entitled to be separately elected by holders of preferred stock.

The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

Section 2.11 Action Without Meeting.

Unless otherwise provided in the Certificate of Incorporation, the stockholders of the Corporation may not act by written consent.

ARTICLE 3

DIRECTORS

Section 3.1 Number and Term of Office.

(a) Subject to the rights of holders of any series of preferred stock to elect additional directors under specified circumstances, the number of directors which shall constitute the whole of the Board of Directors shall be determined from time to time by resolutions of the Board of Directors, provided that the Board of Directors shall consist of at least one member. Elected directors shall hold office until the next annual meeting and until their successors shall be duly elected and qualified. Directors need not be stockholders. If, for any cause, the Board of Directors shall not have been elected at an annual meeting, they may be elected as soon as convenient at a special meeting of the stockholders called for that purpose in the manner provided in these Bylaws. In no case will a decrease in the number of directors shorten the term of any incumbent director.

(b) Except as provided in Section 3.3 of this Article III, the directors shall be elected by a plurality vote of the votes cast and entitled to vote on the election of directors at any meeting for the election of directors at which a quorum is present.

Section 3.2 Powers.

The powers of the Corporation shall be exercised, its business conducted and its property controlled by or under the direction of the Board of Directors.

Section 3.3 Vacancies.

Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director, and each director so elected shall hold office for the unexpired portion of the term of the director whose place shall be vacant and until his successor shall have been duly elected and qualified. A vacancy in the Board of Directors shall be deemed to exist under this section in the case of the death, removal or resignation of any director, or if the stockholders fail at any meeting of stockholders at which directors are to be elected (including any meeting referred to in Section 3.4 below) to elect the number of directors then constituting the whole Board of Directors.

Section 3.4 Resignations and Removals.

(a) Any director may resign at any time by delivering his resignation to the Secretary in writing or by electronic transmission, such resignation to specify whether it will be effective at a particular time, upon receipt by the Secretary or at the pleasure of the Board of Directors. If no such specification is made it shall be deemed effective at the pleasure of the Board of Directors. When one or more directors shall resign from the Board of Directors effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office for the unexpired portion of the term of the director whose place shall be vacated and until his successor shall have been duly elected and qualified.

(b) At a special meeting of stockholders called for the purpose in the manner hereinabove provided, the Board of Directors or any individual director may be removed from office, with or without cause, and a new director or directors elected by a vote of stockholders holding a majority of the outstanding shares entitled to vote at an election of directors.

Section 3.5 Meetings.

(a) The annual meeting of the Board of Directors shall be held immediately after the annual stockholders' meeting and at the place where such meeting is held or at the place announced by the chairman at such meeting. No notice of an annual meeting of the Board of Directors shall be necessary, and such meeting shall be held for the purpose of electing officers and transacting such other business as may lawfully come before it.

(b) Except as hereinafter otherwise provided, regular meetings of the Board of Directors shall be held at the principal executive office of the Corporation. Regular meetings of the Board of Directors may also be held at any place, within or without the State of Delaware, which has been designated by resolutions of the Board of Directors or the written consent of all directors.

(c) Special meetings of the Board of Directors may be held at any time and place within or without the State of Delaware whenever called by the Chairman of the Board or, if there is no Chairman of the Board, by the President, or by any of the directors.

(d) Written notice of the time and place of all regular and special meetings of the Board of Directors shall be delivered personally to each director or sent by any form of electronic transmission at least 48 hours before the start of the meeting, or sent by first class mail at least 120 hours before the start of the meeting. Notice of any meeting may be waived in writing at any time before or after the meeting and will be waived by any director by attendance thereat.

Section 3.6 Quorum and Voting.

(a) A quorum of the Board of Directors shall consist of a majority of the exact number of directors fixed from time to time in accordance with Section 3.1 of Article III of these Bylaws, but not less than one; provided, however, at any meeting, whether a quorum be present or otherwise, a majority of the directors present may adjourn from time to time until the time fixed for the next regular meeting of the Board of Directors, without notice other than by announcement at the meeting.

(b) At each meeting of the Board of Directors at which a quorum is present, all questions and business shall be determined by a vote of a majority of the directors present, unless a different vote be required by law, the Certificate of Incorporation, or these Bylaws.

(c) Any member of the Board of Directors, or of any committee thereof, may participate in a meeting by means of conference telephone or other communication equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

(d) The transactions of any meeting of the Board of Directors, or any committee thereof, however called or noticed, or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum be present and if, either before or after the meeting, each of the directors not present shall sign a written waiver of notice, or a consent to holding such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 3.7 Action Without Meeting.

Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or of such committee, as the case may be, consent thereto in writing or by electronic transmission, and such writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 3.8 Fees and Compensation.

Directors and members of committees may receive such compensation, if any, for their services, and such reimbursement for expenses, as may be fixed or determined by resolution of the Board of Directors.

Section 3.9 Committees.

(a) **Executive Committee:** The Board of Directors may appoint an Executive Committee of not less than one member, each of whom shall be a director. To the extent permitted by law, the Executive Committee shall have and may exercise when the Board of Directors is not in session all powers of the Board of Directors in the management of the business and affairs of the Corporation, except such committee shall not have the power or authority to amend these Bylaws or to approve or recommend to the stockholders any action which must be submitted to stockholders for approval under the General Corporation Law.

(b) **Other Committees:** The Board of Directors may from time to time appoint such other committees as may be permitted by law. Such other committees appointed by the Board of Directors shall have such powers and perform such duties as may be prescribed by the resolution or resolutions creating such committee, but in no event shall any such committee have the powers denied to the Executive Committee in these Bylaws.

(c) **Term:** The terms of members of all committees of the Board of Directors shall expire on the date of the next annual meeting of the Board of Directors following their appointment; provided that they shall continue in office until their successors are appointed. Subject to the provisions of subsections (a) or (b) of this Section 3.9, the Board of Directors may at any time increase or decrease the number of members of a committee or terminate the existence of a committee; provided that no committee shall consist of less than one member. The membership of a committee member shall terminate on the date of his death or voluntary resignation, but the Board of Directors may at any time for any reason remove any individual committee member and the Board of Directors may fill any committee vacancy created by death, resignation, removal or increase in the number of members of the committee. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee, and, in addition, in the absence or disqualification of any member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

(d) **Meetings:** Unless the Board of Directors shall otherwise provide, regular meetings of the Executive Committee or any other committee appointed pursuant to this Section 3.9 shall be held at such times and places as are determined by the Board of Directors, or by any such committee, and when notice thereof has been given to each member of such committee, no further notice of such regular meetings need be given thereafter; special meetings of any such committee may be held at the principal executive office of the Corporation or at any place which has been designated from time to time by resolution of such committee or by written consent of all members thereof, and may be called by any director who is a member of such committee upon written notice to the members of such committee of the time and place of such special meeting given in the manner provided for the giving of written notice to members of the Board of Directors of the time and place of special meetings of the Board of Directors. Notice of any special meeting of any committee may be waived in writing at any time after the meeting and will be waived by any director by attendance thereat. A majority of the authorized number of members of any such committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which a quorum is present shall be the act of such committee.

Section 3.10 Emergency Provisions.

In the event of any emergency, disaster or catastrophe, as referred to in Section 110 of the Delaware General Corporate Law, or other similar emergency condition, as a result of which a quorum of the Board of Directors or a standing committee of the Board of Directors cannot readily be convened for action, any director or officer of the Corporation may call a meeting of the Board of Directors or any standing committee of the Board of Directors by any practical means. Notice of the time and place of the meeting shall be given by any available means of communication by the person calling the meeting to such of the directors as it may be feasible to reach. Such notice shall be given at such time in advance of the meeting as, in the judgment of the person calling the meeting, circumstances permit.

If, as a result of such an emergency, disaster or catastrophe, a quorum of the Board of Directors or a standing committee of the Board of Directors cannot readily be convened for action, the director or directors in attendance at the meeting shall constitute a quorum. To the extent necessary to constitute a quorum at any meeting of the Board of Directors during such emergency, the officers or other persons designated on a list to be approved by the Board of Directors before the emergency, all in such order of priority as provided in such list, shall be deemed directors for such meeting. Such director or directors in attendance may further take action to appoint one or more of themselves or other directors to membership on any standing or temporary committees of the Board of Directors as they shall deem necessary and appropriate.

The Board of Directors, either before or during any such emergency, may provide, and from time to time modify, lines of succession in the event that during such emergency any or all officers or agents of the Corporation shall for any reason be rendered incapable of discharging their duties.

No officer, director or employee acting in accordance with this Section 3.10, with any other emergency bylaw provision, or pursuant to Section 110 of the Delaware General Corporate Law or any successor section, shall be liable except for willful misconduct.

ARTICLE 4

OFFICERS

Section 4.1 Officers Designated.

The officers of the Corporation shall be a President, a Secretary and a Treasurer. The Board of Directors or the President may also appoint a Chairman of the Board, one or more Vice-Presidents, Assistant Secretaries, Assistant Treasurers, and such other officers and agents with such powers and duties as it or he shall deem necessary. The order of the seniority of the Vice- Presidents shall be in the order of their nomination unless otherwise determined by the Board of Directors. The Board of Directors may assign such additional titles to one or more of the officers as they shall deem appropriate. Any one person may hold any number of offices of the Corporation at any one time unless specifically prohibited therefrom by law. The salaries and other compensation of the officers of the Corporation shall be fixed by or in the manner designated by the Board of Directors.

Section 4.2 Tenure and Duties of Officers.

(a) **General:** All officers shall hold office at the pleasure of the Board of Directors and until their successors shall have been duly elected and qualified, unless sooner removed. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board of Directors. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors. Nothing in these Bylaws shall be construed as creating any kind of contractual right to employment with the Corporation.

(b) **Duties of the Chairman of the Board of Directors:** The Chairman of the Board of Directors (if there be such an officer appointed) when present shall preside at all meetings of the stockholders and the Board of Directors. The Chairman of the Board of Directors shall perform such other duties and have such other powers as the Board of Directors shall designate from time to time.

(c) **Duties of Chief Executive Officer.** The Chief Executive Officer shall preside at all meetings of the stockholders and at all meetings of the Board of Directors (if a director), unless the Chairman of the Board of Directors has been appointed and is present. The Chief Executive Officer shall be the chief executive officer of the Company and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the Company. The Chief Executive Officer shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors shall designate from time to time.

(d) **Duties of President:** The President shall preside at all meetings of the stockholders and at all meetings of the Board of Directors, unless the Chairman of the Board of Directors has been appointed and is present. The President shall perform such other duties and have such other powers as the Board of Directors shall designate from time to time.

(e) **Duties of Vice-Presidents:** The Vice-Presidents, in the order of their seniority or as otherwise provided by the Board of Directors, may assume and perform the duties of the President in the absence or disability of the President or whenever the office of the President is vacant. The Vice-President shall perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time.

(f) **Duties of Secretary:** The Secretary shall attend all meetings of the stockholders and of the Board of Directors and any committee thereof, and shall record all acts and proceedings thereof in the minute book of the Corporation, which may be maintained in either paper or electronic form. The Secretary shall give notice, in conformity with these Bylaws, of all meetings of the stockholders and of all meetings of the Board of Directors and any Committee thereof requiring notice. The Secretary shall perform such other duties and have such other powers as the Board of Directors shall designate from time to time. The President may direct any Assistant Secretary to assume and perform the duties of the Secretary in the absence or disability of the Secretary, and each Assistant Secretary shall perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time.

(g) **Duties of Treasurer:** The Treasurer shall keep or cause to be kept the books of account of the Corporation in a thorough and proper manner, and shall render statements of the financial affairs of the Corporation in such form and as often as required by the Board of Directors or the President. The Treasurer, subject to the order of the Board of Directors, shall have the custody of all funds and securities of the Corporation. The Treasurer shall perform all other duties commonly incident to his office and shall perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time. The President may direct any Assistant Treasurer to assume and perform the duties of the Treasurer in the absence or disability of the Treasurer, and each Assistant Treasurer shall perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time.

ARTICLE 5

EXECUTION OF CORPORATE INSTRUMENTS, AND VOTING OF SECURITIES OWNED BY THE CORPORATION

Section 5.1 Execution of Corporate Instruments.

(a) The Board of Directors may in its discretion determine the method and designate the signatory officer or officers, or other person or persons, to execute any corporate instrument or document, or to sign the corporate name without limitation, except where otherwise provided by law, and such execution or signature shall be binding upon the Corporation.

(b) Unless otherwise specifically determined by the Board of Directors or otherwise required by law, formal contracts of the Corporation, promissory notes, deeds of trust, mortgages and other evidences of indebtedness of the Corporation, other corporate instruments, and certificates of shares of stock owned by the Corporation, shall be executed, signed or endorsed by the Chairman of the Board (if there be such an officer appointed) or by the President; such documents may also be executed by any Vice-President and by the Secretary or Treasurer or any Assistant Secretary or Assistant Treasurer. All other instruments and documents requiring the corporate signature may be executed as aforesaid or in such other manner as may be directed by the Board of Directors.

(c) All checks and drafts drawn on banks or other depositaries on funds to the credit of the Corporation or in special accounts of the Corporation shall be signed by such person or persons as the Board of Directors shall authorize so to do.

(d) Execution of any corporate instrument may be effected in such form, either manual, facsimile or electronic signature, as may be authorized by the Board of Directors.

Section 5.2 Voting of Securities Owned by Corporation.

All stock and other securities of other corporations owned or held by the Corporation for itself or for other parties in any capacity shall be voted, and all proxies with respect thereto shall

be executed, by the person authorized so to do by resolution of the Board of Directors or, in the absence of such authorization, by the Chairman of the Board (if there be such an officer appointed), or by the President, or by any Vice-President.

ARTICLE 6

SHARES OF STOCK

Section 6.1 Form and Execution of Certificates.

The shares of the Corporation shall be represented by certificates, provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Certificates for the shares of stock of the Corporation shall be in such form as is consistent with the Certificate of Incorporation and applicable law. Every holder of stock in the Corporation shall be entitled to have a certificate signed by, or in the name of the Corporation by, the Chairman of the Board (if there be such an officer appointed), or by the President or any Vice-President and by the Treasurer or Assistant Treasurer or the Secretary or Assistant Secretary, certifying the number of shares owned by him in the Corporation. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued with the same effect as if he were such officer, transfer agent, or registrar at the date of issue. If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in Section 202 of the Delaware General Corporation Law, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Section 6.2 Lost Certificates.

The Board of Directors may direct a new certificate or certificates (or uncertificated shares in lieu of a new certificate) to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost or destroyed. When authorizing such issue of a new certificate or certificates (or uncertificated shares in lieu of a new certificate), the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or certificates, or his legal representative, to indemnify the Corporation in such manner as it shall require and/or to

give the Corporation a surety bond in such form and amount as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost or destroyed.

Section 6.3 Transfers.

Transfers of record of shares of stock of the Corporation shall be made only upon its books by the holders thereof, in person or by attorney duly authorized, who shall furnish proper evidence of authority to transfer, and in the case of stock represented by a certificate, upon the surrender of a certificate or certificates for a like number of shares, properly endorsed.

Section 6.4 Fixing Record Dates.

(a) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than 60 nor less than 10 days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the date on which the meeting is held. A determination of stockholders of record entitled notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing or by electronic transmission without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than 10 days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors, the record date for determining stockholders entitled to consent to corporate action in writing or by electronic transmission without a meeting, when no prior action by the Board of Directors is required by the Delaware General Corporation Law, shall be the first date on which a signed written consent or electronic transmission setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded; provided that any such electronic transmission shall satisfy the requirements of Section 2.11(b) and, unless the Board of Directors otherwise provides by resolution, no such consent by electronic transmission shall be deemed to have been delivered until such consent is reproduced in paper form and until such paper form shall be delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to a Corporation’s registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of

Directors is required by law, the record date for determining stockholders entitled to consent to corporate action in writing or by electronic transmission without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

(c) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 6.5 Registered Stockholders.

The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE 7

OTHER SECURITIES OF THE CORPORATION

All bonds, debentures and other corporate securities of the Corporation, other than stock certificates, may be signed by the Chairman of the Board (if there be such an officer appointed), or the President or any Vice-President or such other person as may be authorized by the Board of Directors and the corporate seal impressed thereon or a facsimile of such seal imprinted thereon and attested by the signature of the Secretary or an Assistant Secretary, or the Treasurer or an Assistant Treasurer; provided, however, that where any such bond, debenture or other corporate security shall be authenticated by the manual signature of a trustee under an indenture pursuant to which such bond, debenture or other corporate security shall be issued, the signature of the persons signing and attesting the corporate seal on such bond, debenture or other corporate security may be the imprinted facsimile of the signatures of such persons. Interest coupons appertaining to any such bond, debenture or other corporate security, authenticated by a trustee as aforesaid, shall be signed by the Treasurer or an Assistant Treasurer of the Corporation, or such other person as may be authorized by the Board of Directors, or bear imprinted thereon the facsimile signature of such person. In case any officer who shall have signed or attested any bond, debenture or other corporate security, or whose facsimile signature shall appear thereon has ceased to be an officer of the Corporation before the bond, debenture or other corporate security so signed or attested shall have been delivered, such bond, debenture or other corporate security nevertheless may be adopted by the Corporation and issued and delivered as though the person who signed the same or whose facsimile signature shall have been used thereon had not ceased to be such officer of the Corporation.

ARTICLE 8

INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS

Section 8.1 Right to Indemnification.

Each person who was or is a party or is threatened to be made a party to or is involved (as a party, witness, or otherwise), in any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (hereinafter a "**Proceeding**"), by reason of the fact that he, or a person of whom he is the legal representative, is or was a director, officer, employee, or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee, or agent of another Corporation or of a partnership, joint venture, trust, or other enterprise, including service with respect to employee benefit plans, whether the basis of the Proceeding is alleged action in an official capacity as a director, officer, employee, or agent or in any other capacity while serving as a director, officer, employee, or agent (hereafter an "**Agent**"), shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended or interpreted (but, in the case of any such amendment or interpretation, only to the extent that such amendment or interpretation permits the Corporation to provide broader indemnification rights than were permitted prior thereto) against all expenses, liability, and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties, and amounts paid or to be paid in settlement, and any interest, assessments, or other charges imposed thereon, and any federal, state, local, or foreign taxes imposed on any Agent as a result of the actual or deemed receipt of any payments under this Article) reasonably incurred or suffered by such person in connection with investigating, defending, being a witness in, or participating in (including on appeal), or preparing for any of the foregoing in, any Proceeding (hereinafter "**Expenses**").

Section 8.2 Authority to Advance Expenses.

Expenses incurred by an officer or director (acting in his capacity as such) in defending a Proceeding shall be paid by the Corporation in advance of the final disposition of such Proceeding, provided, however, that if required by the Delaware General Corporation Law, as amended, such Expenses shall be advanced only upon delivery to the Corporation of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in this Article or otherwise. Expenses incurred by other Agents of the Corporation (or by the directors or officers not acting in their capacity as such, including service with respect to employee benefit plans) may be advanced upon such terms and conditions as the Board of Directors deems appropriate. Any obligation to reimburse the Corporation for Expense advances shall be unsecured and no interest shall be charged thereon.

Section 8.3 Right of Claimant to Bring Suit.

If a claim under Section 8.1 or 8.2 of this Article is not paid in full by the Corporation within thirty (30) days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the

claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense (including attorneys' fees) of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending a Proceeding in advance of its final disposition where the required undertaking has been tendered to the Corporation) that the claimant has not met the standards of conduct that make it permissible under the Delaware General Corporation Law for the Corporation to indemnify the claimant for the amount claimed. The burden of proving such a defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper under the circumstances because he has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant had not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant has not met the applicable standard of conduct.

Section 8.4 Provisions Nonexclusive.

The rights conferred on any person by this Article shall not be exclusive of any other rights that such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, agreement, vote of stockholders or disinterested directors, or otherwise, both as to action in an official capacity and as to action in another capacity while holding such office. To the extent that any provision of the Certificate of Incorporation, agreement, or vote of the stockholders or disinterested directors is inconsistent with these Bylaws, the provision, agreement, or vote shall take precedence.

Section 8.5 Authority to Insure.

The Corporation may purchase and maintain insurance to protect itself and any Agent against any Expense, whether or not the Corporation would have the power to indemnify the Agent against such Expense under applicable law or the provisions of this Article.

Section 8.6 Enforcement of Rights

Without the necessity of entering into an express contract, all rights provided under this Article shall be deemed to be contractual rights and be effective to the same extent and as if provided for in a contract between the Corporation and such Agent. Any rights granted by this Article to an Agent shall be enforceable by or on behalf of the person holding such right in any court of competent jurisdiction.

Section 8.7 Survival of Rights.

The rights provided by this Article shall continue as to a person who has ceased to be an Agent and shall inure to the benefit of the heirs, executors, and administrators of such a person.

Section 8.8 Settlement of Claims.

The Corporation shall not be liable to indemnify any Agent under this Article (a) for any amounts paid in settlement of any action or claim effected without the Corporation's written consent, which consent shall not be unreasonably withheld; or (b) for any judicial award if the Corporation was not given a reasonable and timely opportunity, at its expense, to participate in the defense of such action.

Section 8.9 Effect of Amendment.

Any amendment, repeal, or modification of this Article that adversely affects any rights provided in this Article to an Agent shall only be effective upon the prior written consent of such Agent.

Section 8.10 Primacy of Indemnification.

Notwithstanding that an Agent may have certain rights to indemnification, advancement of expenses and/or insurance provided by other persons (collectively, the "**Other Indemnitors**"), the Corporation: (i) shall be the indemnitor of first resort (i.e., its obligations to an Agent are primary and any obligation of the Other Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by such Agent are secondary); and (ii) shall be required to advance the full amount of expenses incurred by an Agent and shall be liable for the full amount of all Expenses, without regard to any rights such Agent may have against any of the Other Indemnitors. No advancement or payment by the Other Indemnitors on behalf of an Agent with respect to any claim for which such Agent has sought indemnification from the Corporation shall affect the immediately preceding sentence, and the Other Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of such Agent against the Corporation.

Section 8.11 Subrogation.

In the event of payment under this Article, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of the Agent (other than against the Other Indemnitors), who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Corporation effectively to bring suit to enforce such rights.

Section 8.12 No Duplication of Payments.

Except as otherwise set forth in Section 8.10 above, the Corporation shall not be liable under this Article to make any payment in connection with any claim made against the Agent to the extent the Agent has otherwise actually received payment (under any insurance policy, agreement, vote, or otherwise) of the amounts otherwise indemnifiable hereunder.

Section 8.13 Saving Clause.

If this Article or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each Agent to the fullest extent not prohibited by any applicable portion of this Article that shall not have been invalidated, or by any other applicable law.

ARTICLE 9

NOTICES

Whenever, under any provisions of these Bylaws, notice is required to be given to any stockholder, the same shall be given either (1) in writing, timely and duly deposited in the United States Mail, postage prepaid, and addressed to his last known post office address as shown by the stock record of the Corporation or its transfer agent, or (2) by a means of electronic transmission that satisfies the requirements of Section 2.4(e) of these Bylaws, and has been consented to by the stockholder to whom the notice is given. Any notice required to be given to any director may be given by either of the methods hereinabove stated, except that such notice other than one which is delivered personally, shall be sent to such address or (in the case of electronic communication) such e-mail address, facsimile telephone number or other form of electronic address as such director shall have filed in writing or by electronic communication with the Secretary of the Corporation, or, in the absence of such filing, to the last known post office address of such director. If no address of a stockholder or director be known, such notice may be sent to the principal executive office of the Corporation. An affidavit of mailing, executed by a duly authorized and competent employee of the Corporation or its transfer agent appointed with respect to the class of stock affected, specifying the name and address or the names and addresses of the stockholder or stockholders, director or directors, to whom any such notice or notices was or were given, and the time and method of giving the same, shall be conclusive evidence of the statements therein contained. All notices given by mail, as above provided, shall be deemed to have been given as at the time of mailing and all notices given by means of electronic transmission shall be deemed to have been given as at the sending time recorded by the electronic transmission equipment operator transmitting the same. It shall not be necessary that the same method of giving notice be employed in respect of all directors, but one permissible method may be employed in respect of any one or more, and any other permissible method or methods may be employed in respect of any other or others. The period or limitation of time within which any stockholder may exercise any option or right, or enjoy any privilege or benefit, or be required to act, or within which any director may exercise any power or right, or enjoy any privilege, pursuant to any notice sent him in the manner above provided, shall not be affected or extended in any manner by the failure of such a stockholder or such director to receive such notice. Whenever any notice is required to be given under the provisions of the statutes or of the Certificate of Incorporation, or of these Bylaws, a waiver thereof in writing signed by the person or persons entitled to said notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Whenever notice is required to be given, under any provision of law or of the Certificate of Incorporation or Bylaws of the Corporation, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to

give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the Corporation is such as to require the filing of a certificate under any provision of the Delaware General Corporation Law, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

ARTICLE 10

AMENDMENTS

Except as otherwise provided in Section 8.9 above, these Bylaws may be repealed, altered or amended or new Bylaws adopted at any meeting of the stockholders, either annual or special, by the affirmative vote of a majority of the stock entitled to vote at such meeting, unless a larger vote is required by these Bylaws or the Certificate of Incorporation. Except as otherwise provided in Section 8.9 above, the Board of Directors shall also have the authority to repeal, alter or amend these Bylaws or adopt new Bylaws (including, without limitation, the amendment of any Bylaws setting forth the number of directors who shall constitute the whole Board of Directors) by unanimous written consent or at any annual, regular, or special meeting by the affirmative vote of a majority of the whole number of directors, subject to the power of the stockholders to change or repeal such Bylaws.

ARTICLE 11

FORUM FOR CERTAIN ACTIONS

Except for (a) actions in which the Court of Chancery in the State of Delaware concludes that an indispensable party is not subject to the jurisdiction of the Delaware courts, and (b) actions in which a federal court has assumed exclusive jurisdiction of a proceeding, any derivative action brought by or on behalf of the Corporation, and any direct action brought by a stockholder against the Corporation or any of its directors or officers, alleging a violation of the Delaware General Corporation Law, the Corporation's Certificate of Incorporation or Bylaws or breach of fiduciary duties or other violation of Delaware decisional law relating to the internal affairs of the Corporation, shall be brought in the Court of Chancery in the State of Delaware, which shall be the sole and exclusive forum for such proceedings; provided, however, that the Corporation may consent to an alternative forum for any such proceedings upon the approval of the Board of Directors of the Corporation.

FULGENT THERAPEUTICS LLC

INVESTOR'S RIGHTS AGREEMENT

Dated as of May 17, 2016

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FULGENT THERAPEUTICS LLC

INVESTOR'S RIGHTS AGREEMENT

THIS INVESTOR'S RIGHTS AGREEMENT (this "**Agreement**") is entered into effective as of May 17, 2016, by and between Fulgent Therapeutics LLC, a California limited liability company (the "**Company**"), and Xi Long USA, Inc., a Delaware corporation (the "**Investor**"). The Company and the Investor are sometimes collectively referred to herein as the "**Parties**" and individually as a "**Party**."

RECITALS

A. WHEREAS, the Investor and the Company are parties to that certain Class D-2 Preferred Share Purchase and Exchange Agreement, dated as of the date hereof (the "**Purchase Agreement**"), relating to the Company's issuance and sale of 5,131,579 shares (the "**Investment Shares**") of the Company's Class D-2 Preferred Shares (the "**D-2 Preferred Shares**") to the Investor;

B. WHEREAS, the Investor also entered into Share Purchase Agreements pursuant to which the Investor purchased from the other parties thereto a total of 10,263,158 shares of the Company's issued and outstanding Shares (the "**Seller Shares**");

C. WHEREAS, pursuant to the terms of the Purchase Agreement, the Investor and the Company exchanged the Seller Shares for Class D-2 Preferred Shares ("**Exchanged Shares**" and together with the Investment Shares, the "**Acquired Shares**") as described therein; and

D. WHEREAS, the obligations of the Company and the Investor under the Purchase Agreement are conditioned, among other things, upon the execution and delivery of this Agreement by the Investor and the Company.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual premises and covenants set forth herein, the Parties agree as follows:

1. Registration Rights.

1.1 Definitions. For purposes of this Section 1:

(a) The term "**Act**" means the Securities Act of 1933, as amended.

(b) The term "**Form S-3**" means such form under the Act as in effect on the date hereof or any registration form under the Act subsequently adopted by the SEC that permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

(c) The term "**Holder**" means any person owning or having the right to acquire Registrable Securities or any assignee thereof in accordance with Section 1.11 hereof.

(d) The term "**Initial Public Offering**" means the first firm commitment underwritten public offering of securities of the Company pursuant to an effective registration statement under the Act (other than a registration statement relating either to the sale of securities to employees of the Company pursuant to a stock option, stock purchase or similar plan or an SEC Rule 145 transaction).

(e) The term "**register**," "**registered**," and "**registration**" refer to a registration effected by preparing and filing a registration statement or similar document in compliance with the Act, and the declaration or ordering of effectiveness of such registration statement or document.

(f) The term "**Registrable Securities**" means (i) the Acquired Shares, and (ii) any Common Shares of the Company issued as (or issuable upon the conversion or exercise of any warrant, right or other security that is issued as) a dividend or other distribution with respect to, or in exchange for, or in replacement of, the shares referenced in (i) above, excluding in all cases, however, any Registrable Securities sold by a person (x) in a transaction in which his, her or its rights under this Section 1 are not assigned, (y) pursuant to a registration statement under the Act that has been declared effective and such Registrable Securities have been disposed of pursuant to such effective registration statement or (z) in a transaction in which such Registrable Securities are sold pursuant to Rule 144 (or any similar provision then in force) under the Act.

(g) The number of shares of "**Registrable Securities then outstanding**" shall be determined by the number of shares of Common Shares outstanding that are, and the number of shares of Common Shares issuable pursuant to then exercisable or convertible securities that are, Registrable Securities.

(h) The term "**SEC**" shall mean the Securities and Exchange Commission.

(i) The term "**1934 Act**" means the Securities Exchange Act of 1934, as amended.

Capitalized terms that are not otherwise defined herein shall have the respective meanings assigned to them in the Third Amended and Restated Operating Agreement of the Company.

1.2 Request for Registration.

(a) Subject to the conditions of this Section 1.2, if the Company shall receive at any time three (3) years after the date of this Agreement a written request from the Holders of a majority or more of the Registrable Securities then outstanding (the "**Initiating Holders**") that the Company file a registration statement under the Act covering the registration of at least fifty percent (50%) of the then outstanding Registrable Securities, provided that the anticipated aggregate offering price from such offering would exceed $35,000,000, then the Company shall, within twenty (20) days of the receipt thereof, give written notice of such request

to all Holders, and subject to the limitations of this Section 1.2, use best efforts to effect, as soon as practicable, the registration under the Act of all Registrable Securities that the Holders request to be registered in a written request received by the Company within twenty (20) days of the mailing of the Company's notice pursuant to this Section 1.2(a).

(b) If the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to this Section 1.2 and the Company shall include such information in the written notice referred to in Section 1.2(a). In such event the right of any Holder to include its Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting (unless otherwise mutually agreed by a majority in interest of the Initiating Holders and such Holder) to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Company. Notwithstanding any other provision of this Section 1.2, if the underwriter advises the Company that marketing factors require a limitation of the number of securities underwritten (including Registrable Securities), then the Company shall so advise all Holders of Registrable Securities that would otherwise be underwritten pursuant hereto, and the number of shares that may be included in the underwriting shall be allocated to the Holders of such Registrable Securities on a pro rata basis (as nearly as practicable) based on the number of Registrable Securities held by all such Holders (including the Initiating Holders), provided that no Registrable Securities shall be excluded unless and until all other securities of the Company have been excluded. Any Registrable Securities excluded or withdrawn from such underwriting shall be withdrawn from the registration.

(c) In addition, the Company shall not be required to effect a registration pursuant to this Section 1.2:

(i) after the Company has effected one (1) registration pursuant to this Section 1.2, and such registration has been declared or ordered effective;

(ii) during the period starting with the date sixty (60) days prior to the Company's good faith estimate of the date of the filing of, and ending on a date one hundred eighty (180) days following the effective date of, a Company-initiated registration subject to Section 1.3, provided that the Company is actively employing in good faith all reasonable efforts to cause such registration statement to become effective;

(iii) if the Initiating Holders propose to dispose of Registrable Securities that may be registered on Form S-3 pursuant to Section 1.4;

(iv) if the Company shall furnish to Holders requesting a registration pursuant to this Section 1.2, a certificate signed by the Company's Chief Executive Officer or Chairman of the Board stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its shareholders for such registration to be effected at such time, in which event the Company shall have the right to defer such filing for a period of not more than 120 days after receipt of the request of the Initiating Holders, provided that such right to delay a request shall be exercised by the Company not more than twice in any twelve (12)-month period; or

(v) in any particular jurisdiction in which the Company would be required to execute a general consent to service of process in effecting such registration, unless the Company is already subject to service in such jurisdiction and except as may be required under the Act.

1.3 Company Registration.

(a) If (but without any obligation to do so) the Company proposes to register (including for this purpose a registration effected by the Company for shareholders other than the Holders) any of its stock or other securities under the Act in connection with the public offering of such securities (other than a registration relating solely to the sale of securities to participants in a Company stock plan, a registration relating to a corporate reorganization or other transaction under Rule 145 of the Act, a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities, a registration in which the only Common Shares being registered are Common Shares issuable upon conversion of debt securities that are also being registered, or a registration in connection with the Initial Public Offering), the Company shall, at such time, promptly give each Holder written notice of such registration. Upon the written request of each Holder given within twenty (20) days after mailing of such notice by the Company, the Company shall, subject to the provisions of Section 1.5(e), use its best efforts to cause to be registered under the Act all of the Registrable Securities that each such Holder has requested to be registered.

(b) Right to Terminate Registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 1.3 prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration. The expenses of such withdrawn registration shall be borne by the Company in accordance with Section 1.7 hereof.

1.4 Form S-3 Registration. In case the Company shall receive from the Holders of at least fifty percent (50%) of the Registrable Securities then outstanding a written request or requests that the Company effect a registration on Form S-3 and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, the Company shall:

(a) promptly give written notice of the proposed registration, and any related qualification or compliance, to all other Holders; and

(b) use best efforts to effect, as soon as practicable, such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holders joining in such request as are specified in a written request given within fifteen (15) days after receipt of such written notice from the Company, provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance, pursuant to this Section 1.4:

(i) if Form S-3 is not available for such offering by the Holders;

(ii) if the Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public (net of any underwriters' discounts or commissions) of less than $5,000,000;

(iii) if the Company shall furnish to the Holders a certificate signed by the Chief Executive Officer or Chairman of the Board of the Company stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its shareholders for such Form S-3 registration to be effected at such time, in which event the Company shall have the right to defer the filing of the Form S-3 registration statement for a period of not more than 120 days after receipt of the request of the Holder or Holders under this Section 1.4;

(iv) if the Company has, within the twelve (12) month period preceding the date of such request, already effected two registration on Form S-3 for the Holders pursuant to this Section 1.4; or

(v) in any particular jurisdiction in which the Company would be required to qualify to do business, where not otherwise required, or to execute a general consent to service of process in effecting such registration, qualification or compliance.

(c) Subject to the foregoing, the Company shall use best efforts to file a registration statement covering the Registrable Securities and other securities so requested to be registered as soon as practicable after receipt of the request or requests of the Holders. Registrations effected pursuant to this Section 1.4 shall not be counted as requests for registration effected pursuant to Section 1.2 or Section 1.4.

1.5 Obligations of the Company. Whenever required under this Section 1 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) prepare and file with the SEC a registration statement with respect to such Registrable Securities and use best efforts to cause such registration statement to become effective, and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to 60 days or, if earlier, until the distribution contemplated in the Registration Statement has been completed; provided, however, that (i) such 60 day period shall be extended for a period of time equal to the period the Holder refrains from selling any securities included in such registration at the request of an underwriter of Common Shares (or other securities) of the Company; and (ii) in the case of any registration of Registrable Securities on Form S-3 which are intended to be offered on a continuous or delayed basis, such 60 day period shall be extended, if necessary, to keep the registration statement effective until all such Registrable Securities are sold, provided that Rule

415, or any successor rule under the Act, permits an offering on a continuous or delayed basis, and provided further that applicable rules under the Act governing the obligation to file a post-effective amendment permit, in lieu of filing a post-effective amendment which (I) includes any prospectus required by Section 10(a)(3) of the Act or (II) reflects facts or events representing a material or fundamental change in the information set forth in the registration statement, the incorporation by reference of information required to be included in (I) and (II) above to be contained in periodic reports filed pursuant to Section 13 or 15(d) of the 1934 Act in the registration statement;

(b) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Act with respect to the disposition of all securities covered by such registration statement;

(c) furnish to each Holder (i) a draft copy of the registration statement, and (ii) such numbers of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Act, and such other documents as it may reasonably request in order to facilitate the disposition of Registrable Securities owned by it;

(d) use best efforts to register and qualify the securities covered by such registration statement under such other securities or "blue sky" laws of such jurisdictions as shall be reasonably requested by the Holders, provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business, where not otherwise required, or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service in such jurisdiction and except as may be required by the Act;

(e) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement. In connection with any offering involving an underwriting of shares of the Company's capital stock, the Company shall not be required to include any of the Holders' securities in such underwriting unless they accept the terms of the underwriting as agreed upon between the Company and the underwriters selected by the Company and enter into an underwriting agreement in customary form with an underwriter or underwriters selected by the Company. If the total amount of securities, including Registrable Securities, requested by shareholders to be included in such offering exceeds the amount of securities sold other than by the Company that the underwriters determine in their sole discretion is compatible with the success of the offering, then subject to Section 1.2 above, the Company shall be required to include in the offering only that number of such securities, including Registrable Securities, that the underwriters determine in their sole discretion will not jeopardize the success of the offering but in no event shall the amount of securities of the selling Holders included in the offering be reduced below twenty five percent (25%) of the total amount of securities included in such offering, unless such offering is the Initial Public Offering of the Company's securities, in which case the selling shareholders may be excluded if the underwriters make the determination described above. For purposes of the preceding provision concerning apportionment, for any selling shareholder that is a Holder of Registrable Securities and that is a partnership or corporation, the partners, retired partners and stockholders of such Holder, or the estates and family members of any such partners and retired partners and any trusts for the benefit of any of the foregoing persons shall be deemed to be a single "selling shareholder," and any pro rata reduction with respect to such "selling shareholder" shall be based upon the aggregate amount of Registrable Securities owned by all entities and individuals included in such "selling shareholder," as defined in this sentence;

(f) notify each Holder of Registrable Securities covered by such registration statement, at any time when a prospectus relating thereto is required to be delivered under the Act, of (i) the issuance of any stop order by the SEC in respect of such registration statement, or (ii) the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing;

(g) cause all such Registrable Securities registered pursuant hereunder to be listed on each securities exchange on which similar securities issued by the Company are then listed;

(h) provide a transfer agent and registrar for all Registrable Securities registered pursuant hereunder and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration; and

(i) Use its best efforts to furnish, at the request of any Holder requesting registration of Registrable Securities pursuant to this Section 1, on the date that such Registrable Securities are delivered to the underwriters for sale in connection with a registration pursuant to this Section 1, if such securities are being sold through underwriters, or, if such securities are not being sold through underwriters, on the date that the registration statement with respect to such securities becomes effective, an opinion, dated as of such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering and reasonably satisfactory to a majority in interest of the Holders requesting registration, addressed to the underwriters and to the Holders requesting registration of Registrable Securities.

1.6 Information from Holder.

(a) It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 1 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it and the intended method of disposition of such securities as shall be reasonably required to effect the registration of such Holder's Registrable Securities.

(b) The Company shall have no obligation with respect to any registration requested pursuant to Section 1.2 if, due to the operation of Section 1.6(a), the number of shares or the anticipated aggregate offering price of the Registrable Securities to be included in the registration does not equal or exceed the number of shares or the anticipated aggregate offering price required to originally trigger the Company's obligation to initiate such registration as specified in Section 1.2(a).

1.7 Expenses of Registration.

(a) All expenses other than underwriting discounts and commissions incurred in connection with registrations, filings or qualifications pursuant to Sections 1.2, 1.3 and 1.4, including, without limitation, all registration, filing and qualification fees (including "blue sky" fees), printers' and accounting fees, fees and disbursements of counsel for the Company (including fees and disbursements of counsel for the Company in its capacity as counsel to the selling Holders hereunder; if Company counsel does not make itself available for this purpose, the Company will pay the reasonable fees and disbursements of one counsel for the selling Holders not to exceed $10,000) shall be borne by the Company. Notwithstanding the foregoing, the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 1.2 or Section 1.4 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all participating Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be registered in the withdrawn registration).

(b) All expenses other than underwriting discounts and commissions incurred in connection with the first two (2) registrations, filings or qualifications pursuant to Section 1.4, including, without limitation, all registration, filing and qualification fees (including "blue sky" fees), printers' and accounting fees, fees and disbursements of counsel for the Company (including fees and disbursements of counsel for the Company in its capacity as counsel to the selling Holders hereunder; if Company counsel does not make itself available for this purpose, the Company will pay the reasonable fees and disbursements of one counsel for the selling Holders not to exceed $10,000) shall be borne by the Company. Notwithstanding the foregoing, the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 1.4 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all participating Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be registered in the withdrawn registration), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to have the Company bear the expenses of one (1) registration pursuant to Section 1.4. Except as provided in the immediately preceding sentence, all expenses incurred in connection with a registration requested pursuant to Section 1.4, including, without limitation, all registration, filing and qualification fees (including "blue sky" fees), printers' and accounting fees, fees and disbursements of counsel for the Company and the fees and disbursements of counsel for the selling Holder or Holders, shall be borne pro rata by the Holder or Holders participating in the registration.

1.8 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 1.

1.9 Indemnification. In the event any Registrable Securities are included in a registration statement under this Section 1:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Holder, any underwriter (as defined in the Act) for such Holder and each person, if any, who controls such Holder or underwriter, within the meaning of the Act or the 1934 Act, against any losses, claims, damages or liabilities (joint or several) to which they may become subject under the Act, the 1934 Act or any state securities laws, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "**Violation**"): (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading or (iii) any violation or alleged violation by the Company of the Act, the 1934 Act, any state securities laws or any rule or regulation promulgated under the Act, the 1934 Act or any state securities laws; and the Company will reimburse each such Holder, underwriter or controlling person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the indemnity agreement contained in this Section 1.9(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon a Violation that occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by any such Holder, underwriter or controlling person; provided further, however, that the foregoing indemnity agreement with respect to any preliminary prospectus shall not inure to the benefit of any Holder, partner, officer, director, stockholder, counsel, accountant or underwriter, or any person controlling such Holder or underwriter, from whom the person asserting any such losses, claims, damages or liabilities purchased shares in the offering, if a copy of the prospectus (as then amended or supplemented if the Company shall have furnished any amendments or supplements thereto) was not sent or given by or on behalf of such Holder or underwriter to such person, if required by law so to have been delivered, at or prior to the written confirmation of the sale of the shares to such person, and if the prospectus (as so amended or supplemented) would have cured the defect giving rise to such loss, claim, damage or liability.

(b) To the extent permitted by law, each selling Holder, on a several and not joint basis, will indemnify and hold harmless the Company, each of its directors, each of its officers who has signed the registration statement, each person, if any, who controls the Company within the meaning of the Act, legal counsel and accountants for the Company, any underwriter, any other shareholder selling securities in such registration statement and any controlling person of any such underwriter or other shareholder, against any losses, claims, damages or liabilities (joint or several) to which any of the foregoing persons may become subject, under the Act, the 1934 Act or any state securities laws, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any Violation (but excluding clause (iii) of the definition thereof), in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder expressly for use in connection with such registration; and each such Holder will reimburse any person intended to be indemnified pursuant to this Section 1.9(b) for any legal or other expenses reasonably incurred by such person in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the indemnity agreement contained in this Section 1.9(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder (which consent shall not be unreasonably withheld).

(c) Promptly after receipt by an indemnified party under this Section 1.9 of actual knowledge of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 1.9, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, if prejudicial to its ability to defend such action, shall relieve such indemnifying party of any liability to the indemnified party under this Section 1.9 to the extent of such prejudice, but the omission to so deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 1.9.

(d) If the indemnification provided for in this Section 1.9 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage or expense referred to herein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of and the relative benefits received by the indemnifying party on the one hand and of the indemnified party on the other in connection with the statements or omissions that resulted in such loss, liability, claim, damage or expense, as well as any other relevant equitable considerations, provided that no person guilty of fraud shall be entitled to contribution. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission. The relative benefits received by the indemnifying party and the indemnified party shall be determined by reference to the net proceeds and underwriting discounts and commissions from the offering received by each such party.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(f) The obligations of the Company and Holders under this Section 1.9 shall survive the completion of any offering of Registrable Securities in a registration statement under this Section 1, and otherwise.

1.10 Reports Under Securities Exchange Act of 1934. With a view to making available to the Holders the benefits of Rule 144 promulgated under the Act and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S-3, the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in SEC Rule 144, at all times after ninety (90) days after the effective date of the Initial Public Offering;

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the Act and the 1934 Act; and

(c) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144 (at any time after ninety (90) days after the effective date of the Initial Public Offering), the Act and the 1934 Act (at any time after it has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company and (iii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC that permits the selling of any such securities without registration or pursuant to such form.

1.11 Assignment of Registration Rights. The rights to cause the Company to register Registrable Securities pursuant to this Section 1 may be assigned (but only with all related obligations) by a Holder to a transferee, member, retired member or assignee of such securities that after such assignment or transfer, holds at least 3,100,000 shares of Registrable Securities (subject to appropriate adjustment for Recapitalizations), provided: (a) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned; (b) such transferee or assignee agrees in writing, a copy of which writing is provided to the Company at the time of transfer, to be bound by and subject to the terms and conditions of this Agreement, including without limitation the provisions of Section 1.13 below; and (c) such assignment shall be effective only if immediately following such transfer the further disposition of such securities by the transferee or assignee is restricted under the Act. For the purposes of determining the number of shares of Registrable Securities held by a transferee or assignee, the holdings of transferees and assignees of a partnership who are partners or retired partners of such partnership (including spouses and ancestors, lineal descendants and siblings of such partners or spouses who acquire Registrable Securities by gift, will or intestate succession) shall be aggregated together and with the partnership; provided that

all assignees and transferees who would not qualify individually for assignment of registration rights shall have a single attorney-in-fact for the purpose of exercising any rights, receiving notices or taking any action under this Section 1.

1.12 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Holders of a majority of the outstanding Registrable Securities, enter into any agreement with any holder or prospective holder of any securities of the Company that would allow such holder or prospective holder (a) to include such securities in any registration filed under Section 1.3 hereof, unless under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of such securities will not reduce the amount of the Registrable Securities of the Holders that are included or (b) to make a demand registration which could result in such registration statement being declared effective prior to the earlier of either of the dates set forth in Section 1.2(a) or within one hundred twenty (120) days of the effective date of any registration effected pursuant to Section 1.2.

1.13 "Market Stand-Off" Agreement. Each Holder hereby agrees that it will not, directly or indirectly, without the prior written consent of the Company and the managing underwriter, during the period commencing on the date of the final prospectus relating to the initial public offering by the Company and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (180) days) (i) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Shares or any securities convertible into or exercisable or exchangeable for Common Shares (whether such shares or any such securities are then owned by the Holder or are thereafter acquired), or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Shares, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Shares or such other securities, in cash or otherwise; provided, however, that such period may be extended to such longer period as the Company or the managing underwriter may request in order to facilitate compliance with, to the extent applicable, Financial Industry Regulatory Authority, Inc. ("**FINRA**") Rule 2711 or NYSE Member Rule 472 or any successor or similar rule or regulation. The foregoing provisions of this Section 1.13 shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, and shall only be applicable to the Holders if all officers and directors and greater than five percent (5%) shareholders of the Company enter into similar agreements. The underwriters in connection with the initial public offering by the Company are intended third party beneficiaries of this Section 1.13 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto; further, each Holder hereby agrees to enter into written agreement with such underwriters containing terms substantially equivalent to the terms of this Section 1.13, and each Holder hereby agrees that such underwriters shall be entitled to require each such Holder to enter into such a written agreement. Any discretionary waiver or termination of the restrictions of any or all of such agreements by the Company or the underwriters shall apply pro rata to all Holders subject to such agreements, based on the number of shares subject to such agreements, except that, notwithstanding the foregoing, the Company and the underwriters may, in their sole discretion, waive or terminate these restrictions with respect to up to 1,000,000 shares of the Common Shares. Notwithstanding the foregoing, nothing in this Section 1.13 shall prevent a Holder from making a transfer of any Common Shares that was listed on a national stock exchange, actively traded over-the-counter or traded on the NASDAQ Global Market at the time it was acquired by the Holder or was acquired by such Holder pursuant to Rule 144A of the Act, including any shares acquired in the initial public offering by the Company.

In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Registrable Securities of each Holder (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

1.14 Termination of Registration Rights. No Holder shall be entitled to exercise any right provided for in this Section 1 after three (3) years following the consummation of the Initial Public Offering or, as to any Holder, such earlier time at which all Registrable Securities held by such Holder (and any affiliate of the Holder with whom such Holder must aggregate its sales under Rule 144) can be sold in any ninety (90) day period without registration in compliance with Rule 144 of the Act.

2. Covenants of the Company.

2.1 Delivery of Financial Statements. The Company shall deliver to each Investor holding at least 10,000,000 (appropriately adjusted for any Recapitalizations) shares of Registrable Securities:

(a) as soon as practicable, but in any event within one hundred twenty (120) days after the end of each fiscal year of the Company, an income statement for such fiscal year, a balance sheet of the Company and statement of shareholder's equity as of the end of such year, and a statement of cash flows for such year, such year-end financial reports to be in reasonable detail, prepared in accordance with generally accepted accounting principles ("**GAAP**"), and audited and certified by independent public accountants of nationally recognized standing selected by the Company;

(b) as soon as practicable, but in any event within forty-five (45) days after the end of each of the first three (3) quarters of each fiscal year of the Company, an unaudited income statement, statement of cash flows for such fiscal quarter and an unaudited balance sheet as of the end of such fiscal quarter;

(c) as soon as practicable, but in any event at least thirty (30) days after Manager or Board approval, as applicable, a budget and business plan for the next fiscal year, prepared on a monthly basis, including balance sheets, income statements and statements of cash flows for such months and, as soon as prepared, any other budgets or revised budgets prepared by the Company;

(d) such other information relating to the financial condition, business, prospects or corporate affairs of the Company as such Investor or any assignee of such Investor may from time to time reasonably request, provided, however, that the Company shall not be obligated under this Section 2.1 to provide information that it deems in good faith to be a trade secret or similar confidential information, and provided further that the Company may require the Investor to execute a confidentiality and nondisclosure agreement prior to disclosure of any such information.

3. Miscellaneous.

3.1 Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the Parties (including transferees of any shares of Registrable Securities). Nothing in this Agreement, express or implied, is intended to confer upon any party other than the Parties or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

3.2 Governing Law; Venue. This Agreement is to be construed in accordance with and governed by the internal laws of the State of California without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of California to the rights and duties of the Parties. All disputes and controversies arising out of or in connection with this Agreement shall be resolved exclusively by the state and federal courts located in Los Angeles County in the State of California, and each Party hereto agrees to submit to the jurisdiction of said courts and agrees that venue shall lie exclusively with such courts.

3.3 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

3.4 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

3.5 Notices. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other Party; (b) when sent by facsimile to the number set forth below if sent between 8:00 a.m. and 5:00 p.m. recipient’s local time on a business day, or on the next business day if sent by facsimile to the number set forth below if sent other than between 8:00 a.m. and 5:00 p.m. recipient’s local time on a business day, or when sent by electronic mail to the address set forth below if sent between 8:00 am and 5:00 pm recipient’s local time on a business day, or on the next business day if sent by electronic mail other than between 8:00 am and 5:00 pm recipient’s local time; (c) three business days after deposit in the U.S. mail with first class or certified mail receipt requested postage prepaid and addressed to the other Party at the address set forth below; or (d) the next business day after deposit with a national overnight delivery service, postage prepaid, addressed to the parties as set forth below with next business day delivery guaranteed, provided that the sending Party receives a confirmation of delivery from the delivery service provider. Each person making a communication hereunder by facsimile or electronic mail shall promptly attempt to confirm by telephone to the person to whom such communication was addressed each communication made by it by facsimile or electronic mail pursuant hereto but the absence of such confirmation shall not affect the validity of any such communication. A Party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section 3.5 by giving the other Party written notice of the new address in the manner set forth above.

3.6 Expenses. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing Party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief to which such Party may be entitled.

3.7 Amendments and Waivers. Any term of this Agreement may be amended only with the written consent of the Company and the holders of a majority of the Registrable Securities then outstanding and the observance of any term of this Agreement by the Company may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the holders of a majority of the Registrable Securities then outstanding. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each holder of any Registrable Securities, each future holder of all such Registrable Securities and the Company.

3.8 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

3.9 Aggregation of Stock. All shares of Registrable Securities held or acquired by entities advised by the same investment adviser and affiliated entities or persons shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

3.10 Entire Agreement. This Agreement and the documents referred to herein constitute the entire agreement among the parties with respect to the subject matter hereof and no Party shall be liable or bound to any other Party in any manner by any warranties, representations or covenants except as specifically set forth herein or therein.

* * *

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

COMPANY:

FULGENT THERAPEUTICS LLC,
a California limited liability company

By: */s/ Ming Hsieh*
Ming Hsieh
Manager

Address: Fulgent Therapeutics LLC
4978 Santa Anita Avenue
Suite 205
Temple City, California 91780
Email: MingHsieh@Fulgent-therapeutics.com

with a copy, which shall not constitute notice, to:

Address: Morrison & Foerster LLP
12531 High Bluff Drive
Suite 100
San Diego, California 92130
Attn: Scott M. Stanton
Email: SStanton@MoFo.com

INVESTOR:

XI LONG USA, INC.,
a Delaware corporation

By: */s/ Zhenjie Huang*

Name: Zhenjie Huang

Title: Chief Executive Officer

Address: #6 Xinrui Rd., Science City, Luogang District, Guangzhou City Guangdong Province, PRC

Facsimile: _____

Email: _____

Exhibit 10.1

INDEMNIFICATION AGREEMENT

This INDEMNIFICATION AGREEMENT (this "Agreement") is made and entered into this [●] day of [●] (the "Effective Date") by and between Fulgent Diagnostics, Inc., a Delaware corporation (the "Company"), and [●] (the "Indemnitee").

WHEREAS, the Company believes it is essential to retain and attract qualified directors and officers;

WHEREAS, the Indemnitee [is][has agreed to serve as] [a director][an officer][a director and officer] of the Company;

WHEREAS, both the Company and the Indemnitee recognize the increased risk of litigation and other claims being asserted against directors and officers of public companies;

WHEREAS, the Company's Certificate of Incorporation (as amended, restated or modified from time to time, the "Certificate of Incorporation"), allows, and the Company's Bylaws (as amended, restated or modified from time to time, the "Bylaws") require, the Company to indemnify and advance expenses to its directors and officers to the extent permitted by the DGCL (as hereinafter defined);

[WHEREAS, the Indemnitee has been serving and intends to continue serving as a director and/or officer of the Company in part in reliance on the indemnification provisions of the Certificate of Incorporation and Bylaws; and]

[WHEREAS, the Indemnitee is relying upon the rights afforded under this Agreement in accepting the Indemnitee's position as a director, officer or employee of the Company; and]

WHEREAS, in recognition of the Indemnitee's need for (a) substantial protection against personal liability based on the Indemnitee's reliance on the Certificate of Incorporation, the Bylaws and the rights afforded under this Agreement, and (b) an inducement [to continue] to provide effective services to the Company as a director and/or officer thereof, the Company wishes to provide for the indemnification of the Indemnitee and to advance expenses to the Indemnitee to the fullest extent permitted by law, subject to certain exceptions contained in this Agreement, and, to the extent insurance is maintained by the Company, to provide for the continued coverage of the Indemnitee under the Company's directors' and officers' liability insurance policies.

NOW, THEREFORE, in consideration of the premises contained herein and of the Indemnitee [continuing][agreeing] to serve the Company directly or, at its request, with another enterprise, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Certain Definitions.

(a) A "Change in Control" shall be deemed to have occurred if:

(i) any "person", as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (the "Exchange Act"), hereafter becomes the "beneficial owner," as defined in

Rule 13d-3 of the Exchange Act, directly or indirectly, of securities of the Company representing 20% or more of the total combined voting power represented by the Company's then outstanding Voting Securities, other than (1) a trustee or other fiduciary holding securities under an employee benefit plan of the Company, (2) an entity owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company or (3) any current beneficial stockholder or group, as defined by Rule 13d-5 of the Exchange Act, including the heirs, assigns and successors thereof, that, as of the Effective Date, is the beneficial owner, within the meaning of Rule 13d-3 of the Exchange Act, of securities possessing more than 50% of the total combined voting power of the Company's outstanding securities;

(ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Company's Board of Directors (the "Board") and any new director whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(iii) the stockholders of the Company approve a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into or exchanged for Voting Securities of the surviving entity or its ultimate parent) at least 80% of the total voting power represented by the Voting Securities of the Company or such surviving entity (or its ultimate parent) outstanding immediately after such merger or consolidation, or the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or an agreement for the sale or disposition by the Company, in one transaction or a series of transactions, of all or substantially all of the assets of the Company and its subsidiaries, taken as a whole.

(b) "DGCL" shall mean the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended or interpreted; provided, however, that, to the fullest extent permitted by law, in the case of any such amendment or interpretation, only to the extent that such amendment or interpretation permits the Company to provide broader rights to indemnification and advancement of expenses than were permitted prior thereto.

(c) "Expense" shall mean attorneys' fees and all other costs, expenses and obligations paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing for any of the foregoing, any Proceeding relating to or arising out of any Indemnifiable Event. The parties agree that, to the fullest extent permitted by law, for the purposes of any advancement of Expenses for which Indemnitee has made written demand to the Company in accordance with this Agreement, all Expenses included in such demand that are certified by affidavit of Indemnitee's counsel as being prudent and appropriate in the good faith judgment of such counsel shall be presumed conclusively to be reasonable Expenses. To the fullest extent permitted by law, the Company agrees that, in any proceeding for an advancement of Expenses, it will not assert or make any claim that any Expenses (including without limitation attorneys' fees and expert witness or consultant fees) incurred by or on behalf

of Indemnitee are not reasonable if counsel for Indemnitee certifies by affidavit his or her belief that such Expenses were prudent and appropriate in the good faith judgment of such counsel; provided that, following the final disposition of the Proceeding for which Expenses are advanced, the Company may seek to recover any Expenses that it establishes are not reasonable in an action brought to enforce the undertaking granted by Indemnitee pursuant to Section 3. The term "Expenses" shall not include the amount of judgments, fines or penalties against Indemnitee or amounts paid in settlement.

(d) "Indemnifiable Event" shall mean any event or occurrence that takes place either prior to, on or after the execution of this Agreement, related to or arising out of the fact that the Indemnitee is or was a director or officer of the Company or its subsidiaries, or while a director or officer is or was serving at the request of the Company as a director, officer, employee, or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, or related to or arising out of anything done or not done by the Indemnitee in any such capacity.

(e) "Proceeding" shall mean any threatened, pending or completed action, suit, investigation or proceeding, and any appeal thereof, whether civil, criminal, administrative, arbitrative, investigative or otherwise and/or any inquiry or investigation, whether formal or informal, conducted by the Company or any other party, that the Indemnitee in good faith believes might lead to the institution of any such action; provided, however, that the term "Proceeding" shall not include any action, suit or proceeding to enforce the Indemnitee's rights under this Agreement, including as provided for in Section 6 of this Agreement.

(f) "Reviewing Party" shall mean any appropriate person or body consisting of a member or members of the Company's Board or any other person or body appointed by the Board (including the special independent counsel referred to in Section 7 hereof) who is not a party to the particular Proceeding with respect to which the Indemnitee is seeking indemnification.

(g) "Voting Securities" shall mean any securities of the Company which vote generally in the election of directors.

2. Indemnification. In the event the Indemnitee was or is a party to, or is threatened to be made a party to, or is involved (as a party, witness, or otherwise) in any Proceeding by reason of (or arising in part out of) an Indemnifiable Event, whether the basis of the Proceeding is the Indemnitee's alleged action in an official capacity as a director or officer of the Company or any of its subsidiaries or in any other capacity while serving as a director or officer of the Company or any of its subsidiaries, the Company shall indemnify the Indemnitee to the fullest extent permitted by the DGCL and subject to any exceptions contained in this Agreement, against any and all Expenses, liability, and loss (including judgments, fines, ERISA excise taxes or penalties, and amounts paid or to be paid in settlement, and any interest, assessments, or other charges imposed thereon, and any federal, state, local, or foreign taxes imposed on any director or officer as a result of the actual or deemed receipt of any payments under this Agreement) (collectively, "Liabilities") reasonably incurred or suffered by such person in connection with such Proceeding. "Liabilities" shall include any liability of the lawful spouse (whether such status is derived by reason of the statutory law, common law or otherwise of any applicable jurisdiction) of the

Indemnitee arising out of that person's capacity as the spouse of the Indemnitee in connection with an Indemnifiable Event, including, without limitation, liability for damages recoverable from marital community property, property jointly held by the Indemnitee and the spouse or property transferred from the Indemnitee to the spouse. The Company shall provide indemnification pursuant to this Section 2 as soon as practicable, but in no event later than 60 calendar days after it receives written demand from the Indemnitee. Notwithstanding the foregoing, the Company shall only indemnify an Indemnitee that acted in good faith and in a manner reasonably believed to be in or not opposed to the Company's best interests, and, with respect to any criminal action or proceeding, such Indemnitee had no reasonable cause to believe his or her conduct was unlawful.

3. Advancement of Expenses. The Company shall advance Expenses to the Indemnitee within 20 calendar days of a written request therefor (which shall include invoices received by the Indemnitee in connection with such Expenses but, in the case of invoices in connection with legal services, any references to legal work performed or to expenditures made that would cause the Indemnitee to waive any privilege accorded by applicable law shall not be included with such invoices) (an "Expense Advance"); provided, however, that the Company shall make such advances only to the extent permitted by law. The Indemnitee shall qualify for Expense Advances upon the execution and delivery to the Company of this Agreement, which shall constitute an undertaking providing that the Indemnitee undertakes to the fullest extent required by law to repay the Expense Advance if and to the extent that it is ultimately determined by a court of competent jurisdiction in a final judgment, not subject to appeal, that the Indemnitee is not entitled to be indemnified by the Company. The right to advances under this paragraph shall in all events continue until final disposition of any Proceeding, including any appeal therein. Expense Advances shall be unsecured and interest free. Expense Advances shall be made without regard to the Indemnitee's ability to repay the Expenses and without regard to the Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement.

4. Limits on Indemnification and Advancement. Notwithstanding anything in this Agreement to the contrary and except for the rights to indemnification provided in Section 6 hereof, the Indemnitee shall not be entitled, pursuant to this Agreement, (a) to indemnification or advancement for claims initiated or brought by the Indemnitee (including Expenses incurred by Indemnitee in defending any affirmative defenses or counterclaims brought or made in connection with a claim initiated by Indemnitee), except (i) if the Board has approved the initiation or bringing of such claim, or (ii) as otherwise required under Delaware law, or (b) to indemnification on account of any suit in which judgment is rendered against the Indemnitee pursuant to Section 16(b) of the Exchange Act for an accounting of profits made from the purchase or sale by the Indemnitee of securities of the Company. For the avoidance of doubt, the Indemnitee shall not be deemed, for purposes of this Section, to have initiated or brought any claim by reason of (1) having asserted any affirmative defenses in connection with a claim not initiated by the Indemnitee or (2) having made any counterclaim (whether permissive or mandatory) in connection with any claim not initiated by the Indemnitee.

5. Review Procedure for Indemnification. Notwithstanding the foregoing, the obligations of the Company under Section 2 hereof shall be subject to the condition that the Reviewing Party shall not have determined (in a written opinion, in any case in which the special independent counsel referred to in Section 7 hereof is involved) that the Indemnitee would not be permitted to be indemnified under

applicable law or this Agreement; provided, however, that if the Indemnitee has commenced legal proceedings in a court of competent jurisdiction pursuant to Section 6 hereof to secure a determination that the Indemnitee should be indemnified under applicable law and this Agreement, any determination made by the Reviewing Party that the Indemnitee would not be permitted to be indemnified under applicable law shall not be binding until a final judicial determination (as to which all rights of appeal therefrom have been exhausted or have lapsed) is made that the Indemnitee would not be permitted to be indemnified under applicable law or this Agreement. If there has not been a Change in Control, the Reviewing Party shall be selected by the Board, and if there has been such a Change in Control, other than a Change in Control which has been approved by a majority of the Company's Board who were directors immediately prior to such Change in Control, the Reviewing Party shall be the special independent counsel referred to in Section 7 hereof. Indemnitee shall cooperate with the Reviewing Party making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such counsel or the Company, upon reasonable advance request, any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. To the fullest extent permitted by law, any costs or expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the Reviewing Party shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom. Subject to Section 6, any determination by the Reviewing Party otherwise shall be conclusive and binding on the Company and the Indemnitee; provided, however, that such determination shall not be binding on the Company if the Indemnitee made any misstatement of material fact, or any omission of a material fact necessary to make the Indemnitee's statements not materially misleading, in connection with the Indemnitee's written demand or request for indemnification or advancement or the Reviewing Party's consideration thereof.

6. Enforcement of Indemnification Rights. If (a) the Reviewing Party determines that the Indemnitee would not be permitted to be indemnified in whole or in part under applicable law or this Agreement, (b) the Indemnitee has not otherwise been paid in full pursuant to Section 2 hereof within 60 calendar days of the Company's receipt of Indemnitee's written request for indemnification or (c) Indemnitee has not been provided Expense Advances pursuant to Section 3 hereof within 20 calendar days after a written request therefor has been received by the Company, then the Indemnitee shall have the right to commence litigation in the Delaware Court of Chancery (an "Enforcement Proceeding") and, if successful in whole or in part, the Indemnitee shall, to the fullest extent permitted by law, be entitled to be paid any and all expenses (including without limitation attorneys' fees and other costs and expenses) in connection with such Enforcement Proceeding. The Company hereby consents to service of process for such Enforcement Proceeding and to appear in any such Enforcement Proceeding. Neither the failure of the Reviewing Party to have made a determination prior to the commencement of an Enforcement Proceeding that indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Reviewing Party that the Indemnitee has not met such applicable standard of conduct, shall create a presumption that the Indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the Indemnitee, be a defense to such suit. In any suit brought

by the Indemnitee to enforce a right to indemnification or to an advancement of Expenses hereunder, or brought by the Company to recover an advancement of Expenses pursuant to the terms of an undertaking, the burden of proving that the Indemnitee is not entitled to be indemnified, or for the Company to recover such advancement of Expenses, under this Section 6 or otherwise, shall be on the Company. To the fullest extent permitted by law, the Company shall be precluded from asserting in any Proceeding that the provisions of this Agreement are not valid, binding and enforceable or that there is insufficient consideration for this Agreement and shall stipulate in court that the Company is bound by all the provisions of this Agreement. Failure by the Company to comply with the provisions of this Agreement will cause irreparable and irremediable injury to the Indemnitee, for which a remedy at law will be inadequate. As a result, in addition to any other right or remedy the Indemnitee may have at law or in equity with respect to a breach of this Agreement, the Indemnitee shall be entitled to injunctive or mandatory relief directing specific performance by the Company of its obligations under this Agreement. Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification shall be required to be made prior to the final disposition of the Proceeding, including any appeal therein.

7. Change in Control. The Company agrees that if there is a Change in Control of the Company, other than a Change in Control which has been approved by a majority of the Company's Board who were directors immediately prior to such Change in Control, then with respect to selecting a Reviewing Party to make the determinations of a Reviewing Party contemplated hereby, the Company shall select as a Reviewing Party independent special counsel who shall not have otherwise performed services for the Company or the Indemnitee (or any other party to the Proceeding giving rise to the claim for indemnification or advancement), other than in connection with matters concerning the Indemnitee under this Agreement or of other indemnitees under similar indemnification agreements, within the last five years. Such independent counsel shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or the Indemnitee in an action to determine the Indemnitee's rights under this Agreement. Such counsel, among other things, shall render its written opinion to the Company and the Indemnitee as to whether and to what extent the Indemnitee would be permitted to be indemnified under applicable law. The Company agrees to pay the reasonable fees and expenses of the special independent counsel referred to above and to indemnify fully such counsel against any and all expenses (including attorneys' fees), claims, liabilities and damages arising out of or relating to this Agreement or the engagement of special independent counsel pursuant to this Agreement.

8. Partial Indemnity. If the Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the Expenses and Liabilities, but not, however, for all of the total amount thereof, the Company shall nevertheless indemnify the Indemnitee for the portion thereof to which the Indemnitee is entitled. Moreover, notwithstanding any other provision of this Agreement, to the extent that the Indemnitee has been successful on the merits or otherwise in defense of any or all Proceedings relating in whole or in part to an Indemnifiable Event or in defense of any issue or matter therein, including the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, the Indemnitee shall be indemnified against all Expenses incurred in connection with such claim, issue or matter.

9. Non-exclusivity. The rights of the Indemnitee hereunder shall be in addition to any other rights the Indemnitee may have under any statute, provision of the Company's Certificate of Incorporation or Bylaws, vote of stockholders or disinterested directors or otherwise, both as to action in an official capacity and as to action in another capacity while holding such office. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement than would be afforded currently under the Company's Certificate of Incorporation and Bylaws and this Agreement, it is the intent of the parties hereto that the Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change.

10. Liability Insurance. To the extent the Company maintains an insurance policy or policies providing directors' and officers' liability insurance, the Indemnitee shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any director or officer of the Company or any of its subsidiaries, depending on the Indemnitee's position therewith, and the Company shall use commercially reasonable efforts to maintain such coverage in effect in accordance with its terms. In all policies providing such insurance, the Indemnitee shall be named as an insured in such a manner as to provide the Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Company's officers and directors. The Company shall give prompt notice of the commencement of any Proceeding to the insurers in accordance with the procedures set forth in the respective policies and shall thereafter take all necessary actions to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

11. Settlement of Claims. The Company shall not be liable to indemnify the Indemnitee under this Agreement (a) for any amounts paid in settlement of any action or claim effected without the Company's written consent, which consent shall not be unreasonably withheld or (b) for any judicial award if the Company was not given a reasonable and timely opportunity, at its expense, to participate in the defense of such action.

12. Presumptions. Upon submitting a written request for indemnification, the Indemnitee shall be presumed to be entitled to indemnification hereunder and the Company shall have the burden of proof in making any determination contrary to such presumption. For purposes of this Agreement, to the fullest extent permitted by law, the termination of any Proceeding, action, suit or claim, by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere, or its equivalent, shall not (a) create a presumption that the Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law or (b) otherwise adversely affect the rights of the Indemnitee to indemnification except as may be provided herein.

13. Period of Limitations. No legal action shall be brought and no cause of action shall be asserted with respect to any dispute arising out of this Agreement by or on behalf of the Company or any affiliate of the Company against the Indemnitee, the Indemnitee's spouse, heirs, executors or personal or legal representatives after the expiration of two years from the date of accrual of such cause of action, or such longer period as may be required by state law under the circumstances, and any claim or cause of action of the Company or its affiliate shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such period; provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action, such shorter period shall govern.

14. Consent and Waiver by Third Parties. The Indemnitee hereby represents and warrants that he or she has obtained all waivers and/or consents from third parties which are necessary to execute and perform this Agreement without being in conflict with any other agreement, obligation or understanding with any such third party. The Indemnitee represents that he or she is not bound by any agreement or any other existing or previous business relationship which conflicts with, or may conflict with, the performance of his or her obligations hereunder or prevent the full performance of his or her duties and obligations hereunder.

15. Amendment of this Agreement. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver. Except as specifically provided herein, no failure to exercise or any delay in exercising any right or remedy hereunder shall constitute a waiver thereof.

16. Primacy of Indemnification. The Company hereby acknowledges that Indemnitee has, or may from time to time have, certain rights to indemnification, advancement of Expenses and/or insurance that are either (1) provided by a fund or other entity with which Indemnitee is associated or its affiliates ("Fund Indemnitors") or (2) pursuant to insurance obtained on Indemnitee's own behalf ("Individual Insurance," and together with the obligations of Fund Indemnitors, the "Other Arrangements"). The Company hereby agrees (i) that the Company will not assert in any litigation between the Company and Indemnitee that the Company's obligations under this Agreement are not primary relative to the Other Arrangements, or that any obligation of the providers of the Other Arrangements to advance Expenses or to provide indemnification for the same Expenses, judgments, penalties, fines, other monetary remedies, amounts paid in settlement, incurred by Indemnitee or on Indemnitee's behalf are not secondary, (ii) that the Company shall be required to advance the full amount of Expenses (subject to the provisions concerning advancement of Expenses set forth in this Agreement) incurred by Indemnitee and shall be liable for the full amount of all Expenses, judgments, penalties, fines, other monetary remedies, amounts paid in settlement, relative to the Other Arrangements, or as may be required by the terms of this Agreement, the Certificate of Incorporation or Bylaws of the Company (or any other agreement between the Company and Indemnitee), without regard to any rights Indemnitee may have under the Other Arrangements, and (iii) that with respect to the Company's obligations to advance Expenses and indemnify Indemnitee by reason of Indemnitee's service as an officer or director of the Company, the Company irrevocably waives, relinquishes and releases the providers of the Other Arrangements from any and all claims for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the providers of the Other Arrangements on behalf of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Company shall affect the foregoing and to the extent consistent with the terms of the Other Arrangements the providers of the Other Arrangements shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Company. Nothing in this Agreement shall be deemed to prevent the Company from taking any action necessary to require its own insurer(s) to provide coverage to the Company or its officers or directors (including Indemnitee), including causing any person (including a provider of Other Arrangements) to be named as a party to a declaratory judgment action brought to obtain such relief. The Company and the Indemnitee agree that providers of Other Arrangements are express third party beneficiaries of the terms of this Section.

17. Subrogation; Attorneys' Fees. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights. In addition to paragraph 6 of this Agreement, if any proceeding is commenced related to or arising out of this Agreement, any prevailing party shall, to the fullest extent permitted by law, be entitled to have their Expenses in connection with such proceeding paid by the non-prevailing party.

18. No Duplication of Payments. Subject to Section 16, the Company shall not be liable under this Agreement to make any payment in connection with any claim made against the Indemnitee to the extent the Indemnitee has otherwise actually received payment (under any insurance policy, charter, bylaw, vote, agreement or otherwise) of the amounts otherwise indemnifiable hereunder.

19. Services to the Company. Indemnitee agrees to serve as a [director/officer] of the Company. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by law), in which event the Company shall have no obligation under this Agreement to continue Indemnitee in such position. This Agreement shall not be deemed an employment contract between the Company (or any of its subsidiaries or any other entity) and Indemnitee. The foregoing notwithstanding, this Agreement shall continue in force after Indemnitee has ceased to serve as a [director/officer] of the Company.

20. Binding Effect. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors, assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company), spouses, heirs, and personal and legal representatives. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all, or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to the Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. This Agreement shall continue in effect regardless of whether the Indemnitee continues to serve as a director or officer of the Company or of any other enterprise at the Company's request.

21. Severability. The provisions of this Agreement shall be severable in the event that any of the provisions hereof (including any provision within a single section, paragraph or sentence) is held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable, and the remaining provisions shall remain enforceable to the fullest extent permitted by law.

Furthermore, to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of this Agreement containing any provision held to be invalid, void or otherwise unenforceable, that is not itself invalid, void or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

22. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware applicable to contracts made and to be performed in such State without giving effect to the principles of conflicts of laws.

23. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

24. Headings. The headings of the sections of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

25. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any Proceeding in such proportion as is deemed fair and reasonable in light of all of the circumstances in order to reflect (i) the relative benefits received by the Company and Indemnitee in connection with the event(s) and/or transaction(s) giving rise to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transactions.

26. Notices. All notices, demands, and other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand, against receipt, or mailed, postage prepaid, certified or registered mail, return receipt requested, and addressed to the Company at:

Fulgent Diagnostics, Inc.
4978 Santa Anita Avenue, Suite 205
Temple City, CA 91780
Attention: Chief Executive Officer

and to the Indemnitee at:

_____

_____

_____

_____

Notice of change of address shall be effective only when done in accordance with this Section 26. All notices complying with this Section 26 shall be deemed to have been received on the date of delivery or on the third business day after mailing.

27. Duration. This Agreement shall continue until and terminate upon the later of: (a) ten years after the date that Indemnitee shall have ceased to serve as a director, officer, employee, agent or fiduciary of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which Indemnitee served at the request of the Company; or (b) the final termination of all pending Proceedings in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any proceeding commenced by Indemnitee pursuant to Section 6.

[*Remainder of page left intentionally blank*]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement as of the date first set forth above.

THE COMPANY:

FULGENT DIAGNOSTICS, INC.

Date: _____

By: _____
Name: _____
Title: _____

INDEMNITEE:

Date: _____

By: _____
Name: _____
Title: _____

FULGENT THERAPEUTICS LLC

AMENDED AND RESTATED 2015 EQUITY INCENTIVE PLAN

ADOPTED ON OCTOBER 16, 2015
AMENDED AND RESTATED ON APRIL 4, 2016
AMENDED AND RESTATED ON AUGUST 10, 2016

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FULGENT THERAPEUTICS LLC
AMENDED AND RESTATED 2015 EQUITY INCENTIVE PLAN
Adopted on October 16, 2015
Amended and Restated on April 4, 2016
Amended and Restated on August 10, 2016

SECTION 1 ESTABLISHMENT AND PURPOSE.

The purpose of the Plan is to offer selected persons a proprietary interest in the success of the Company, or to increase such interest, by the grant of Awards. In the event any term or provision of this Plan conflicts with the LLC Agreement, the terms and provisions of the LLC Agreement shall govern.

Capitalized terms are defined in Section 17.

SECTION 2 ADMINISTRATION.

The Plan will be administered by the Manager, who shall have full authority and discretion to take any actions it deems necessary or advisable for the administration of the Plan. All decisions, interpretations and other actions of the Manager shall be final and binding on all Participants.

SECTION 3 ELIGIBILITY.

Only Employees, Officers and Consultants shall be eligible for the grant of Awards pursuant to this Plan. Options will only be granted to an Employee, Officer or Consultant if the Company would be considered an "eligible issuer of service recipient stock" (as that term is used in Treasury Regulation §1.409A-1(b)(5)(E)) with respect to such Employee, Officer or Consultant.

SECTION 4 AWARDS SUBJECT TO PLAN.

(a) **Initial Authorization**. The Company has authorized the number and type of Shares to be issued under the Plan as is set forth in the LLC Agreement (subject to Section 6 below), including Shares to be issued on exercise of Options and settlement of Restricted Share Units. The Manager may, in its sole discretion, issue such Shares as Profits Interests hereunder. A Profits Interest shall be any Share that, at the time it is issued, is designated as such by the Manager. The Company, during the term of the Plan, shall at all times reserve and keep available sufficient Shares to satisfy the requirements of the Plan.

(b) **Additional Shares**. In the event that Shares issued under the Plan are reacquired by the Company, or in the event an Option expires or becomes unexercisable without having been exercised in full or a Restricted Share Unit is cancelled, forfeited or otherwise expires without the issuance of Shares, such reacquired Shares or the Shares that underlie such expired or unexerciseable Options or cancelled, forfeited or expired Restricted Share Units shall be added to the number of Shares then available for issuance under the Plan. In addition, the

Company may authorize and issue under this Plan additional Shares, or authorize and issue new classes of Shares in the Company, in such amounts and with such rights, preferences and privileges, and may authorize and issue Options to acquire, or Restricted Share Units that relate to, such Shares, in each case as the Manager determines in its sole discretion. The Manager shall be authorized to, and shall, amend this Plan and the LLC Agreement to the extent necessary to provide for such additional Shares or classes of Shares.

SECTION 5 TERMS AND CONDITIONS OF AWARDS.

(a) **Award Agreement**. Each grant of an Award under the Plan shall be evidenced by an Award Agreement between the Participant and the Company. Such Award shall be subject to all applicable terms and conditions of the Plan and LLC Agreement and may be subject to any other terms and conditions that are not inconsistent with the Plan and LLC Agreement and that the Manager deems appropriate for inclusion in an Award Agreement. The provisions of the various Award Agreements entered into under the Plan need not be identical. No Award shall be granted unless the Participant has delivered an executed copy of the Award Agreement to the Company.

(b) **Number of Shares and Option Term**. Each Award Agreement shall specify the number of Shares that are being granted as Shares, the number of Restricted Share Units being granted, or the number of Shares for which an Option is exercisable. Options shall have a term of not more than 120 months.

(c) **Vesting**. Each Award Agreement shall specify the vesting schedule applicable to the Award addressed thereby. The Manager shall determine the vesting provisions of any Award Agreement in its sole discretion.

(d) **Restrictions on Transfer of Shares**. Any Award or Shares issued pursuant to an Award granted under the Plan shall be subject to (i) the terms of the LLC Agreement and any other agreement among the Members and (ii) such special forfeiture conditions, rights of repurchase, rights of first refusal and other transfer restrictions as the Manager may determine. Such special restrictions shall be set forth in the applicable Award Agreement and shall apply in addition to the restrictions that apply to holders of Shares generally under the LLC Agreement or otherwise. For the avoidance of doubt, Shares issuable on exercise of an Option or upon settlement of a Restricted Share Unit shall be subject to the foregoing provisions.

(e) **Non-vested Awards**. If a Participant’s Service is terminated by the Participant or by the Company for any reason before an Award has fully vested, unless otherwise determined by the Manager or unless otherwise provided in the Participant’s Award Agreement, the Participant will forfeit the Awards and all non-vested Shares, and all non-vested rights to acquire Shares (whether pursuant to an Option or a Restricted Share Unit), to the Company for no consideration without further action by the Company.

(f) **Withholding Taxes**. As a condition to a grant of, and distributions or deliveries with respect to, any Award, the Participant shall make such arrangements as the Manager may require for the satisfaction of any federal, state, local or foreign withholding tax

obligations that may arise in connection with such grant, distributions or deliveries. The Participant shall also make such arrangements as the Manager may require for the satisfaction of any federal, state, local or foreign withholding tax obligations that may arise in connection with the disposition of an Award.

(g) **No Rights as a Member**. A Participant, or a transferee of a Participant, shall have no rights as a Member or assignee with respect to any Share until such person has satisfied any requirements imposed on Members or assignees by applicable law and the LLC Agreement.

(h) **IRS Form W-8 or Form W-9**. Each Participant shall deliver to the Company a duly completed and properly executed IRS Form W-8 (in the case of non-U.S. residents) or Form W-9 (in the case of U.S. citizens or residents) and such other tax forms as the Manager reasonably requests.

(i) **LLC Agreement**. Each Participant granted or issued Shares shall agree to be bound by and comply with the terms of the LLC Agreement. Schedule D of the LLC Agreement shall be amended to reflect the issuance of Shares to a Participant under this Plan.

(j) **Modification and Assumption of Shares**. Within the limitations of the Plan, the Manager may modify or assume outstanding Awards (whether granted by the Company or another issuer) in return for the grant of a different Award. The foregoing notwithstanding, no modification of an Award shall, without the consent of the Participant, impair the Participant's rights or increase the Participant's obligations as a holder of such Award except as set forth herein, in an applicable Award Agreement or in the LLC Agreement.

SECTION 6 ADJUSTMENT OF SHARES; LIQUIDITY EVENTS.

(a) **General**. In the event of a subdivision of the outstanding Shares, a combination or consolidation of the outstanding Shares into a lesser number of Shares, a recapitalization, a spin-off, a reclassification, a merger or consolidation, a Restructuring or Separation or a similar occurrence (other than a Liquidity Event), corresponding adjustments automatically shall be made in each of (i) the number and kind of Shares available for future grants under Section 4 and (ii) the number and kind of Shares issued and outstanding hereunder or subject to Restricted Share Units and Options issued and outstanding hereunder, in each case subject to the LLC Agreement. In addition, in the event any such transaction results in the Shares becoming, directly or indirectly, securities having a different denomination, all references in the Plan to Shares automatically shall be converted into references to such securities using such different denomination, and in the event any such transaction results in the Shares or such securities becoming interests in an entity other than the Company, all references to the Company automatically shall be converted into references to such other entity.

(b) **Liquidity Events with respect to Options, Restricted Share Units and Shares.** In the event the Company engages in (i) a sale, distribution, transfer or other disposition of all or substantially all of the Company's assets (or of a substantial portion of the Company's assets not in the ordinary course of business) other than to an affiliate of the Company or to an entity 50% or more of which is owned, directly or indirectly, by the holders of 50% or more of

the outstanding Shares immediately before the transaction, (ii) an acquisition of Shares by a person or group of persons acting in concert (other than the Company, an affiliate of the Company or a Company or affiliate-sponsored employee benefit plan) of 50% or more of the outstanding Shares (whether by direct acquisition, merger or consolidation or otherwise), or (iii) a liquidation or dissolution of the Company, or a similar transaction (a "**Liquidity Event**"), the outstanding Options, Restricted Share Units and Shares issued hereunder, including Shares outstanding following the exercise of an Option or settlement of a Restricted Share Unit, shall, except as provided otherwise in an individual Award Agreement, become fully vested (and settled, in the case of Restricted Share Units) and be released from any repurchase or forfeiture right (other than repurchase rights exercisable at Fair Market Value) immediately prior to the closing of such Liquidity Event, provided that the Participant's Continuous Service has not terminated prior to the closing. Except as otherwise provided above, all outstanding Options shall be subject to the agreement governing such Liquidity Event and the LLC Agreement, which may provide for one or more of the following:

(i) The Assumption or Replacement of such outstanding Options.

(ii) The cashing out of such outstanding and vested Options based on the exercise price per Share for Shares issuable on exercise of such Options and the amounts distributable to Shares of the same class pursuant to the LLC Agreement. Such payment shall be made in the form of cash, cash equivalents, or securities of the surviving entity or its parent with a fair market value equal to the amount distributable or deemed distributable in the Liquidity Event. If no amounts would be distributable with respect to such Options, then such Options may be cancelled without making a payment to the Participants. For purposes of this paragraph (ii), the fair market value of any security shall be determined without regard to any vesting conditions that may apply to such security and shall be determined in good faith by the Manager.

(iii) Any combination of the foregoing.

Notwithstanding the foregoing, with respect to any Award that constitutes deferred compensation under Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), to the extent required to comply with Section 409A, a transaction that does not constitute a change in control event under Treasury Regulation Section 1.409A-3(i)(5)(i) shall not be considered a Liquidity Event. For the avoidance of doubt, in no event shall an initial public offering (or reorganizations or other transactions undertaken in connection with an initial public offering) constitute a Liquidity Event.

(c) **Reservation of Rights**. The grant of an Award pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure, to merge, consolidate or exchange equity interests or to dissolve, liquidate, sell or transfer all or any part of its business or assets.

SECTION 7 OPTION EXERCISE.

(a) **Exercise Price.** The per Share exercise price for an Option shall be not less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(b) **Consideration.** Subject to applicable law, the consideration to be paid for the Shares to be issued upon exercise or purchase of an Option, including the method of payment, shall be determined by the Manager in its sole discretion.

(c) **Taxes.** Upon exercise of an Option, the Company shall withhold or collect from the Participant an amount sufficient to satisfy any applicable withholding tax obligations, including, but not limited to, by surrender of the whole number of Shares covered by the Option sufficient to satisfy the minimum applicable tax withholding obligations incident to the exercise of an Option (reduced to the lowest whole number of Shares if such number of Shares withheld would result in withholding a fractional Share with any remaining tax withholding settled in cash).

(d) **Procedure for Exercise; Rights as a Member.**

(i) Any Option granted hereunder shall be exercisable at such times and under such conditions as determined by the Manager under the terms of the Plan and specified in the Award Agreement. Notwithstanding the foregoing, Options may not be exercised prior to an Incorporation or a Liquidity Event with respect to such Options unless otherwise determined by the Manager.

(ii) An Option shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Option by the person entitled to exercise the Option and full payment for the Shares with respect to which the Option is exercised has been made.

SECTION 8 CONDITIONS TO ISSUANCE.

(a) **Compliance with Law**. Shares, Restricted Share Units or Options shall not be issued under the Plan unless the issuance and delivery of such Shares, Restricted Share Units or Options comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. The Company shall have no obligation to effect any registration or qualification of the Shares, Restricted Share Units or Options under federal or state laws.

(b) **Other**. As a condition to the issuance of Shares under the Plan, the Company may require the recipient thereof to represent and warrant at the time of any such issuance that the Shares are being acquired only for investment and without any present intention to sell or distribute such Shares. The Company shall require the person receiving Shares under the Plan to execute and deliver a signature page to, and agree to comply with, the provisions of the LLC Agreement and to make such representations and warranties contained in the LLC Agreement that are required of Members of the Company.

SECTION 9 NO RETENTION RIGHTS.

Nothing in this Plan or in any Award Agreement shall confer upon the Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Related Entity employing or retaining the Participant) or of the Participant, which rights are hereby expressly reserved by each, to terminate his or her Service at any time and for any reason, with or without cause.

SECTION 10 DURATION AND AMENDMENTS.

(a) **Term of the Plan**. The Plan, as set forth herein, shall become effective as of the date hereof. The Plan shall terminate automatically on October 15, 2025. The Plan may be terminated on any earlier date pursuant to Subsection (b) below.

(b) **Right to Amend or Terminate the Plan**. The Manager may amend, suspend or terminate the Plan at any time and for any reason.

(c) **Effect of Amendment or Termination**. No Awards shall be granted under the Plan after the termination thereof. The termination of the Plan, or any amendment thereof, shall not affect any Award previously granted under the Plan.

SECTION 11 DISTRIBUTIONS AND ALLOCATIONS.

Distributions and allocations to Participants with respect to their Shares shall be governed by the LLC Agreement and any applicable Award Agreement.

SECTION 12 NO EFFECT ON RETIREMENT AND OTHER BENEFIT PLANS.

Except as specifically provided in a retirement or other benefit plan of the Company or a Related Entity, Awards shall not be deemed compensation for purposes of computing benefits or contributions under any retirement plan of the Company or a Related Entity, and shall not affect any benefits under any other benefit plan of any kind or any benefit plan subsequently instituted under which the availability or amount of benefits is related to level of compensation. The Plan is not a “Pension Plan” or “Welfare Plan” under the Employee Retirement Income Security Act of 1974, as amended.

SECTION 13 UNFUNDED OBLIGATION.

Any amounts payable to Participants pursuant to the Plan shall be unfunded and unsecured obligations for all purposes, including, without limitation, Title I of the Employee Retirement Income Security Act of 1974, as amended. Neither the Company nor any Related Entity shall be required to segregate any monies from its general funds, or to create any trusts, or establish any special accounts with respect to such obligations. The Company shall retain at all times beneficial ownership of any investments, including trust investments, which the Company may make to fulfill its payment obligations hereunder. Any investments or the creation or maintenance of any trust or any Participant account shall not create or constitute a trust or fiduciary relationship between the Manager, the Company or any Related Entity and a Participant, or otherwise create any vested or beneficial interest in any Participant or the

Participant's creditors in any assets of the Company or a Related Entity. The Participants shall have no claim against the Company or any Related Entity for any changes in the value of any assets that may be invested or reinvested by the Company with respect to the Plan.

SECTION 14 CONSTRUCTION.

Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of the Plan. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

SECTION 15 NONEXCLUSIVITY OF THE PLAN.

Neither the adoption of the Plan by the Manager nor any provision of the Plan will be construed as creating any limitations on the power of the Manager to adopt such additional compensation arrangements as it may deem desirable, including, without limitation, the granting of Awards otherwise than under the Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

SECTION 16 INFORMATION TO PARTICIPANTS; CONFIDENTIALITY.

(a) Notwithstanding any provision herein or in any Award Agreement to the contrary, in the event the Company has undertaken an obligation to deliver any documents or other information to a Participant, whether pursuant to an Award Agreement or otherwise, such delivery need only occur at the discretion of the Manager, including in the event a Participant requests such documents or other information.

(b) Beginning on the earlier of (i) the date that the aggregate number of Participants under this Plan is five hundred (500) or more and the Company is relying on the exemption provided by Rule 12h-1(f)(1) under the Exchange Act and (ii) the date that the Company is required to deliver information to Participants pursuant to Rule 701 under the Securities Act, and until such time as the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, is no longer relying on the exemption provided by Rule 12h-1(f)(1) under the Exchange Act or is no longer required to deliver information to Participants pursuant to Rule 701 under the Securities Act, the Company shall provide to each Participant the information described in paragraphs (e)(3), (4), and (5) of Rule 701 under the Securities Act not less frequently than every six (6) months with the financial statements being not more than 180 days old and with such information provided either by physical or electronic delivery to Participants or by written notice to Participants of the availability of the information on an Internet site that may be password-protected and of any password needed to access the information.

(c) In accepting an Award, each Participant acknowledges and agrees all documents or other information provided to it by or on behalf of the Company or the Manager concerning the business or assets of the Company, the Participant's Award, or any other Participant or Member, including, without limitation, this Plan, the relevant Award Agreement, the LLC Agreement and the terms herein and therein, shall be deemed strictly confidential and shall not, without the prior consent of the Manager, be (i) disclosed to any Person or (ii) used by

such Participant other than for a Company purpose or a purpose reasonably related to protecting such Participant's Award (in a manner not inconsistent with the interests of the Company). The Manager hereby consents to the disclosure by each Participant of such information to such Participant's accountants, attorneys and similar advisors bound by a duty of confidentiality; moreover, the foregoing requirements of this Section 16(c) shall not apply to a Participant with regard to any information that is currently or becomes: (i) required to be disclosed pursuant to applicable law (but only to the extent of such requirement); (ii) required to be disclosed in order to protect such Participant's Award (but only to the extent of such requirement, after consultation with the Manager and in a manner not inconsistent with the interests of the Company); (iii) publicly known or available in the absence of any improper or unlawful action on the part of such Participant; or (iv) known or available to such Participant other than through or on behalf of the Company or the Manager. For purposes of this Section 16(c), Company information provided by one Participant or Member to another shall be deemed to have been provided on behalf of the Company.

SECTION 17 DEFINITIONS.

Capitalized terms used in this Plan without definition shall have the meanings given to them in the LLC Agreement. As used in this Plan:

"**Assumed**" (and with correlative meaning, "**Assume**" and "**Assumption**") means either (i) the Award is expressly affirmed by the Company or (ii) the contractual obligations represented by the Award are expressly assumed (and not simply by operation of law) by a successor entity or its parent with appropriate adjustments to the number and type of securities of the successor entity or its parent subject to the Award and the exercise or purchase price thereof which at least preserves the compensation element of the Award existing at the time of the assumption as determined in accordance with the instruments evidencing the agreement to assume the Award.

"**Award**" shall mean an award of Shares, Restricted Share Units or Options under the Plan and, as the context requires, the Shares to which a Restricted Share Unit relates or for which an Option is exercisable.

"**Award Agreement**" means the written agreement evidencing the grant of an Award executed by the Company and the Participant, including any amendments thereto.

"**Cause**" means, with respect to the termination by the Company or a Related Entity of the Participant's Continuous Service, that such termination is for "Cause" as such term (or word of like import) is expressly defined in a then-effective written agreement between the Participant and the Company or such Related Entity, or in the absence of such then-effective written agreement and definition, is based on, in the determination of the Manager, the Participant's: (i) performance of any act or failure to perform any act in bad faith and to the detriment of the Company or a Related Entity; (ii) dishonesty, intentional misconduct or material breach of any agreement with the Company or a Related Entity; or (iii) commission of a crime involving dishonesty, breach of trust, or physical or emotional harm to any person.

"**Code**" shall mean the Internal Revenue Code of 1986, as amended.

"**Company**" shall mean Fulgent Therapeutics LLC, a California limited liability company.

"**Consultant**" shall mean a person who performs bona fide services for the Company or a Related Entity as a consultant or advisor, excluding Employees or Officers.

"**Continuous Service**" means the provision of services to the Company or a Related Entity in any capacity of Employee, Officer or Consultant to the extent not interrupted or terminated. In jurisdictions requiring notice in advance of an effective termination as an Employee, Officer or Consultant, Continuous Service shall be deemed terminated upon the actual cessation of providing services to the Company or a Related Entity notwithstanding any required notice period that must be fulfilled before a termination as an Employee, Officer or Consultant can be effective under applicable laws. A Participant's Continuous Service shall be deemed to have terminated either upon an actual termination of Continuous Service or upon the entity for which the Participant provides services ceasing to be a Related Entity. Continuous Service shall not be considered interrupted in the case of (i) any approved leave of absence, (ii) transfers among the Company, any Related Entity, or any successor, in any capacity of Employee, Officer or Consultant, or (iii) any change in status as long as the individual remains in the service of the Company or a Related Entity in any capacity of Employee, Officer or Consultant (except as otherwise provided in an Award Agreement).

"**Employee**" shall mean any individual who is a common-law employee of the Company or a Related Entity.

"**Exchange Act**" shall mean the Securities and Exchange Act of 1934, as amended.

"**Fair Market Value**" means, as of any date, the value of property determined as follows:

(i) If the property is listed on one or more established stock exchanges or national market systems, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which such property is listed (as determined by the Manager) on the date of determination (or, if no closing sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported), as reported in The Wall Street Journal or such other source as the Manager deems reliable;

(ii) If the property is regularly quoted on an automated quotation system (including the OTC Bulletin Board) or by a recognized securities dealer, its Fair Market Value shall be the closing sales price for such stock as quoted on such system or by such securities dealer on the date of determination, but if selling prices are not reported, the Fair Market Value shall be the mean between the high bid and low asked prices for the property on the date of determination (or, if no such prices were reported on that date, on the last date such prices were reported), as reported in The Wall Street Journal or such other source as the Manager deems reliable; or

(iii) In the absence of an established market for the property of the type described in (i) and (ii), above, the Fair Market Value thereof shall be determined by the Manager in good faith.

"**Good Reason**" means, unless specified otherwise in an Award Agreement, any of the following events or conditions unless consented to by the Participant (and the Participant shall be deemed to have consented to any such event or condition unless the Participant provides written notice of the Participant's non-acquiescence within 30 days of the effective time of such event or condition):

(i) a change in the Participant's responsibilities or duties which represents a material and substantial diminution in the Participant's responsibilities or duties as in effect immediately preceding the consummation of the relevant transaction;

(ii) a reduction in the Participant's base salary to a level below that in effect at any time within six (6) months preceding the consummation of a transaction or at any time thereafter; provided that an across-the-board reduction in the salary level of substantially all other individuals in positions similar to the Participant's by the same percentage amount shall not constitute such a salary reduction; or

(iii) requiring the Participant to be based at any place outside a 50 mile radius from the Participant's job location or residence prior to the transaction except for reasonably required travel on business which is not materially greater than such travel requirements prior to the transaction.

"**Incorporation**" means a change of the Company into an entity taxable as a "corporation" for U.S. federal income tax purposes, whether through an election to treat the Company as a corporation for such purposes, a merger, acquisition, exchange of equity resulting in the Company becoming a wholly-owned subsidiary of a corporation, or other transaction resulting in an entity taxable as a corporation succeeding to all of, or a substantial portion of, the assets and liabilities of the Company, in each case pursuant to which the existing Members of the Company substantially maintain their percentage ownership over the successor entity or entities immediately after such transaction and pursuant to which Shares issued or issuable hereunder become equity securities in an entity taxable as a "corporation" for U.S. federal income tax purposes.

"**Liquidity Event**" shall have the meaning given such term in Section 6(b) of this Plan.

"**LLC Agreement**" shall mean the Third Amended and Restated Operating Agreement for Fulgent Therapeutics LLC, dated as of May 17, 2016, as amended from time to time, or any successor agreement.

"**Member**" shall mean a person who is a Member of the Company pursuant to the LLC Agreement.

"**Officer**" shall mean any individual who is an officer of the Company or a Related Entity.

"**Option**" means an option to purchase Shares pursuant to an Award Agreement granted under the Plan.

"**Participant**" shall mean a person who receives an Award under this Plan.

"**Parent**" shall mean any entity (other than the Company) in an unbroken chain of entities ending with the Company, if each of the entities other than the Company owns shares, units or interests possessing 50% or more of the total combined voting power of all classes of shares, units or interests in one of the other entities in such chain. An entity that attains the status of a Parent on a date after the adoption of the Plan shall be considered a Parent commencing as of such date.

"**Plan**" shall mean this Fulgent Therapeutics LLC Amended and Restated 2015 Equity Incentive Plan, as may be amended from time to time.

"**Related Entity**" means any Parent or Subsidiary of the Company and ANP Technologies, Inc., a Delaware corporation.

"**Replaced**" (and with correlative meaning, "**Replace**" and "**Replacement**") means the Award is replaced with a comparable award of the Company, the successor entity (if applicable) or the parent of either of them which preserves the compensation element of such Award existing at the time of the replacement and provides for subsequent payout in accordance with the same (or a more favorable) vesting schedule applicable to such Award. The determination of Award comparability shall be made by the Manager and its determination shall be final, binding and conclusive.

"Restricted Share Unit" means an Award in the form of a notional unit that represents an unfunded and unsecured right to receive one Share for each Restricted Stock Unit on a specified future date or event, subject to satisfaction of any applicable vesting or other conditions, with the issuance of Shares occurring at or following such time or times or at or following such event or events as may be specified in the applicable Award Agreement.

"**Securities Act**" shall mean the Securities Act of 1933, as amended.

"**Service**" shall mean service as an Employee, Officer or Consultant.

"**Subsidiary**" means any entity (other than the Company) in an unbroken chain of entities beginning with the Company, if each of the entities other than the last entity in the unbroken chain owns shares, units or interests possessing 50% or more of the total combined voting power of all classes of shares, units or interests in one of the other entities in such chain. An entity that attains the status of a Subsidiary on a date after the adoption of the Plan shall be considered a Subsidiary commencing as of such date.

Exhibit 10.3

FULGENT THERAPEUTICS LLC

AMENDED AND RESTATED

2015 EQUITY INCENTIVE PLAN

NOTICE OF OPTION GRANT

You have been granted an option to purchase Shares of the Company, subject to the terms and conditions of this Notice of Option Grant (the "**Notice**"), the Fulgent Therapeutics LLC Amended and Restated 2015 Equity Incentive Plan, as amended from time to time (the "**Plan**"), and the attached Option Agreement as follows. Unless otherwise defined herein, the terms defined in the Plan, the LLC Agreement and the Option Agreement shall have the same defined meanings in this Notice.

Name of Participant:	[●]
Date of Award:	[●]
Class of Shares:	Class D Non-Voting Common
Exercise Price per Share:	$[●]
Total Number of Shares Subject to the Option:	[●]
Total Exercise Price:	$[●]
Type of Option:	Non-Qualified Option
Expiration Date:	[●]
Post-Termination Exercise Period:	90 days
Vesting Schedule:	The Option shall vest with respect to 1/4 of the Shares subject thereto on the twelve-month anniversary of the Vesting Commencement Date and with respect to 1/16 of the Shares subject thereto at the end of every three-month period thereafter. Notwithstanding such Vesting Schedule, the Option shall not be exercisable until the earlier of a Liquidity Event with respect to such Option or an Incorporation.
Vesting Commencement Date:	[●]

By your signature and the signature of the Company's representative on the Option Agreement, you and the Company agree that the Option is granted under and governed by the terms and conditions of this Notice and the Plan, the Option Agreement and the LLC Agreement, each of which are attached to and made a part of this document.

THE OPTION GRANTED PURSUANT TO THIS AGREEMENT, AND THE SHARES FOR WHICH SUCH OPTION IS EXERCISABLE, HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED. THE PARTICIPANT HEREBY AGREES THAT ALL SHARES ACQUIRED PURSUANT TO THIS AGREEMENT SHALL BE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AS SET FORTH IN THE LLC AGREEMENT.

FULGENT THERAPEUTICS LLC
AMENDED AND RESTATED
2015 EQUITY INCENTIVE PLAN:
OPTION AGREEMENT

THIS OPTION AGREEMENT (the "**Agreement**") is entered into as of [●], by Fulgent Therapeutics LLC, a California limited liability company (the "**Company**"), and [●] (the "**Participant**").

SECTION 1. GRANT OF OPTION.

The Company hereby grants to the Participant named in the Notice of Option Grant (the "**Notice**") an option (the "**Option**") to purchase the total number and type of Shares subject to the Option (the "**Optioned Shares**") set forth in the Notice, at the exercise price per Share set forth in the Notice (the "**Exercise Price**") subject to the terms and provisions of the Notice, this Agreement, the Company's Amended and Restated 2015 Equity Incentive Plan, as amended from time to time (the "**Plan**"), and the LLC Agreement, which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan and the LLC Agreement shall have the same defined meanings in this Agreement.

SECTION 2. EXERCISE OF OPTION.

(a) **Right to Exercise**. The Option shall vest during its term in accordance with the Vesting Schedule set out in the Notice and with the applicable provisions of the Plan and this Agreement, provided that the Option shall not be exercisable, to the extent vested, until the earlier of a Liquidity Event with respect to such Option or an Incorporation unless otherwise determined by the Manager in its discretion. The Option shall be subject to the provisions of the Notice and the Plan relating to the exercisability or termination of the Option in the event of a Liquidity Event with respect to such Option. The Participant shall be subject to reasonable limitations on the number of requested exercises during any monthly or weekly period as determined by the Manager. In no event shall the Company issue fractional Shares.

(b) **Method of Exercise**. The Option shall be exercisable by delivery of an exercise notice in a form determined by the Manager from time to time or by such other procedure as specified from time to time by the Manager, which shall state the election to

exercise the Option, the whole number of Shares in respect of which the Option is being exercised, and such other provisions as may be required by the Manager. The exercise notice shall be delivered in person, by certified mail, or by such other method (including electronic transmission) as determined from time to time by the Manager to the Company accompanied by payment of the Exercise Price and all applicable income and employment taxes required to be withheld.

(c) **Taxes**. No Shares will be delivered to the Participant pursuant to the exercise of the Option until the Participant has made arrangements acceptable to the Manager for the satisfaction of applicable income tax and employment tax withholding obligations and such other tax obligations of the Participant as may be incident to the receipt of Shares. Upon exercise of the Option, the Company or the Participant's employer may offset or withhold (from any amount owed by the Company or the Participant's employer to the Participant) or collect from the Participant an amount sufficient to satisfy such tax withholding obligations. Furthermore, in the event of any determination that the Company has failed to withhold a sum sufficient to pay all withholding taxes due in connection with the Option, the Participant agrees to pay the Company the amount of such deficiency in cash within five (5) days after receiving a written demand from the Company to do so, whether or not the Participant is an employee of the Company at that time.

SECTION 3. CONDITIONS TO EXERCISE AND ISSUANCE OF SHARES.

The Participant understands that neither the Option nor the Shares exercisable pursuant to the Option have been registered under the Securities Act or any other securities laws and are subject to the LLC Agreement. As a condition to exercise of the Option, the Participant shall make such representations and warranties as are required by Section 8(b) of the Plan and take such other actions as the Manager requests in its reasonable discretion as a condition to the issuance of Shares to the Participant and the admission of such Participant as a Member of the Company.

SECTION 4. METHOD OF PAYMENT.

Payment of the Exercise Price shall be made by any of the following, or a combination thereof, at the election of the Participant; provided, however, that such exercise method does not then violate any applicable law: by cash, check or wire transfer.

SECTION 5. RESTRICTIONS ON EXERCISE.

(a) The Option may not be exercised if the issuance of the Shares subject to the Option upon such exercise would constitute a violation of any applicable laws. If the exercise of the Option within the applicable time periods set forth in Sections 6, 7 and 8 of this Agreement is prevented by the provisions of this Section 5(a), the Option shall remain exercisable until one (1) month after the date the Participant is notified by the Company that the Option is exercisable, but in any event no later than the expiration date set forth in the Notice (the "**Expiration Date**").

(b) Notwithstanding any provision herein to the contrary, the Option shall not be exercisable until the earlier of a Liquidity Event with respect to such Option or an Incorporation unless otherwise determined by the Manager in its discretion. In the event the Participant's Continuous Service is terminated prior to an Incorporation or a Liquidity Event for any reason, including, but not limited to, voluntary resignation, termination without Cause, death or Disability, and unless otherwise determined by the Manager, there shall be no Post-Termination Exercise Period and the Option (including the vested portions of the Option) shall terminate concurrently with the termination of the Participant's Continuous Service.

SECTION 6. TERMINATION OR CHANGE OF CONTINUOUS SERVICE.

(a) Subject to Section 5, in the event the Participant's Continuous Service terminates, other than for Cause, the Participant may, but only during the Post-Termination Exercise Period set forth in the Notice, exercise the portion of the Option that was vested at the date of such termination (the "**Termination Date**") to the extent such portion is not forfeited in accordance with the terms of the Notice. The Post-Termination Exercise Period shall commence on the Termination Date. In the event of termination of the Participant's Continuous Service for Cause, the Participant's right to exercise the Option shall, except as otherwise determined by the Manager, terminate concurrently with the termination of the Participant's Continuous Service (also the "**Termination Date**"). In no event, however, shall the Option be exercised later than the Expiration Date set forth in the Notice. In the event of the Participant's change in status from Employee to Consultant or from Consultant to Employee, the Option shall remain in effect and the Option shall continue to vest in accordance with the Vesting Schedule set forth in the Notice. To the extent that the Option was unvested on the Termination Date, or if the Participant does not exercise the vested portion of the Option within the Post-Termination Exercise Period, the Option shall terminate.

(b) If the Participant commences working on a part-time basis, then the Manager may adjust the Vesting Schedule set forth in the Notice in accordance with the Company's part-time work policy or the terms of an agreement between the Participant and the Company pertaining to his or her part-time schedule. If the Participant goes on a leave of absence, then the Company may adjust the Vesting Schedule set forth in the Notice in accordance with the Company's leave of absence policy or the terms of such leave.

SECTION 7. DISABILITY OF PARTICIPANT.

Subject to Section 5, in the event the Participant's Continuous Service terminates as a result of his or her Disability, the Participant may, but only within twelve (12) months from the Termination Date and in no event later than the Expiration Date, exercise the portion of the Option that was vested on the Termination Date to the extent such portion is not forfeited in accordance with the terms of the Notice. To the extent that the Option was unvested on the Termination Date, or if the Participant does not exercise the vested portion of the Option within the time specified herein, the Option shall terminate. For purposes of this Agreement, "**Disability**" shall have the same meaning as defined under the long-term disability policy of the Company or the Related Entity to which the Participant provides services regardless of whether the Participant is covered by such policy. If the Company or the Related Entity to which the

Participant provides service does not have a long-term disability plan in place, "**Disability**" means that the Participant is unable to carry out the responsibilities and functions of the position held by the Participant by reason of any medically determinable physical or mental impairment for a period of not less than ninety (90) consecutive days. The Participant will not be considered to have incurred a Disability unless he or she furnishes proof of such impairment sufficient to satisfy the Manager in its discretion.

SECTION 8. DEATH OF PARTICIPANT.

Subject to Section 5, in the event of the termination of the Participant's Continuous Service as a result of his or her death, or in the event of the Participant's death during the Post-Termination Exercise Period or during the twelve (12) month period following the Participant's termination of Continuous Service as a result of his or her Disability, the person who acquired the right to exercise the Option pursuant to Section 9 may, within twelve (12) months following the date of the Participant's death but in no event later than the Expiration Date, exercise the portion of the Option that was vested on the Termination Date to the extent such portion is not forfeited in accordance with the terms of the Notice. To the extent that the Option was unvested on the date of death, or if the vested portion of the Option is not exercised within the time specified herein, the Option shall terminate.

SECTION 9. TRANSFERABILITY OF OPTION.

The Option may not be transferred in any manner other than by will or by the laws of descent and distribution; *provided*, *however*, that the Option may be transferred during the lifetime of the Participant to the extent and in the manner determined by the Manager in its sole discretion. Notwithstanding the foregoing, the Participant may designate one or more beneficiaries of the Participant's Option in the event of the Participant's death on a beneficiary designation form provided by the Manager. Following the death of the Participant, the Option, to the extent provided in Section 8, may be exercised (a) by the person or persons designated under the deceased Participant's beneficiary designation, or (b) in the absence of an effectively designated beneficiary, by the Participant's legal representative or by any person empowered to do so under the deceased Participant's will or under the then applicable laws of descent and distribution. The terms of the Option shall be binding upon the executors, administrators, heirs, successors and transferees of the Participant.

SECTION 10. TERM OF OPTION.

The Option must be exercised no later than the Expiration Date or such earlier date as otherwise provided herein. After the Expiration Date or such earlier date, the Option shall be of no further force or effect and may not be exercised.

SECTION 11. RESTRICTION ON TRANSFER OF SHARES.

(a) **General**. The Participant shall not transfer, assign, encumber or otherwise dispose of any Shares issued hereunder without the Manager's written consent, which may be granted or withheld in its sole discretion.

(b) **LLC Agreement**. Shares issued hereunder shall be subject to the transfer provisions of the LLC Agreement.

(c) **Market Stand-Off**. In connection with any underwritten public offering by the Company or the Company's successor in an acquisition or otherwise (collectively, the "**Successor Entity**") of its equity securities pursuant to an effective registration statement filed under the Securities Act, including the Successor Entity's initial public offering, the Participant or any holder of the Shares acquired under this Agreement shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer, or agree to engage in any of the foregoing transactions with respect to, any Shares acquired under this Agreement (or other equity securities of the Successor Entity) without the prior written consent of the Successor Entity or its underwriters. Such restriction (the "**Market Stand-Off**") shall be in effect for such period of time following the date of the final prospectus for the offering as may be requested by the Successor Entity or such underwriters. In no event, however, shall such period exceed 180 days. The Market Stand-Off shall in any event terminate two years after the date of the Successor Entity's initial public offering. In the event of the declaration of a stock dividend, a spin-off, a stock split, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Successor Entity's outstanding securities without receipt of consideration, any new, substituted or additional securities which are by reason of such transaction distributed with respect to any Shares subject to the Market Stand-Off, or into which such Shares thereby become convertible, shall immediately be subject to the Market Stand-Off. In order to enforce the Market Stand-Off, the Successor Entity may impose stop-transfer instructions with respect to the Shares acquired under this Agreement until the end of the applicable stand-off period. The Successor Entity's underwriters shall be beneficiaries of the agreement set forth in this Subsection (c). This Subsection (c) shall not apply to Shares registered in the public offering under the Securities Act, and the Participant shall be subject to this Subsection (c) only if the directors and officers of the Successor Entity are subject to similar arrangements.

(d) **Securities Law Restrictions**. Regardless of whether the issuance of Shares hereunder have been registered under the Securities Act or have been registered or qualified under the securities laws of any state, the Company at its discretion may impose restrictions upon the sale, pledge or other transfer of the Shares (including the placement of appropriate legends on Share certificates or the imposition of stop-transfer instructions) if, in the judgment of the Company, such restrictions are necessary or desirable in order to achieve compliance with the Securities Act, the securities laws of any state or any other law.

(e) **Rights of the Company**. The Company shall not be required to (i) transfer on its books any Shares that have been sold or transferred in contravention of this Agreement or the LLC Agreement or (ii) treat as a Member of the Company or as the owner of Shares, or otherwise to accord voting, distribution or liquidation rights to, any transferee to whom Shares have been transferred in contravention of this Agreement or the LLC Agreement.

(f) **Administration**. Any determination by the Company and its counsel in connection with any of the matters set forth in this Section 11 shall be conclusive and binding on the Participant and all other persons.

SECTION 12. COMPANY'S REPURCHASE RIGHT.

(a) **Grant of Repurchase Right**. The Company is hereby granted the right (the "**Repurchase Right**"), exercisable at any time (i) during the nine (9) month period following the Termination Date, or (ii) during the nine (9) month period following an exercise of the Option that occurs after the Termination Date, to repurchase all or any portion of any Shares issued hereunder (the "**Share Repurchase Period**"). The Company shall be entitled to exercise such Repurchase Right regardless of the reason for termination of the Participant's Continuous Service, whether such termination occurs for Cause, for Good Reason, without Cause or as a result of the death or Disability of the Participant.

(b) **Exercise of the Repurchase Right**. The Repurchase Right shall be exercisable by written notice delivered to each holder of the Shares prior to the expiration of the Share Repurchase Period. The notice shall indicate the number of Shares to be repurchased and the date on which the repurchase is to be effected, such date to be not later than the last day of the Share Repurchase Period. On the date on which the repurchase is to be effected, the Company and/or its assigns shall pay to the holder in cash or cash equivalents (including the cancellation of any purchase-money indebtedness) an amount equal to the Repurchase Price on the date on which the repurchase is to be effected of the Shares which are to be repurchased from the holder. Upon such payment or deposit into escrow for the benefit of the holder, the Company and/or its assigns shall become the legal and beneficial owner of the Shares being repurchased and all rights and interest thereon or related thereto, and the Company shall have the right to transfer to its own name or its assigns the number of Shares being repurchased, without further action by the holder.

(c) **Assignment**. Whenever the Company shall have the right to purchase Shares under this Repurchase Right, the Company may designate and assign one or more Employees, Officers or Members of the Company or other persons or organizations, to exercise all or a part of the Company's Repurchase Right.

(d) **Termination of the Repurchase Right**. The Repurchase Right shall terminate with respect to any Shares for which it is not timely exercised and upon the effective date of a registration statement of the Company filed under the Securities Act of 1933, as amended ("**IPO**").

(e) **Additional Shares or Substituted Securities**. In the event of an Incorporation or any Liquidity Event, any new, substituted or additional securities or other property which is by reason of any such transaction distributed with respect to the Shares shall be immediately subject to the Repurchase Right, but only to the extent the Shares are at the time covered by such right. The Repurchase Price for such securities shall be appropriately adjusted to take into account the terms of such Incorporation or Liquidity Event as determined by the Manager in its reasonable discretion.

(f) **Repurchase Price**. For purposes of this Agreement, the "**Repurchase Price**" with respect to a Share shall be:

(i) In the case of a termination of Continuous Service for Cause, $0.

(ii) In the case of a termination of Continuous Service without Cause, the greater of (i) the amount paid by the Participant (or the Participant's successor) to acquire such Share and (ii) the Book Value Attributable to such Share. For this purpose, "**Book Value**" shall mean the aggregate cost basis of the assets of the Company (as adjusted for depreciation and amortization) less the Company's liabilities as reflected in the Company's books and records, and the "**Book Value Attributable to a Share**" shall mean a Share's proportionate interest in the Book Value of the Company under the LLC Agreement, taking into account the distribution provisions thereunder and any applicable Profits Interest Threshold Amounts, in each case as determined by the Manager in its reasonable discretion.

SECTION 13. ADJUSTMENT OF OPTIONS AND SHARES.

In the event of any transaction described in Section 6(a) of the Plan, the number and kind of Shares for which the Option is exercisable shall be adjusted as set forth in Section 6 of the Plan. In the event that the Company engages in a Liquidity Event as described in Section 6(c) of the Plan, the Option shall be subject to the agreement governing such Liquidity Event and the LLC Agreement.

SECTION 14. TAX CONSEQUENCES.

(a) The Participant may incur tax liability as a result of the Participant's purchase or disposition of the Shares. THE PARTICIPANT SHOULD CONSULT A TAX ADVISER BEFORE EXERCISING THE OPTION OR DISPOSING OF THE SHARES.

(b) Notwithstanding the Company's good faith determination of the Fair Market Value of the Shares for purposes of determining the Exercise Price Per Share of the Option as set forth in the Notice, the taxing authorities may assert that the Fair Market Value of the Shares on the Date of Award was greater than the Exercise Price Per Share. Under Section 409A of the Code, if the Exercise Price Per Share of the Option is less than the Fair Market Value of the Shares on the Date of Award, the Option may be treated as a form of deferred compensation and the Participant may be subject to an acceleration of income recognition, an additional 20% tax (plus any additional state tax penalty), plus interest and possible penalties. The Company makes no representation that the Option will comply with Section 409A of the Code and makes no undertaking to prevent Section 409A of the Code from applying to the Option or to mitigate its effects on any deferrals or payments made in respect of the Option. The Participant is encouraged to consult a tax adviser regarding the potential impact of Section 409A of the Code.

SECTION 15. ENTIRE AGREEMENT; GOVERNING LAW.

The Notice, the Plan, this Agreement and the LLC Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety

all prior undertakings and agreements of the Company and the Participant with respect to the subject matter hereof, and may not be modified adversely to the Participant's interest except by means of a writing signed by the Company and the Participant. Nothing in the Notice, the Plan, the LLC Agreement and this Agreement (except as expressly provided therein) is intended to confer any rights or remedies on any persons other than the parties. The Notice, the Plan, the LLC Agreement and this Agreement are to be construed in accordance with and governed by the internal laws of the State of California without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of California to the rights and duties of the parties. Should any provision of the Notice, the Plan, the LLC Agreement or this Agreement be determined to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.

SECTION 16. CONSTRUCTION.

The captions used in the Notice and this Agreement are inserted for convenience and shall not be deemed a part of the Option for construction or interpretation. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

SECTION 17. ADMINISTRATION AND INTERPRETATION.

Any question or dispute regarding the administration or interpretation of the Notice, the Plan or this Agreement shall be submitted by the Participant or by the Company to the Manager. The resolution of such question or dispute by the Manager shall be final and binding on all persons.

SECTION 18. VENUE.

The Company, the Participant, and the Participant's assignees pursuant to Section 9 (the "**Parties**") agree that any suit, action, or proceeding arising out of or relating to the Notice, the Plan or this Agreement shall be brought in the United States District Court for the District of Southern California (or should such court lack jurisdiction to hear such action, suit or proceeding, in a California state court in the County of Los Angeles) and that the Parties shall submit to the jurisdiction of such court. The Parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. If any one or more provisions of this Section 18 shall for any reason be held invalid or unenforceable, it is the specific intent of the Parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

SECTION 19. NOTICES.

Any notice required by the terms of this Agreement shall be given in writing, which shall include electronic communications. Notice shall be addressed to the Company at its principal executive office and to the Participant at the address that he or she most recently provided to the Company.

SECTION 20. LIQUIDITY EVENT.

In the event of a Liquidity Event, which for purposes of clarification shall not include an IPO, and irrespective of whether the Option is Assumed or Replaced, the Option automatically shall become fully vested and exercisable immediately prior to the specified effective date of such Liquidity Event, for all of the Shares at the time represented by the Option, provided that the Participant's Continuous Service has not terminated prior to such date.

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IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

PARTICIPANT:	**FULGENT THERAPEUTICS LLC**
[●]	By: [●] Title: [●]

IN EXECUTING THIS AGREEMENT, THE PARTICIPANT ACKNOWLEDGES RECEIPT OF A COPY OF THE PLAN, THE NOTICE AND THE LLC AGREEMENT IN ADDITION TO THIS AGREEMENT AND REPRESENTS THAT HE OR SHE IS FAMILIAR WITH THE TERMS AND PROVISIONS THEREOF, AND HEREBY ACCEPTS THE AWARD SUBJECT TO ALL OF THE TERMS AND PROVISIONS HEREOF AND THEREOF. THE PARTICIPANT HAS REVIEWED THIS AGREEMENT, THE PLAN, THE LLC AGREEMENT AND THE NOTICE IN THEIR ENTIRETY, HAS HAD AN OPPORTUNITY TO OBTAIN THE ADVICE OF COUNSEL PRIOR TO EXECUTING THIS AGREEMENT, AND FULLY UNDERSTANDS ALL PROVISIONS OF THIS AGREEMENT, THE LLC AGREEMENT, THE NOTICE AND THE PLAN. THE PARTICIPANT HEREBY AGREES THAT ALL QUESTIONS OF INTERPRETATION AND ADMINISTRATION RELATING TO THIS AGREEMENT, THE NOTICE, THE PLAN AND THE LLC AGREEMENT SHALL BE RESOLVED BY THE MANAGER.

Exhibit 10.4

FULGENT THERAPEUTICS LLC

AMENDED AND RESTATED

2015 EQUITY INCENTIVE PLAN

NOTICE OF PROFITS INTEREST GRANT

You have been granted Shares of Fulgent Therapeutics LLC (the "**Company**") pursuant to the terms of this Notice of Profits Interest Grant (the "**Notice**"), the Fulgent Therapeutics LLC Amended and Restated 2015 Equity Incentive Plan, as amended from time to time (the "**Plan**") and the attached Profits Interest Agreement, as follows. Unless otherwise defined herein, the terms defined in the Plan, the Profits Interest Agreement and the LLC Agreement shall have the same defined meanings in this Notice.

Name of Participant:	[●]
Class of Shares:	Class D Non-Voting Common
Total Number of Shares:	[●]
Date of Grant:	[●]
Vesting Schedule:	All Shares shall vest on the Date of Grant.
Class Liquidation Value:	$[●]
Profits Interest Threshold Amount:	$[●]

By your signature and the signature of the Company's representative on the Profits Interest Agreement, you and the Company agree that the Shares are granted under and governed by the terms and conditions of this Notice and the Plan, the Profits Interest Agreement and the LLC Agreement, each of which are attached to and made a part of this document.

THE SHARES GRANTED PURSUANT TO THIS AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED. THE PARTICIPANT HEREBY AGREES THAT ALL PROFITS INTEREST SHARES ACQUIRED PURSUANT TO THIS AGREEMENT SHALL BE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AS SET FORTH IN THE LLC AGREEMENT.

FULGENT THERAPEUTICS LLC
AMENDED AND RESTATED
2015 EQUITY INCENTIVE PLAN:
PROFITS INTEREST AGREEMENT

THIS PROFITS INTEREST AGREEMENT (the "**Agreement**") is entered into as of [●], by Fulgent Therapeutics LLC, a California limited liability company (the "**Company**"), and [●] (the "**Participant**"). Unless otherwise defined herein, the terms defined in the Plan, the LLC Agreement and the Notice shall have the same defined meanings in this Agreement.

SECTION 1. GRANT OF PROFITS INTEREST.

(a) **Profits Interest**. On the terms and conditions set forth in the Notice (the "**Notice**") and this Agreement, the Company grants to the Participant on the Date of Grant the number of Shares issued as a Profits Interest (the "**Profits Interest Shares**") set forth in the Notice. The Profits Interest Shares granted under this Agreement are intended to meet the definition of a "profits interest" in IRS Revenue Procedure 93-27, 1993-2 C.B. 343, and IRS Revenue Procedure 2001-43, 2001-2 C.B. 191. Accordingly, at the time the Profits Interest Shares are granted, such Profits Interest Shares will not give the Participant a share of the proceeds if the Company's assets were sold at fair market value and the proceeds of such disposition were distributed in complete liquidation of the Company, but will give the holder a right to share in the appreciation in the value of the Company from the date of grant forward, as specifically provided in the LLC Agreement. For this purpose, the Class Liquidation Value (the "**Class Liquidation Value**") set forth in the Notice shall be used as the deemed fair market value, as of the time of grant, of the portion of the Company to which the Profits Interest Shares relate and the Profits Interest Threshold Amount applicable to each Profits Interest Share shall be derived from such Class Liquidation Value based on the distribution provisions of the LLC Agreement. The Manager may adjust the Class Liquidation Value and the Profits Interest Threshold Amount in its reasonable discretion to take into account Capital Contributions, Share issuances, splits, reclassifications, recapitalizations, exercises of options or warrants and similar events and to otherwise preserve the treatment of the Profits Interest Shares as "profits interests" for U.S. federal income tax purposes.

(b) **Member of the Company**. Upon the Date of Grant set forth in the Notice, the Participant shall be admitted as a Member of the Company, subject to the terms of the LLC Agreement.

(c) **Equity Plan and LLC Agreement**. The Profits Interest Shares are granted pursuant to the Plan and pursuant to the LLC Agreement, a copy of each of which the Participant acknowledges having received. The provisions of the Plan are incorporated into this Agreement by this reference. By executing this Agreement, the Participant shall be deemed to have executed a copy of the LLC Agreement. Participant acknowledges that he or she (i) has read the LLC Agreement, the Plan and this Agreement, (ii) accepts and agrees to be bound by the terms of the LLC Agreement, the Plan and this Agreement, and (iii) assumes all of the rights and obligations of a Member of the Company. Schedule D to the LLC Agreement shall be amended to reflect the issuance of Profits Interest Shares to Participant pursuant to the Plan and this Agreement.

SECTION 2. WITHHOLDING TAXES. The Participant shall make such arrangements as the Manager may require for the satisfaction of any federal, state, local or foreign withholding tax obligations that may arise in connection with the grant of Profits Interest Shares under this Agreement or distributions or allocations with respect to such Profits Interest Shares. The Participant shall also make such arrangements as the Manager may require for the satisfaction of any federal, state, local or foreign withholding tax obligations that may arise in connection with the disposition of the Profits Interest Shares.

SECTION 3. IRS FORM W-8 OR W-9. The Participant shall deliver to the Company a duly completed and properly executed Form W-8 (in the case of non-U.S. residents) or Form W-9 (in the case of U.S. citizens or residents) and such other forms as the Manager may reasonably request.

SECTION 4. DISTRIBUTIONS AND ALLOCATIONS.

(a) **Distributions.** Distributions to the Participant with respect to his or her Profits Interest Shares shall be governed by the LLC Agreement.

(b) **Allocations.** Allocations of income, gain, deduction, loss or credit to the Participant with respect to his or her Profits Interest Shares shall be governed by the LLC Agreement.

SECTION 5. NO REGISTRATION RIGHTS.

The Company may, but shall not be obligated to, register or qualify the sale of Profits Interest Shares under the Securities Act or any other applicable law. The Company shall not be obligated to take any affirmative action in order to cause the sale of Profits Interest Shares under this Agreement to comply with any law.

SECTION 6. RESTRICTIONS ON TRANSFER.

(a) **General**. In addition to any restrictions set forth on the LLC Agreement, the Participant shall not transfer, assign, encumber or otherwise dispose of any Profits Interest Shares without the Manager's written consent, which may be granted or withheld in its sole discretion.

(b) **LLC Agreement**. Profits Interest Shares acquired under this Agreement shall be subject to the transfer provisions of the LLC Agreement.

(c) **Market Stand-Off**. In connection with any underwritten public offering by the Company or the Company's successor in an acquisition or otherwise (collectively, the "**Successor Entity**") of its equity securities pursuant to an effective registration statement filed under the Securities Act, including the Successor Entity's initial public offering, the Participant or any holder of the Profits Interest Shares acquired under this Agreement shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer, or agree to engage in any of the foregoing transactions with respect to, any Profits Interest Shares acquired under this Agreement (or other equity securities of the Successor Entity) without the prior written consent of the Successor Entity or its underwriters. Such restriction (the "**Market Stand-Off**") shall be in effect for such period of time following the date of the final prospectus for the offering as may be requested by the Successor Entity or such underwriters. In no event, however, shall such period exceed 180 days. The Market Stand-Off shall in any event terminate two years after the date of the Successor Entity's initial public offering. In the event of the declaration of a stock dividend, a spin-off, a stock split, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Successor Entity's outstanding securities without receipt of consideration, any new, substituted or additional securities which are by reason of such transaction distributed with respect to any Profits Interest Shares subject to the Market Stand-Off, or into which such Profits Interest Shares thereby become convertible, shall immediately be subject to the Market Stand-Off. In order to enforce the Market Stand-Off, the Successor Entity may impose stop-transfer instructions with respect to the Profits Interest Shares acquired under this Agreement until the end of the applicable stand-off period. The Successor Entity's underwriters shall be beneficiaries of the agreement set forth in this Subsection (c). This Subsection (c) shall not apply to Profits Interest Shares registered in the public offering under the Securities Act, and the Participant shall be subject to this Subsection (c) only if the directors and officers of the Successor Entity are subject to similar arrangements.

(d) **Securities Law Restrictions**. Regardless of whether the offering and issuance of Profits Interest Shares under this Agreement have been registered under the Securities Act or have been registered or qualified under the securities laws of any state, the Company at its discretion may impose restrictions upon the sale, pledge or other transfer of the Profits Interest Shares (including the placement of appropriate legends on Profits Interest Share certificates or the imposition of stop-transfer instructions) if, in the judgment of the Company, such restrictions are necessary or desirable in order to achieve compliance with the Securities Act, the securities laws of any state or any other law.

(e) **Rights of the Company**. The Company shall not be required to (i) transfer on its books any Profits Interest Shares that have been sold or transferred in contravention of this Agreement or the LLC Agreement or (ii) treat as a Member of the Company or as the owner of Profits Interest Shares, or otherwise to accord voting, distribution or liquidation rights to, any transferee to whom Profits Interest Shares have been transferred in contravention of this Agreement or the LLC Agreement.

(f) **Administration**. Any determination by the Manager in connection with any of the matters set forth in this Section 6 shall be conclusive and binding on the Participant and all other persons.

SECTION 7. COMPANY'S REPURCHASE RIGHT.

(a) **Grant of Repurchase Right**. The Company is hereby granted the right (the "**Repurchase Right**"), exercisable at any time during the nine (9) month period following the termination of a Participant's Continuous Service, to repurchase all or any portion of any Shares issued hereunder (the "**Share Repurchase Period**"). The Company shall be entitled to exercise such Repurchase Right regardless of the reason for termination of the Participant's Continuous Service, whether such termination occurs for Cause, for Good Reason, without Cause or as a result of the death or disability of the Participant.

(b) **Exercise of the Repurchase Right**. The Repurchase Right shall be exercisable by written notice delivered to each holder of the Shares prior to the expiration of the Share Repurchase Period. The notice shall indicate the number of Shares to be repurchased and the date on which the repurchase is to be effected, such date to be not later than the last day of the Share Repurchase Period. On the date on which the repurchase is to be effected, the Company and/or its assigns shall pay to the holder in cash or cash equivalents (including the cancellation of any purchase-money indebtedness) an amount equal to the Repurchase Price on the date on which the repurchase is to be effected of the Shares which are to be repurchased from the holder. Upon such payment or deposit into escrow for the benefit of the holder, the Company and/or its assigns shall become the legal and beneficial owner of the Shares being repurchased and all rights and interest thereon or related thereto, and the Company shall have the right to transfer to its own name or its assigns the number of Shares being repurchased, without further action by the holder.

(c) **Assignment**. Whenever the Company shall have the right to purchase Shares under this Repurchase Right, the Company may designate and assign one or more Employees, Officers or Members of the Company or other persons or organizations, to exercise all or a part of the Company's Repurchase Right.

(d) **Termination of the Repurchase Right**. The Repurchase Right shall terminate with respect to any Shares for which it is not timely exercised and upon the effective date of a registration statement of the Company filed under the Securities Act of 1933, as amended.

(e) **Additional Shares or Substituted Securities**. In the event of any transaction described in Section 6(a) of the Plan or any Liquidity Event, any new, substituted or

additional securities or other property which is by reason of any such transaction distributed with respect to the Shares shall be immediately subject to the Repurchase Right, but only to the extent the Shares are at the time covered by such right. The Repurchase Price for such securities shall be appropriately adjusted to take into account the terms of such transaction or Liquidity Event as determined by the Manager in its reasonable discretion.

(f) **Repurchase Price**. For purposes of this Agreement, the "**Repurchase Price**" with respect to a Share shall be:

(i) In the case of a termination of Continuous Service for Cause, $0.

(ii) In the case of a termination of Continuous Service without Cause, the Fair Market Value of such Share, taking into account the distribution provisions of the LLC Agreement and any applicable Profits Interest Threshold Amounts, and as determined by the Manager in its discretion.

SECTION 8. ADJUSTMENT OF PROFITS INTEREST SHARES.

In the event of any transaction described in Section 6(a) of the Plan, the number and kind of Profits Interest Shares shall be adjusted as set forth in Section 6 of the Plan. In the event that the Company engages in a Liquidity Event as described in Section 6(b) of the Plan, the Profits Interest Shares shall be subject to the agreement governing such Liquidity Event and the LLC Agreement.

SECTION 9. SUCCESSORS AND ASSIGNS.

Except as otherwise expressly provided to the contrary, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and be binding upon the Participant and the Participant's legal representatives, heirs, legatees, distributees, assigns and transferees by operation of law, whether or not any such person has become a party to this Agreement or the LLC Agreement or has agreed in writing to join herein and to be bound by the terms, conditions and restrictions hereof or of the LLC Agreement.

SECTION 10. NO RETENTION RIGHTS.

Nothing in this Agreement shall confer upon the Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Related Entity employing or retaining the Participant) or of the Participant, which rights are hereby expressly reserved by each, to terminate his or her Service at any time and for any reason, with or without cause.

SECTION 11. TAX ELECTION.

The acquisition of the Profits Interest Shares may result in adverse tax consequences that may be avoided or mitigated by filing an election under Code Section 83(b). Such election may be filed only within 30 days after the date of grant. The form for making the Code Section 83(b) election is attached to this Agreement as Exhibit I. **The Participant should**

consult with his or her tax advisor to determine the tax consequences of acquiring the Profits Interest Shares and the advantages and disadvantages of filing the Code Section 83(b) election. The Participant acknowledges that it is his or her sole responsibility, and not the Company's, to file a timely election under Code Section 83(b), even if the Participant requests that the Company or its representatives make this filing on his or her behalf.

SECTION 12. LEGENDS.

All certificates (if any) evidencing Profits Interest Shares shall bear the following legends:

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT") OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND MAY NOT BE OFFERED, SOLD, PLEDGED, HYPOTHECATED, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT IN ACCORDANCE WITH THE REQUIREMENTS OF ACT. THE SHARES REPRESENTED BY THIS CERTIFICATE ALSO ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND RIGHTS OF FIRST REFUSAL HELD BY THE COMPANY OR ITS ASSIGNEE(S), AND OTHER CONDITIONS AND RESTRICTIONS, AS SET FORTH IN THAT CERTAIN THIRD AMENDED AND RESTATED OPERATING AGREEMENT FOR FULGENT THERAPEUTICS LLC, DATED AS OF [●], AS THE SAME MAY BE AMENDED, A COPY OF WHICH WILL BE FURNISHED BY THE COMPANY, WITHOUT CHARGE, TO THE HOLDER OF THIS CERTIFICATE UPON WRITTEN REQUEST THEREFOR. SUCH RIGHTS AND RESTRICTIONS ARE BINDING ON TRANSFEREES OF THE PROFITS INTEREST SHARES."

If required by the authorities of any state in connection with the issuance of the Profits Interest Shares, the legend or legends required by such state authorities shall also be endorsed on all such certificates.

SECTION 13. NOTICE.

Any notice required by the terms of this Agreement shall be given in writing, which shall include electronic communications. Notice shall be addressed to the Company at its principal executive office and to the Participant at the address that he or she most recently provided to the Company.

SECTION 14. ENTIRE AGREEMENT.

The Notice, this Agreement, the Plan, and the LLC Agreement constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter hereof.

SECTION 15. CHOICE OF LAW.

This Agreement shall be governed by, and construed in accordance with, the laws of the State of California, as such laws are applied to contracts entered into and performed in such State.

SECTION 16. PARTICIPANT REPRESENTATIONS.

In connection with the issuance and acquisition of the Profits Interest Shares under this Agreement, the Participant hereby represents and warrants to the company as follows:

(a) The Participant is acquiring and will hold the Profits Interest Shares for investment for his or her account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act.

(b) The Participant understands that the Profits Interest Shares have not been registered under the Securities Act by reason of a specific exemption therefrom and that the Profits Interest Shares must be held indefinitely, unless they are subsequently registered under the Securities Act or the Participant obtains an opinion of counsel, in form and substance satisfactory to the Company and its counsel, that such registration is not required. The Participant further acknowledges and understands that the Company is under no obligation to register the Profits Interest Shares.

(c) The Participant is aware of the adoption of Rule 144 by the Securities and Exchange Commission under the Securities Act, which permits limited public resales of securities acquired in a non-public offering, subject to the satisfaction of certain conditions, including (without limitation) the availability of certain current public information about the issuer, the resale occurring only after the holding period required by Rule 144 has been satisfied, the sale occurring through an unsolicited "broker's transaction," and the amount of securities being sold during any three-month period not exceeding specified limitations. The Participant acknowledges and understands that the conditions for resale set forth in Rule 144 have not been satisfied and that the Company has no plans to satisfy these conditions in the foreseeable future.

(d) The Participant will not sell, transfer or otherwise dispose of the Profits Interest Shares in violation of the Securities Act, the Securities Exchange Act of 1934, or the rules promulgated thereunder, including Rule 144 under the Securities Act. The Participant agrees that he or she will not dispose of the Profits Interest Shares unless and until he or she has complied with all requirements of this Agreement applicable to the disposition of Profits Interest Shares and he or she has provided the Company with written assurances, in substance and form satisfactory to the Company, that (A) the proposed disposition does not require registration of the Profits Interest Shares under the Securities Act or all appropriate action necessary for compliance with the registration requirements of the Securities Act or with any exemption from registration available under the Securities Act (including Rule 144) has been taken and (B) the proposed disposition will not result in the contravention of any transfer restrictions applicable to the Profits Interest Shares under the securities laws or regulations of any State.

(e) The Participant has been furnished with, and has had access to, such information as he or she considers necessary or appropriate for deciding whether to invest in the

Profits Interest Shares, and the Participant has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the issuance of the Profits Interest Shares.

(f) The Participant is aware that his or her investment in the Company is a speculative investment that has limited liquidity and is subject to the risk of complete loss. The Participant is able, without impairing his or her financial condition, to hold the Profits Interest Shares for an indefinite period and to suffer a complete loss of his or her investment in the Profits Interest Shares.

Signature Page Follows

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

PARTICIPANT:

FULGENT THERAPEUTICS LLC

By: [●]

Title: [●]

IN EXECUTING THIS AGREEMENT, THE PARTICIPANT ACKNOWLEDGES RECEIPT OF A COPY OF THE PLAN, THE NOTICE AND THE LLC AGREEMENT IN ADDITION TO THIS AGREEMENT AND REPRESENTS THAT HE OR SHE IS FAMILIAR WITH THE TERMS AND PROVISIONS THEREOF, AND HEREBY ACCEPTS THE AWARD SUBJECT TO ALL OF THE TERMS AND PROVISIONS HEREOF AND THEREOF. THE PARTICIPANT HAS REVIEWED THIS AGREEMENT, THE PLAN, THE LLC AGREEMENT AND THE NOTICE IN THEIR ENTIRETY, HAS HAD AN OPPORTUNITY TO OBTAIN THE ADVICE OF COUNSEL PRIOR TO EXECUTING THIS AGREEMENT, AND FULLY UNDERSTANDS ALL PROVISIONS OF THIS AGREEMENT, THE LLC AGREEMENT, THE NOTICE AND THE PLAN. THE PARTICIPANT HEREBY AGREES THAT ALL QUESTIONS OF INTERPRETATION AND ADMINISTRATION RELATING TO THIS AGREEMENT, THE NOTICE, THE PLAN AND THE LLC AGREEMENT SHALL BE RESOLVED BY THE MANAGER.

EXHIBIT I

SECTION 83(b) ELECTION

This statement is made under Section 83(b) of the Internal Revenue Code of 1986, as amended, pursuant to Treasury Regulations Section 1.83-2.

(1) The taxpayer who performed the services is:

Name: [●]

Address: [●]
[●]

Social Security No.: _____

(2) The property with respect to which the election is made is [●] Class D Shares of Fulgent Therapeutics LLC.

(3) The property was transferred on [●].

(4) The taxable year for which the election is made is the calendar year [●].

(5) The property is subject to a repurchase right in favor of the issuer, exercisable if the taxpayer's service with the issuer is terminated.

(6) The fair market value of such property at the time of transfer (determined without regard to any restriction other than a restriction that, by its terms, will never lapse) is $0 per Share.

(7) The amount paid for such property is $[●] per Share.

(8) A copy of this statement was furnished to Fulgent Therapeutics LLC, for whom taxpayer rendered the services underlying the transfer of such property.

(9) This statement is executed on , [●].

_____ _____

Signature of Spouse (if any) Signature of Taxpayer

Within 30 days after the date of grant, this election must be filed with the Internal Revenue Service Center where the Participant files his or her federal income tax returns. The filing should be made by registered or certified mail, return receipt requested. The Participant must (a) file a copy of the completed form with his or her federal tax return for the current tax year and (b) deliver an additional copy to the Company.

Exhibit 10.5

FULGENT THERAPEUTICS LLC

AMENDED AND RESTATED 2015 EQUITY INCENTIVE PLAN

NOTICE OF RESTRICTED SHARE UNIT AWARD

You (the "**Participant**") have been granted an award of Restricted Share Units (the "**Award**"), subject to the terms and conditions of this Notice of Restricted Share Unit Award (the "**Notice**"), the Fulgent Therapeutics LLC Amended and Restated 2015 Equity Incentive Plan, as may be amended from time to time (the "**Plan**") and the Restricted Share Unit Award Agreement (the "**Agreement**") attached hereto, as follows. Unless otherwise defined herein, the terms defined in the Plan, the LLC Agreement and the Agreement shall have the same defined meanings in this Notice.

Name of Participant:	[●]
Date of Award:	[ ], 2016
Vesting Commencement Date:	[ ], 2016
Total Number of Restricted Share Units Awarded:	[●] [Class D Non-Voting Common Shares]
Vesting Schedule:	Subject to the Participant's Continuous Service through the applicable vesting dates (or event), the Award will "vest" in accordance with the following schedule: 1/4th of the Award will vest on the twelve-month anniversary of the Vesting Commencement Date and 1/16th of the Award will vest at the end of every three-month period thereafter.

IN WITNESS WHEREOF, the Company and the Participant have executed this Notice and agree that the Award is to be governed by the terms and conditions of this Notice, the Plan, and the Agreement.

FULGENT THERAPEUTICS LLC
a California limited liability company

By: _____

Title: _____

Date: _____

PARTICIPANT

By: _____

Date: _____

THE PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE AWARD SHALL VEST, IF AT ALL, ONLY IF THE PARTICIPANT REMAINS IN CONTINUOUS SERVICE THROUGH THE DATE THE AWARD (OR PORTION THEREOF) VESTS. THE PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS NOTICE, THE AGREEMENT, OR THE PLAN SHALL CONFER UPON THE PARTICIPANT ANY RIGHT TO CONTINUOUS SERVICE, NOR SHALL IT INTERFERE IN ANY WAY WITH THE COMPANY'S RIGHT TO TERMINATE THE PARTICIPANT'S CONTINUOUS SERVICE AT ANY TIME, WITH OR WITHOUT CAUSE.

FORM OF

RESTRICTED SHARE UNIT AWARD AGREEMENT

THIS RESTRICTED SHARE UNIT AWARD AGREEMENT (the "**Agreement**"), effective as of [●], 2016, is between Fulgent Therapeutics LLC (the "**Company**"), and [Participant] (the "**Participant**"). Capitalized terms used herein but not defined shall have the meanings set forth in the Company's Amended and Restated 2015 Equity Incentive Plan, as may be amended from time to time (the "**Plan**"), a copy of which the Participant acknowledges having received.

SECTION 1. RESTRICTED SHARE UNIT GRANT.

The Company hereby grants to the Participant, subject to the terms and conditions of the Notice, this Agreement, and the Plan, an award of Restricted Share Units (the "**Award**"). Restricted Share Units are notional units (not actual Shares), representing an unfunded, unsecured right to receive one Share for each Restricted Share Unit that vests.

SECTION 2. CONTINUED EMPLOYMENT REQUIREMENT.

Vesting of the Restricted Share Units is contingent upon the Participant's Continuous Service through the date that the Restricted Share Units vest, as set forth in the "Vesting Schedule" in the Notice. If the Participant's Continuous Service terminates for any reason, the Award, to the extent unvested on the date of termination, shall immediately and automatically be forfeited as of the date of termination, and the Participant shall have no further rights with respect thereto.

SECTION 3. ISSUANCE OF SHARES.

One Share will be issued for each Restricted Share Unit that vests, with such issuance occurring no later than 30 days following the day of vesting.

SECTION 4. TAX WITHHOLDING.

In accordance with Section 5(f) of the Plan, the Company shall have the power and right to deduct or withhold, or require the Participant to remit to the Company, an amount sufficient to satisfy any federal, state, local and other taxes (including the Participant's payroll tax obligations) required by law to be withheld with respect to this Award. The Participant may be required to pay to the Company in cash or cash equivalents, either prior to or concurrent with the delivery of Shares in respect of any Restricted Share Units that vest, the amount required by law to be withheld. The Company may establish other rules and procedures to allow the Participant to satisfy and to facilitate the required tax withholding from time to time.

SECTION 5. RESTRICTIONS ON TRANSFER OF AWARD.

The Restricted Share Units, this Award, and any right to receive Shares pursuant to this Award, may not be sold, assigned, transferred, encumbered, hypothecated or pledged by the Participant.

SECTION 6. RESTRICTIONS ON TRANSFER OF SHARES.

(a) **General**. The Participant shall not transfer, assign, encumber or otherwise dispose of any Shares issued hereunder without the Manager's written consent, which may be granted or withheld in its sole discretion.

(b) **LLC Agreement**. Shares issued hereunder shall be subject to the transfer provisions of the LLC Agreement.

(c) **Market Stand-Off**. In connection with any underwritten public offering by the Company or the Company's successor in an acquisition or otherwise (collectively, the "**Successor Entity**") of its equity securities pursuant to an effective registration statement filed under the Securities Act, including the Successor Entity's initial public offering, the Participant or any holder of the Shares acquired under this Agreement shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer, or agree to engage in any of the foregoing transactions with respect to, any Shares acquired under this Agreement (or other equity securities of the Successor Entity) without the prior written consent of the Successor Entity or its underwriters. Such restriction (the "**Market Stand-Off**") shall be in effect for such period of time following the date of the final prospectus for the offering as may be requested by the Successor Entity or such underwriters. The Market Stand-Off shall in any event terminate two years after the date of the Successor Entity's initial public offering. In the event of the declaration of a stock dividend, a spin-off, a stock split, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Successor Entity's outstanding securities without receipt of consideration, any new, substituted or additional securities which are by reason of such transaction distributed with respect to any Shares subject to the Market Stand-Off, or into which such Shares thereby become convertible, shall immediately be subject to the Market Stand-Off. In order to enforce the Market Stand-Off, the Successor Entity may impose stop-transfer instructions with respect to the Shares acquired under this Agreement until the end of the applicable stand-off period. The Successor Entity's underwriters shall be beneficiaries of the agreement set forth in this Subsection (c). This Subsection (c) shall not apply to Shares registered in the public offering under the Securities Act, and the Participant shall be subject to this Subsection (c) only if the directors and officers of the Successor Entity are subject to similar arrangements.

(d) **Securities Law Restrictions**. Regardless of whether the issuance of Shares hereunder have been registered under the Securities Act or have been registered or qualified under the securities laws of any state, the Company at its discretion may impose restrictions upon the sale, pledge or other transfer of the Shares (including the placement

of appropriate legends on Share certificates or the imposition of stop-transfer instructions) if, in the judgment of the Company, such restrictions are necessary or desirable in order to achieve compliance with the Securities Act, the securities laws of any state or any other law.

(e) **Rights of the Company**. The Company shall not be required to (i) transfer on its books any Shares that have been sold or transferred in contravention of this Agreement or the LLC Agreement or (ii) treat as a Member of the Company or as the owner of Shares, or otherwise to accord voting, distribution or liquidation rights to, any transferee to whom Shares have been transferred in contravention of this Agreement or the LLC Agreement.

(f) **Administration**. Any determination by the Company and its counsel in connection with any of the matters set forth in this Section 6 shall be conclusive and binding on the Participant and all other persons.

SECTION 7. COMPANY'S REPURCHASE RIGHT

(a) **Grant of Repurchase Right**. The Company is hereby granted the right (the "**Repurchase Right**"), exercisable at any time during the nine (9) month period following the date on which the Participant's Continuous Service terminates, to repurchase all or any portion of any Shares issued hereunder (the "**Share Repurchase Period**"). The Company shall be entitled to exercise such Repurchase Right regardless of the reason for termination of the Participant's Continuous Service.

(b) **Exercise of the Repurchase Right**. The Repurchase Right shall be exercisable by written notice delivered to each holder of the Share prior to the expiration of the Share Repurchase Period. The notice shall indicate the number of Shares to be-repurchased and the date on which the repurchase is to be effected, such date to be not later than the last day of the Share Repurchase Period. On the date on which the repurchase is to be effected, the Company and/or its assigns shall pay to the holder in cash or cash equivalents (including the cancellation of any purchase-money indebtedness) an amount equal to the Repurchase Price on the date on which the repurchase is to be effected of the Share to be repurchased from the holder. Upon such payment or deposit into escrow for the benefit of the holder, the Company and/or its assigns shall become the legal and beneficial owner of the Shares being repurchased and all rights and interest thereon or related thereto, and the Company shall have the right to transfer to its own name or its assigns the number of Shares being repurchased, without further action by the holder.

(c) **Assignment**. Whenever the Company shall have the right to purchase Shares under this Repurchase Right, the Company may designate and assign one or more employees, officers or members of the Company or other persons or organizations, to exercise all or a part of the Company's Repurchase Right.

(d) **Termination of the Repurchase Right**. The Repurchase Right shall terminate with respect to any Shares for which it is not timely exercised and upon the effective date of a registration statement of the Company, a successor to the Company or any entity that assumes the Plan filed under the Securities Act of 1933, as amended.

(e) **Additional Shares or Substituted Securities**. In the event of an Incorporation or any Liquidity Event, any new, substituted or additional securities or other property which is by reason of any such transaction distributed with respect to the Shares shall be immediately subject to the Repurchase Right, but only to the extent the Shares are at the time covered by such right. The Repurchase Price for such securities shall be appropriately adjusted to take into account the terms of such Incorporation or Liquidity Event as determined by the Manager in its reasonable discretion.

(f) **Repurchase Price**. For purposes of this Agreement, the "**Repurchase Price**" with respect to a Share shall be:

(i) In the case of a termination of Continuous Service for Cause, $0.

(ii) In the case of a termination of Continuous Service without Cause, the Book Value Attributable to a Share. For this purpose, "**Book Value**" shall mean the aggregate cost basis of the assets of the Company (as adjusted for depreciation and amortization) less the Company's liabilities as reflected in the Company's books and records, and the "**Book Value Attributable to a Share**" shall mean a Share's proportionate interest in the Book Value of the Company under the LLC Agreement, taking into account the distribution provisions thereunder and any applicable Profits Interest Threshold Amounts, in each case as determined by the Manager in its reasonable discretion.

SECTION 8. LIMITATION OF RIGHTS.

The Participant shall not have any privileges of a Member of the Company with respect to the Restricted Share Units (including, for the sake of clarity, any voting rights, or any right to dividends or dividend equivalents) unless and until actual Shares are issued pursuant to Section 3 above.

SECTION 9. ADJUSTMENT OF SHARES.

In the event of any transaction described in Section 6(a) of the Plan, the number and kind of Shares subject to the Award shall be adjusted as set forth in Section 6 of the Plan. In the event that the Company engages in a Liquidity Event as described in Section 6(c) of the Plan, the Award shall be subject to the agreement governing such Liquidity Event and the LLC Agreement.

SECTION 10. NOTICES.

Any notice required by the terms of this Agreement shall be given in writing, which shall include electronic communications. Notice shall be addressed to the Company at its principal executive office and to the Participant at the address most recently provided to the Company.

SECTION 11. CONSTRUCTION.

The captions used in the Notice and this Agreement are inserted for convenience and shall not be deemed a part of the Award for construction or interpretation. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

SECTION 12. ENTIRE AGREEMENT; GOVERNING LAW.

The Notice, the Plan, this Agreement and the LLC Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Participant with respect to the subject matter hereof, and may not be amended or modified adversely to the Participant's interest except by means of a writing signed by the Company and the Participant. Nothing in the Notice, the Plan, the LLC Agreement and this Agreement (except as expressly provided therein) is intended to confer any rights or remedies on any persons other than the parties. The Notice, the Plan, the LLC Agreement and this Agreement are to be construed in accordance with and governed by the internal laws of the State of California without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State or California to the rights and duties of the parties. Should any provision of the Notice, the Plan, the LLC Agreement or this Agreement be determined to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.

SECTION 13. VENUE

The Company and the Participant (the "**Parties**") agree that any suit, action, or proceeding arising out of or relating to the Notice, the Plan or this Agreement shall be brought in the United States District Court for the District of Southern California (or should such court lack jurisdiction to hear such action, suit or proceeding, in a California state court in the County of Los Angeles) and that the Parties shall submit to the jurisdiction of such court. The Parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. If any one or more provisions of this Section 13 shall for any reason be held invalid or unenforceable, it is the specific intent of the Parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

SECTION 14. ADMINISTRATION AND INTERPRETATION

Any question or dispute regarding the administration or interpretation of the Notice, the Plan or this Agreement shall be submitted by the Participant or by the Company to the Manager. The resolution of such question or dispute by the Manager shall be final and binding on all persons.

SECTION 15. COUNTERPARTS.

This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

SECTION 16. SECTION 409A.

This Award is intended to be exempt from Section 409A of the Internal Revenue Code of 1986, as amended, the regulations issued thereunder or any exception thereto ("**Section 409A**") under the short-term deferral exception in Treas. Reg. §1.409A-l(b)(4). To the extent applicable, the provisions of this Agreement shall be interpreted and construed in a manner intended to comply with Section 409A. The Company makes no representation that this Award is exempt from or complies with Section 409A and makes no undertaking to prevent Section 409A from applying to this Award or to mitigate its effects on this Award.

SECTION 17. PARTICIPANT'S REPRESENTATIONS.

The Participant hereby represents and warrants to the Company in connection with the grant of the Restricted Share Units hereunder, and the issuance of any Shares in respect of such Restricted Share Units, that:

(a) The Participant understands that the Shares have not been registered under the Securities Act, nor qualified under any state securities laws, and that it is being offered and sold pursuant to, and in reliance upon, an exemption from such registration and qualification based in part upon the Participant's representations contained herein; the Shares are being issued to the Participant hereunder in reliance upon the exemption from such registration provided by Section 4(a)(2) of the Securities Act for transactions by an issuer not involving any public offering, and in connection therewith, the Participant acknowledges the Participant's status as an "accredited investor" within the meaning of Rule 501 promulgated under the Securities Act;

(b) The Participant is an "accredited investor" as such term is defined in Rule 501(a) of the Securities Act and has such knowledge and experience in financial and business matters that the Participant is capable of evaluating the merits and risks of the investment contemplated by this Award Agreement; and the Participant is able to bear the economic risk of this investment in the Company (including a complete loss of this investment);

(c) Except as specifically provided herein or in the Plan, the Participant has no contract, undertaking, understanding, agreement or arrangement, formal or informal, with any person to sell, transfer or pledge all or any portion of his, Shares, and has no current plans to enter into any such contract, undertaking, understanding, agreement or arrangement;

(d) The Participant has not seen, received, been presented with, or been solicited by any leaflet, public promotional meeting, article or any other form of advertising or general solicitation as to the Company's sale to the Participant of his Shares;

(e) The Participant is familiar with the business and operations of the Company and has been afforded full and complete access to the books, financial statements, records, contracts, documents and other information concerning the Company and its proposed activities, and has been afforded an opportunity to ask such questions of the Company's agents, accountants and other representatives concerning the Company's proposed business, operations, financial condition, assets, liabilities and other relevant matters as he has deemed necessary or desirable, and has been given all such information as has been requested, in order to evaluate the merits and risks of the investment contemplated herein;

(f) The Participant has been informed that the Shares are restricted securities under the Securities Act and may not be resold or transferred unless the Shares are first registered under the federal securities laws or unless an exemption from such registration is available; and

(g) The Participant is prepared to hold the Shares for an indefinite period and that the Participant is aware that Rule 144 as promulgated under the Securities Act, which exempts certain resales of restricted securities, is not presently available to exempt the resale of the Shares from the registration requirements of the Securities Act.

FULGENT GENETICS, INC.

2016 OMNIBUS INCENTIVE PLAN

1. Purposes of the Plan. The purposes of this Plan are to attract and retain the best available personnel, to provide additional incentives to Employees, Directors and Consultants and to promote the success of the Company's business.

2. Definitions. The following definitions shall apply as used herein and in the individual Award Agreements except as defined otherwise in an individual Award Agreement. In the event a term is separately defined in an individual Award Agreement, such definition shall supersede the definition contained in this Section 2.

(a) "Administrator" means the Board or any of the Committees appointed to administer the Plan.

(b) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 promulgated under the Exchange Act.

(c) "Applicable Laws" means the legal requirements relating to the Plan and the Awards under applicable provisions of federal securities laws, state corporate and securities laws, the Code, the rules of any applicable stock exchange or national market system, and the rules of any non-U.S. jurisdiction applicable to Awards granted to residents therein.

(d) "Assumed" means that pursuant to a Corporate Transaction either (i) the Award is expressly affirmed by the Company or (ii) the contractual obligations represented by the Award are expressly assumed (and not simply by operation of law) by the successor entity or its Parent in connection with the Corporate Transaction with appropriate adjustments to the number and type of securities of the successor entity or its Parent subject to the Award and the exercise or purchase price thereof which at least preserves the compensation element of the Award existing at the time of the Corporate Transaction as determined in accordance with the instruments evidencing the agreement to assume the Award and Applicable Laws.

(e) "Award" means the grant of an Option, SAR, Dividend Equivalent Right, Restricted Stock, Restricted Stock Unit or Other Award.

(f) "Award Agreement" means the written agreement or other instrument evidencing the grant of an Award, including any amendments thereto. An Award Agreement may be in the form of an agreement to be executed by both the Grantee and the Company (or an authorized representative of the Company) or certificates, notices or similar instruments.

(g) "Board" means the Board of Directors of the Company.

(h) "Change in Control" means the occurrence of any of the following:

(i) an acquisition by any "person" or "group" (as such terms are used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) of direct or indirect beneficial ownership (as defined in Rule 13d-3 of the General Rules and Regulations under the Exchange Act ("Beneficial Ownership") of 50% or more of either the then outstanding shares of Company common stock (the "Outstanding Company Common Stock") or the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided that

the following acquisitions shall be excluded: (i) any acquisition directly or indirectly by one of the Permitted Holders, (ii) any acquisition directly from the Company, other than an acquisition by virtue of the exercise of a conversion privilege unless the security being so converted was itself acquired directly from the Company, (iii) any acquisition by the Company, or (iv) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or a Subsidiary;

(ii) a majority of the members of the Board are replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the Board before the date of appointment or election; or

(iii) consummation of Corporate Transaction; excluding, however, a Corporate Transaction pursuant to which:

(A) all or substantially all of the individuals and entities who have Beneficial Ownership, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Corporate Transaction will have Beneficial Ownership, directly or indirectly, of more than 50% of, respectively, the outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Corporate Transaction (including, without limitation, the Company or a corporation that as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) (the "Resulting Corporation") in substantially the same proportions as their ownership, immediately prior to such Corporate Transaction, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be;

(B) no "person" or "group" (as such terms are used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) (other than (1) the Company, (2) an employee benefit plan (or related trust) sponsored or maintained by the Company, Resulting Corporation, or a Subsidiary, or (3) any entity controlled, directly or indirectly, by the Company or a Resulting Corporation) will have Beneficial Ownership, directly or indirectly, of 50% or more of, respectively, the outstanding shares of common stock of the Resulting Corporation or the combined voting power of the outstanding voting securities of the Resulting Corporation entitled to vote generally in the election of directors, except to the extent that such ownership existed prior to the Corporate Transaction; and

(C) individuals who were members of the Board before the Corporation Transaction (or whose appointment or election is endorsed by a majority of such members of the Board) will continue to constitute at least a majority of the members of the board of directors of the Resulting Corporation; or

(iv) the approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

(i) "Code" means the Internal Revenue Code of 1986, as amended.

(j) "Committee" means any committee composed of members of the Board appointed by the Board to administer the Plan.

(k) "Common Stock" means the common stock of the Company, par value $0.0001 per share.

(l) "Company" means Fulgent Genetics, Inc., a Delaware corporation, or any successor entity.

(m) “Consultant” means any person (other than an Employee or a Director, solely with respect to rendering services in such person’s capacity as a Director) who is engaged by the Company or any Related Entity to render consulting or advisory services to the Company or such Related Entity.

(n) “Continuing Directors” means members of the Board who either (i) have been Board members continuously for a period of at least twelve (12) months or (ii) have been Board members for less than twelve (12) months and were elected or nominated for election as Board members by at least a majority of the Board members described in clause (i) who were still in office at the time such election or nomination was approved by the Board.

(o) “Continuous Service” means that the provision of services to the Company or a Related Entity in any capacity of Employee, Director or Consultant is not interrupted or terminated. In jurisdictions requiring notice in advance of an effective termination as an Employee, Director or Consultant, Continuous Service shall be deemed terminated upon the actual cessation of providing services to the Company or a Related Entity notwithstanding any required notice period that must be fulfilled before a termination as an Employee, Director or Consultant can be effective under Applicable Laws. A Grantee’s Continuous Service shall be deemed to have terminated either upon an actual termination of Continuous Service or upon the entity for which the Grantee provides services ceasing to be a Related Entity. Continuous Service shall not be considered interrupted in the case of (i) any approved leave of absence, (ii) transfers among the Company, any Related Entity, or any successor, in any capacity of Employee, Director or Consultant, or (iii) any change in status as long as the individual remains in the service of the Company or a Related Entity in any capacity of Employee, Director or Consultant (except as otherwise provided in the Award Agreement). Notwithstanding the foregoing, except as otherwise determined by the Administrator, in the event of any spin-off of a Related Entity, service as an Employee, Director or Consultant for such Related Entity following such spin-off shall be deemed to be Continuous Service for purposes of the Plan and any Award under the Plan. An approved leave of absence shall include sick leave, military leave, or any other authorized personal leave. For purposes of each Incentive Stock Option granted under the Plan, if such leave exceeds three (3) months, and reemployment upon expiration of such leave is not guaranteed by statute or contract, then the Incentive Stock Option shall be treated as a Non-Qualified Stock Option on the day three (3) months and one (1) day following the expiration of such three (3) month period.

(p) “Corporate Transaction” means a reorganization, merger, share exchange, consolidation or sale or other disposition of all or substantially all of the assets of the Company.

(q) “Director” means a member of the Board or the board of directors or board of managers of any Related Entity.

(r) “Disability” means such term (or word of like import) as defined under the long-term disability policy of the Company or the Related Entity to which the Grantee provides services regardless of whether the Grantee is covered by such policy. If the Company or the Related Entity to which the Grantee provides service does not have a long-term disability plan in place, “Disability” means that a Grantee is unable to carry out the responsibilities and functions of the position held by the Grantee by reason of any medically determinable physical or mental impairment for a period of not less than ninety (90) consecutive days. A Grantee will not be considered to have incurred a Disability unless he or she furnishes proof of such impairment sufficient to satisfy the Administrator in its discretion.

(s) “Dividend Equivalent Right” means a right entitling the Grantee to compensation measured by dividends paid with respect to Common Stock.

(t) “Employee” means any person, including an Officer or Director, who is in the employ of the Company or any Related Entity, subject to the control and direction of the Company or any Related Entity as to both the work to be performed and the manner and method of performance. The payment of a director’s fee by the Company or a Related Entity shall not be sufficient to constitute “employment” by the Company.

(u) “Exchange Act” means the Securities Exchange Act of 1934, as amended.

(v) “Fair Market Value” means, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on one or more established stock exchanges or national market systems, including without limitation The NASDAQ Global Select Market, The NASDAQ Global Market or The NASDAQ Capital Market of The NASDAQ Stock Market LLC, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the Common Stock is listed (as determined by the Administrator) on the date of determination (or, if no closing sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported), as reported in The Wall Street Journal or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted on an automated quotation system (including the OTC Bulletin Board) or by a recognized securities dealer, its Fair Market Value shall be the closing sales price for such stock as quoted on such system or by such securities dealer on the date of determination, but if selling prices are not reported, the Fair Market Value of a share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock on the date of determination (or, if no such prices were reported on that date, on the last date such prices were reported), as reported in The Wall Street Journal or such other source as the Administrator deems reliable; or

(iii) In the absence of an established market for the Common Stock of the type described in (i) and (ii), above, the Fair Market Value thereof shall be determined by the Administrator in good faith.

(w) “Grantee” means an Employee, Director or Consultant who receives an Award under the Plan.

(x) “Incentive Stock Option” means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

(y) “Non-Qualified Stock Option” means an Option not intended to, or that does not, qualify as an Incentive Stock Option.

(z) “Officer” means a person who is an officer of the Company or a Related Entity within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(aa) “Option” means an option to purchase Shares pursuant to an Award Agreement granted under the Plan.

(bb) “Other Award” means an award entitling the Grantee to Shares or cash that may or may not be subject to restrictions upon issuance or cash compensation, as established by the Administrator.

(cc) “Parent” means a “parent corporation”, whether now or hereafter existing, as defined in Section 424(e) of the Code.

(dd) “Permitted Holders” means, as of the date of determination, (i) any and all of Ming Hsieh, his spouse, his siblings and their spouses, and descendants of any of them (whether natural or adopted) (collectively, the “Hsieh Group”) and (ii) any trust established and maintained primarily for the benefit of any member of the Hsieh Group and any entity controlled by any member of the Hsieh Group.

(ee) “Plan” means this 2016 Omnibus Incentive Plan.

(ff) “Registration Date” means the first to occur of (i) the closing of the first sale to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act of 1933, as amended, of (A) the Common Stock or (B) the same class of securities of a successor corporation (or its Parent) issued pursuant to a Corporate Transaction in exchange for or in substitution of the Common Stock; and (ii) in the event of a Corporate Transaction, the date of the consummation of the Corporate Transaction if the same class of securities of the successor corporation (or its Parent) issuable in such Corporate Transaction shall have been sold to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act of 1933, as amended, on or prior to the date of consummation of such Corporate Transaction.

(gg) “Related Entity” means any (i) Parent or Subsidiary of the Company, (ii) any other entity controlling, controlled by or under common control with the Company and (iii) Fulgent Therapeutics LLC.

(hh) “Replaced” means that pursuant to a Corporate Transaction the Award is replaced with a comparable stock award or a cash incentive award or program of the Company, the successor entity (if applicable) or Parent of either of them which preserves the compensation element of such Award existing at the time of the Corporate Transaction and provides for subsequent payout in accordance with the same (or, for the Grantee, a more favorable) vesting schedule applicable to such Award. The determination of Award comparability shall be made by the Administrator and its determination shall be final, binding and conclusive.

(ii) “Restricted Stock” means Shares issued under the Plan to the Grantee for such consideration, if any, and subject to such restrictions on transfer, forfeiture provisions, and other terms and conditions as established by the Administrator.

(jj) “Restricted Stock Units” means an Award which may be earned in whole or in part upon the passage of time or the attainment of performance criteria established by the Administrator and which may be settled for cash, Shares or other securities or a combination of cash, Shares or other securities as specified by the Administrator in the Award Agreement.

(kk) “SAR” means a stock appreciation right entitling the Grantee to Shares or cash compensation or a combination thereof, as established by the Administrator, measured by appreciation in the value of Common Stock.

(ll) “Share” means a share of the Common Stock.

(mm) “Subsidiary” means any corporation in which the Company owns, directly or indirectly, at least fifty percent (50%) of the total combined voting power of all classes of stock, or any other entity (including, but not limited to, partnerships and joint ventures) in which the Company owns, directly or indirectly, at least fifty percent (50%) of the combined equity thereof. Notwithstanding the foregoing, for purposes of determining whether any individual may be a Grantee for purposes of any grant of Incentive Stock Options, “Subsidiary” shall have the meaning ascribed to such term in Section 424(f) of the Code.

(nn) “Substitute Awards” means Awards that the Company will grant under the Plan in substitution of awards that were granted by Fulgent Therapeutics LLC.

3. Stock and Cash Subject to the Plan.

(a) Subject to the provisions of Section 10, below, the maximum aggregate number of Shares which may be issued pursuant to Awards initially shall be a number of Shares equal to the sum of (i) [·][1] Shares, which will be available for issuance solely pursuant to the Substitute Awards, and (ii) [·][2]. Subject to the provisions of Section 10, below, no more than [·][3] Shares may be issued pursuant to Incentive Stock Options granted under the Plan. The Shares to be issued pursuant to Awards may be authorized, but unissued, or reacquired Common Stock.

(b) Any Shares covered by an Award (or portion of an Award), other than a Substitute Award, which is forfeited, canceled or expires (whether voluntarily or involuntarily) shall be deemed not to have been issued for purposes of determining the maximum aggregate number of Shares which may be issued under the Plan. Shares that actually have been issued under the Plan pursuant to an Award shall not be returned to the Plan and shall not become available for future issuance under the Plan, except that if unvested Shares (pursuant to a Restricted Stock Award) are forfeited, such Shares shall become available for future grant under the Plan. To the extent not prohibited by the listing requirements of The NASDAQ Global Select Market, The NASDAQ Global Market or The NASDAQ Capital Market of The NASDAQ Stock Market LLC (or other established stock exchange or national market system on which the Common Stock is traded) or Applicable Law, any Shares covered by an Award (other than a Substitute Award) which are surrendered (i) in payment of the Award exercise or purchase price (including pursuant to the “net exercise” of an option pursuant to Section 7(b)(v)) or (ii) in satisfaction of tax withholding obligations incident to an Award shall be deemed not to have been issued for purposes of determining the maximum number of Shares which may be issued pursuant to all Awards under the Plan, unless otherwise determined by the Administrator. SARs payable in Shares shall reduce the maximum aggregate number of Shares which may be issued under the Plan only by the net number of actual Shares issued to the Grantee upon exercise of the SAR. Shares underlying the Substitute Awards will not be available for issuance pursuant to other Awards in any circumstance.

1 To reflect a number of Shares equal to (i) the number of Class D non-voting common shares of Fulgent Therapeutics LLC subject to options issued under the Fulgent Therapeutics LLC Amended and Restated 2015 Equity Incentive Plan and outstanding at the Effective Time (as defined in the Agreement and Plan of Merger (the “Merger Agreement”) to be entered into by and among the Company, Fulgent MergerSub, LLC and Fulgent Therapeutics LLC), divided by (ii) the Non-Voting Merger Ratio (as defined in the Merger Agreement).

2 To reflect a number of Shares equal to (i) 11,000,000, divided by (ii) the Non-Voting Merger Ratio (as defined in the Merger Agreement).

3 To reflect a number of Shares equal to (i) 11,000,000, divided by (ii) the Non-Voting Merger Ratio (as defined in the Merger Agreement).

4. Administration of the Plan.

(a) Plan Administrator.

(i) Administration with Respect to Directors and Officers. With respect to grants of Awards to Directors or Officers, the Plan shall be administered by (A) the Board or (B) a Committee designated by the Board. Once appointed, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board.

(ii) Administration With Respect to Consultants and Other Employees. With respect to grants of Awards to Employees or Consultants who are neither Directors nor Officers, the Plan shall be administered by (A) the Board or (B) a Committee designated by the Board. Once appointed, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board. The Board or Committee may also authorize one or more Officers to administer the Plan with respect to Awards to Employees or Consultants who are neither Directors nor Officers (and to grant such Awards) and may limit such authority as the Board or Committee, as applicable, determines from time to time.

(b) Powers of the Administrator. Subject to Applicable Laws and the provisions of the Plan (including any other powers given to the Administrator hereunder), and except as otherwise provided by the Board or any Committee, the Administrator shall have the authority, in its discretion to do all things that it determines to be necessary or appropriate in connection with the administration of the Plan, including, without limitation:

(i) to select the Employees, Directors and Consultants to whom Awards may be granted from time to time hereunder;

(ii) to determine whether, when and to what extent Awards are granted hereunder;

(iii) to determine the number of Shares or the amount of cash or other consideration to be covered by each Award granted hereunder;

(iv) to approve forms of Award Agreements for use under the Plan;

(v) to determine the terms and conditions of any Award granted hereunder;

(vi) to amend the terms of any outstanding Award granted under the Plan, provided that any amendment that would adversely affect the Grantee's rights under an outstanding Award shall not be made without the Grantee's written consent, provided, however, that an amendment or modification that may cause an Incentive Stock Option to become a Non-Qualified Stock Option shall not be treated as adversely affecting the rights of the Grantee;

(vii) to reduce, in each case, without stockholder approval, the exercise price of any Option awarded under the Plan and the base appreciation amount of any SAR awarded under the Plan and canceling an Option or SAR at a time when its exercise price or base appreciation amount (as applicable) exceeds the Fair Market Value of the underlying Shares, in exchange for another Option, SAR, Restricted Stock, or other Award or for cash;

(viii) to prescribe, amend and rescind rules and regulations relating to the Plan and to define terms not otherwise defined herein;

(ix) to construe and interpret the terms of the Plan, any rules and regulations under the Plan and Awards, including without limitation, any notice of award or Award Agreement, granted pursuant to the Plan;

(x) to approve corrections in the documentation or administration of any Award;

(xi) to grant Awards to Employees, Directors and Consultants employed outside the United States or to otherwise adopt or administer such procedures or subplans that the Administrator deems appropriate or necessary on such terms and conditions different from those specified in the Plan as may, in the judgment of the Administrator, be necessary or desirable to further the purpose of the Plan; and

(xii) to take such other action, not inconsistent with the terms of the Plan, as the Administrator deems appropriate.

The express grant in the Plan of any specific power to the Administrator shall not be construed as limiting any power or authority of the Administrator; provided that the Administrator may not exercise any right or power reserved to the Board. Any decision made, or action taken, by the Administrator or in connection with the administration of this Plan shall be final, conclusive and binding on all persons having an interest in the Plan.

(c) Indemnification. In addition to such other rights of indemnification as they may have as members of the Board or as Officers or Employees, members of the Board and any Officers or Employees to whom authority to act for the Board, the Administrator or the Company is delegated shall be defended and indemnified by the Company to the extent permitted by law on an after-tax basis against all reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense of any claim, investigation, action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan, or any Award granted hereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by the Company) or paid by them in satisfaction of a judgment in any such claim, investigation, action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such claim, investigation, action, suit or proceeding that such person is liable for gross negligence, bad faith or intentional misconduct; provided, however, that within thirty (30) days after the institution of such claim, investigation, action, suit or proceeding, such person shall offer to the Company, in writing, the opportunity at the Company's expense to defend the same.

5. Eligibility. Awards other than Incentive Stock Options may be granted to Employees, Directors and Consultants. Incentive Stock Options may be granted only to Employees of the Company or a Parent or a Subsidiary of the Company. An Employee, Director or Consultant who has been granted an Award may, if otherwise eligible, be granted additional Awards. Awards may be granted to such Employees, Directors or Consultants who are residing in non-U.S. jurisdictions as the Administrator may determine from time to time.

6. Terms and Conditions of Awards.

(a) Types of Awards. The Administrator is authorized under the Plan to award any type of arrangement to an Employee, Director or Consultant that is not inconsistent with the provisions of the Plan and that by its terms involves or might involve the issuance of (i) Shares, (ii) cash or (iii) an Option, a SAR, or similar right with a fixed or variable price related to the Fair Market Value of the Shares and with an exercise or conversion privilege related to the passage of time, the occurrence of one or more events, or the satisfaction of performance criteria or other conditions. Such awards include, without limitation, Options, SARs, sales or bonuses of Restricted Stock, Restricted Stock Units, Other Awards or Dividend Equivalent Rights, and an Award may consist of one such security or benefit, or two (2) or more of them in any combination or alternative.

(b) Designation of Award. Each Award shall be designated in the Award Agreement. In the case of an Option, the Option shall be designated as either an Incentive Stock Option or a Non-Qualified Stock Option. However, notwithstanding such designation, an Option will qualify as an Incentive Stock Option under the Code only to the extent the $100,000 limitation of Section 422(d) of the Code is not exceeded. The $100,000 limitation of Section 422(d) of the Code is calculated based on the aggregate Fair Market Value of the Shares subject to Options designated as Incentive Stock Options which become exercisable for the first time by a Grantee during any calendar year (under all plans of the Company or any Parent or Subsidiary of the Company). For purposes of this calculation, Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares shall be determined as of the grant date of the relevant Option. In the event that the Code or the regulations promulgated thereunder are amended after the date the Plan becomes effective to provide for a different limit on the Fair Market Value of Shares permitted to be subject to Incentive Stock Options, then such different limit will be automatically incorporated herein and will apply to any Options granted after the effective date of such amendment.

(c) Conditions of Award. Subject to the terms of the Plan, the Administrator shall determine the provisions, terms, and conditions of each Award including, but not limited to, the Award vesting schedule, forfeiture provisions, form of payment (cash, Shares, or other consideration) upon settlement of the Award, payment contingencies, and satisfaction of any performance criteria.

(d) Acquisitions and Other Transactions. The Administrator may issue Awards under the Plan in settlement, assumption or substitution for, outstanding awards or obligations to grant future awards in connection with the Company or a Related Entity acquiring another entity, an interest in another entity or an additional interest in a Related Entity whether by merger, stock purchase, asset purchase or other form of transaction.

(e) Deferral of Award Payment. The Administrator may establish one or more programs under the Plan to permit selected Grantees the opportunity to elect to defer receipt of consideration to be received under an Award in compliance with Applicable Laws, other than an Award of Options, SARs or Restricted Stock. The Administrator may establish the election procedures, the timing of such elections, the mechanisms for payments of, and accrual of interest or other earnings, if any, on amounts, Shares or other consideration so deferred, and such other terms, conditions, rules and procedures that the Administrator deems advisable for the administration of any such deferral program.

(f) Separate Programs. The Administrator may establish one or more separate programs under the Plan for the purpose of issuing particular forms of Awards to one or more classes of Grantees on such terms and conditions as determined by the Administrator from time to time.

(g) Term of Award. The term of each Award shall be the term stated in the Award Agreement, provided, however, that the term of an Incentive Stock Option shall be no more than ten (10) years from the date of grant thereof. However, in the case of an Incentive Stock Option granted to a Grantee who, at

the time the Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary of the Company, the term of the Incentive Stock Option shall be five (5) years from the date of grant thereof or such shorter term as may be provided in the Award Agreement. Notwithstanding the foregoing, the specified term of any Award shall not include any period for which the Grantee has elected to defer the receipt of the Shares or cash issuable pursuant to the Award.

(h) Transferability of Awards. Incentive Stock Options may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Grantee, only by the Grantee. Other Awards shall be transferable (i) by will and by the laws of descent and distribution and (ii) during the lifetime of the Grantee, to the extent and in the manner authorized by the Administrator, but only to the extent such transfers are made in accordance with Applicable Laws to family members, to family trusts, to family controlled entities, to charitable organizations, and pursuant to domestic relations orders or agreements, in all cases without payment for such transfers to the Grantee. Notwithstanding the foregoing, the Grantee may designate one or more beneficiaries of the Grantee's Award in the event of the Grantee's death on a beneficiary designation form provided by the Administrator.

(i) Time of Granting Awards. The date of grant of an Award shall for all purposes be the date on which the Administrator makes the determination to grant such Award, or such other later date as is determined by the Administrator.

7. Award Exercise or Purchase Price, Consideration and Taxes.

(a) Exercise or Purchase Price. The exercise or purchase price, if any, for an Award shall be as follows:

(i) In the case of an Incentive Stock Option:

(A) granted to an Employee who, at the time of the grant of such Incentive Stock Option owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary of the Company, the per Share exercise price shall be not less than one hundred ten percent (110%) of the Fair Market Value per Share on the date of grant; or

(B) granted to any Employee other than an Employee described in the preceding paragraph, the per Share exercise price shall be not less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(ii) In the case of a Non-Qualified Stock Option, the per Share exercise price shall be not less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(iii) In the case of SARs, the base appreciation amount shall not be less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(iv) In the case of other Awards, such price as is determined by the Administrator.

(v) Notwithstanding the foregoing provisions of this Section 7(a), in the case of an Award issued pursuant to Section 6(d), above, the exercise or purchase price for the Award shall be determined in accordance with the provisions of the relevant instrument evidencing the agreement to issue such Award.

(b) Consideration. Subject to Applicable Laws, the consideration to be paid for the Shares to be issued upon exercise or purchase of an Award including the method of payment, shall be determined by the Administrator. In addition to any other types of consideration the Administrator may determine, the Administrator is authorized to accept as consideration for Shares issued under the Plan the following, provided that the portion of the consideration equal to the par value of the Shares must be paid in cash or other legal consideration permitted by the Delaware General Corporation Law:

(i) cash;

(ii) check;

(iii) surrender of Shares or delivery of a properly executed form of attestation of ownership of Shares as the Administrator may require which have a Fair Market Value on the date of surrender or attestation equal to the aggregate exercise price of the Shares as to which said Award shall be exercised;

(iv) with respect to Options, if the exercise occurs on or after the Registration Date, payment through a broker-assisted cashless exercise program made available by the Company;

(v) with respect to Options, payment through a "net exercise" procedure established by the Company such that, without the payment of any funds, the Grantee may exercise the Option and receive the net number of Shares; or

(vi) any combination of the foregoing methods of payment.

The Administrator may at any time or from time to time, by adoption of or by amendment to the standard forms of Award Agreement described in Section 4(b)(iv), or by other means, grant Awards which do not permit all of the foregoing forms of consideration to be used in payment for the Shares or which otherwise restrict one or more forms of consideration.

(c) Taxes. The Company and any Related Entity shall have the power and the right to deduct or withhold, or require a Grantee to remit to the Company or a Related Entity, an amount sufficient to satisfy any federal, state, local, domestic or foreign taxes required to be withheld with respect to any taxable event arising with respect to an Award. The Administrator may require or may permit Grantees to elect that the withholding requirement be satisfied, in whole or in part, by having the Company withhold, or by tendering to the Company, Shares having a Fair Market Value equal to the amount required to be withheld (provided the amount withheld does not exceed the maximum statutory tax rate for an employee in the applicable jurisdictions or such lesser amount as is necessary to avoid adverse accounting treatment).

8. Exercise of Award.

(a) Procedure for Exercise; Rights as a Stockholder.

(i) Any Award granted hereunder shall be exercisable at such times and under such conditions as determined by the Administrator under the terms of the Plan and specified in the Award Agreement.

(ii) An Award shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Award by the person entitled to exercise the Award and full payment for the Shares with respect to which the Award is exercised has been made, including, to the extent selected, use of the broker-dealer sale and remittance procedure to pay the purchase price as provided in Section 7(b)(iv).

(b) Exercise of Award Following Termination of Continuous Service.

(i) An Award may not be exercised after the termination date of such Award set forth in the Award Agreement and may be exercised following the termination of a Grantee's Continuous Service only to the extent provided in the Award Agreement.

(ii) Where the Award Agreement permits a Grantee to exercise an Award following the termination of the Grantee's Continuous Service for a specified period, the Award shall terminate to the extent not exercised on the last day of the specified period or the last day of the original term of the Award, whichever occurs first.

(iii) Any Award designated as an Incentive Stock Option to the extent not exercised within the time permitted by law for the exercise of Incentive Stock Options following the termination of a Grantee's Continuous Service shall convert automatically to a Non-Qualified Stock Option and thereafter shall be exercisable as such to the extent exercisable by its terms for the period specified in the Award Agreement.

9. Conditions Upon Issuance of Shares. If at any time the Administrator determines that the delivery of Shares pursuant to the exercise, vesting or any other provision of an Award is or may be unlawful under Applicable Laws, the vesting or right to exercise an Award or to otherwise receive Shares pursuant to the terms of an Award shall be suspended until the Administrator determines that such delivery is lawful and shall be further subject to the approval of counsel for the Company with respect to such compliance. The Company shall have no obligation to effect any registration or qualification of the Shares under federal or state laws.

10. Adjustments Upon Changes in Capitalization. Subject to any required action by the stockholders of the Company and Section 11 hereof, the number and kind of Shares covered by each outstanding Award, the number and kind of Shares available for issuance under the Plan, the exercise or purchase price of each such outstanding Award and any other terms that the Administrator determines require adjustment shall be proportionately adjusted for (i) any increase or decrease in the number of issued Shares resulting from a stock split, reverse stock split, stock dividend, recapitalization, combination or reclassification of the Shares, or similar transaction affecting the Shares, (ii) any other increase or decrease in the number of issued Shares effected without receipt of consideration by the Company, or (iii) any other transaction with respect to Common Stock including a corporate merger, consolidation, acquisition of property or stock, separation (including a spin-off or other distribution of stock or property), reorganization, liquidation (whether partial or complete) or any similar transaction; provided, however that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." In the event of any distribution of cash or other assets to stockholders other than a normal cash dividend, the Administrator shall also make such adjustments as provided in this Section 10 or substitute, exchange or grant Awards to effect such adjustments (collectively "adjustments"). Any such adjustments to outstanding Awards will be effected in a manner that precludes the enlargement of rights and benefits under such Awards. In connection with the foregoing adjustments, the Administrator may, in its discretion, prohibit the exercise of Awards or other issuance of Shares, cash or other consideration pursuant to Awards during certain periods of time. Except as the Administrator determines, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason hereof shall be made with respect to, the number or price of Shares subject to an Award.

11. Change in Control. Except as provided otherwise in an individual Award Agreement, in the event of a Change in Control and irrespective of whether the Award is Assumed or Replaced, (A) outstanding Options and SARs shall immediately vest and become exercisable; and (B) the restrictions and other conditions applicable to outstanding Restricted Stock, Restricted Stock Units, and other Share-based Awards, including vesting requirements, shall immediately lapse, and any performance goals relevant to such awards shall be deemed to have been achieved at the target performance level; such Awards shall be free of all restrictions and fully vested; and, with respect to Restricted Stock Units, shall be payable immediately in accordance with their terms or, if later, as of the earliest permissible date under Code Section 409A. The Committee may provide that Awards that remain outstanding after vesting pursuant to the preceding sentence will be Assumed or Replaced in connection with the Change in Control. With respect to Options and SARs, the Committee may also provide for the cashing out of outstanding and vested Options and SARs based on the based upon the per-share consideration being paid for Common Stock in connection with such Change in Control, less the applicable exercise price or base amount; provided, however, that holders of Options and SARs shall be entitled to consideration in respect of cancellation of such Awards only if the per-share consideration less the applicable exercise price or base amount is greater than $0, and to the extent that the per-share consideration is less than or equal to the applicable exercise price or base amount, such Awards shall be cancelled for no consideration. Awards need not be treated uniformly. Notwithstanding the foregoing, with respect to any Award that constitutes deferred compensation under Code Section 409A, to the extent required to comply with Code Section 409A, a transaction that does not constitute a change in control event under Treasury Regulation Section 1.409A-3(i)(5)(i) shall not be considered a Change in Control. For the avoidance of doubt, in no event shall an initial public offering (or reorganizations or other transactions undertaken in connection with an initial public offering) constitute a Change in Control.

12. Effective Date and Term of Plan. The Plan shall become effective upon the earlier to occur of its adoption by the Board or its approval by the stockholders of the Company. It shall continue in effect for a term of ten (10) years unless sooner terminated. Subject to Section 17, below, and Applicable Laws, Awards may be granted under the Plan upon its becoming effective.

13. Amendment, Suspension or Termination of the Plan.

(a) The Board may at any time amend, suspend or terminate the Plan; provided, however, that no such amendment shall be made without the approval of the Company's stockholders to the extent such approval is required by Applicable Laws.

(b) No Award may be granted during any suspension of the Plan or after termination of the Plan.

(c) No suspension or termination of the Plan (including termination of the Plan under Section 11, above) shall adversely affect any rights under Awards already granted to a Grantee.

14. Limitation of Liability. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

15. No Effect on Terms of Employment/Consulting Relationship. The Plan shall not confer upon any Grantee any right with respect to the Grantee's Continuous Service, nor shall it interfere in any way with his or her right or the right of the Company or any Related Entity to terminate the Grantee's Continuous Service at any time, with or without cause, and with or without notice.

16. No Effect on Retirement and Other Benefit Plans. Except as specifically provided in a retirement or other benefit plan of the Company or a Related Entity, Awards shall not be deemed compensation for purposes of computing benefits or contributions under any retirement plan of the Company or a Related Entity, and shall not affect any benefits under any other benefit plan of any kind or any benefit plan subsequently instituted under which the availability or amount of benefits is related to level of compensation. The Plan is not a "Pension Plan" or "Welfare Plan" under the Employee Retirement Income Security Act of 1974, as amended.

17. Stockholder Approval. The grant of Incentive Stock Options under the Plan shall be subject to approval by the stockholders of the Company within twelve (12) months before or after the date the Plan is adopted excluding Incentive Stock Options issued in substitution for outstanding Incentive Stock Options pursuant to Section 424(a) of the Code. Such stockholder approval shall be obtained in the degree and manner required under Applicable Laws. The Administrator may grant Incentive Stock Options under the Plan prior to approval by the stockholders, but until such approval is obtained, no such Incentive Stock Option shall be exercisable.

18. Unfunded Obligation. Grantees shall have the status of general unsecured creditors of the Company. Any amounts payable to Grantees pursuant to the Plan shall be unfunded and unsecured obligations for all purposes, including, without limitation, Title I of the Employee Retirement Income Security Act of 1974, as amended. Neither the Company nor any Related Entity shall be required to segregate any monies from its general funds, or to create any trusts, or establish any special accounts with respect to such obligations. The Company shall retain at all times beneficial ownership of any investments, including trust investments, which the Company may make to fulfill its payment obligations hereunder. Any investments or the creation or maintenance of any trust or any Grantee account shall not create or constitute a trust or fiduciary relationship between the Administrator, the Company or any Related Entity and a Grantee, or otherwise create any vested or beneficial interest in any Grantee or the Grantee's creditors in any assets of the Company or a Related Entity. The Grantees shall have no claim against the Company or any Related Entity for any changes in the value of any assets that may be invested or reinvested by the Company with respect to the Plan.

19. Construction. Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of the Plan. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

20. Nonexclusivity of the Plan. Neither the adoption of the Plan by the Board, the submission of the Plan to the stockholders of the Company for approval, nor any provision of the Plan will be construed as creating any limitations on the power of the Board to adopt such additional compensation arrangements as it may deem desirable, including, without limitation, the granting of Awards otherwise than under the Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

21. Governing Law. This Plan and any agreements or other documents hereunder shall be interpreted and construed in accordance with the laws of Delaware to the extent not preempted by federal law. Any reference in this Plan or in the agreement or other document evidencing any Awards to a provision of law or to a rule or regulation shall be deemed to include any successor law, rule or regulation of similar effect or applicability.

Exhibit 10.7

FULGENT GENETICS, INC. 2016 OMNIBUS INCENTIVE PLAN

NOTICE OF STOCK OPTION AWARD

Grantee's Name and Address: _____

_____

_____

You (the "Grantee") have been granted an option to purchase shares of Common Stock (the "Option"), subject to the terms and conditions of this Notice of Stock Option Award (the "Notice"), the Fulgent Genetics, Inc. 2016 Omnibus Incentive Plan, as amended from time to time (the "Plan") and the Stock Option Award Agreement (the "Option Agreement") attached hereto, as follows. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Notice.

Award Number	_____
Date of Award	_____
Vesting Commencement Date	_____
Exercise Price per Share	$_____
Total Number of Shares Subject to the Option (the "Shares")	_____
Total Exercise Price	$_____
Type of Option:	__ Incentive Stock Option
	__ Non-Qualified Stock Option
Expiration Date:	_____
Post-Termination Exercise Period:	Three (3) Months, subject to Section 5, 6 and 7 of the Option Agreement

Vesting Schedule:

Subject to the Grantee's Continuous Service and other limitations set forth in this Notice, the Plan and the Option Agreement, the Option may be exercised, in whole or in part, in accordance with the following schedule (the "Vesting Schedule"):

[Vesting Schedule]

During any authorized leave of absence, the vesting of the Option as provided in this schedule shall be suspended after the leave of absence exceeds a period of three (3) months. Vesting of the Option shall resume upon the Grantee's termination of the leave of absence and return to service to the Company or a Related Entity. The Vesting Schedule of the Option shall be extended by the length of the suspension.

IN WITNESS WHEREOF, the Company and the Grantee have executed this Notice and agree that the Option is to be governed by the terms and conditions of this Notice, the Plan, and the Option Agreement.

Fulgent Genetics, Inc.,
a Delaware corporation

By: _____
Title: _____

THE GRANTEE ACKNOWLEDGES AND AGREES THAT THE SHARES SUBJECT TO THE OPTION SHALL VEST, IF AT ALL, ONLY DURING THE PERIOD OF THE GRANTEE'S CONTINUOUS SERVICE (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THE OPTION OR ACQUIRING SHARES HEREUNDER). THE GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS NOTICE, THE OPTION AGREEMENT, OR THE PLAN SHALL CONFER UPON THE GRANTEE ANY RIGHT WITH RESPECT TO FUTURE AWARDS OR CONTINUATION OF THE GRANTEE'S CONTINUOUS SERVICE, NOR SHALL IT INTERFERE IN ANY WAY WITH THE GRANTEE'S RIGHT OR THE RIGHT OF THE COMPANY OR RELATED ENTITY TO WHICH THE GRANTEE PROVIDES SERVICES TO TERMINATE THE GRANTEE'S CONTINUOUS SERVICE, WITH OR WITHOUT CAUSE, AND WITH OR WITHOUT NOTICE. THE GRANTEE ACKNOWLEDGES THAT UNLESS THE GRANTEE HAS A WRITTEN EMPLOYMENT AGREEMENT WITH THE COMPANY TO THE CONTRARY, THE GRANTEE'S STATUS IS AT WILL.

The Grantee acknowledges receipt of a copy of the Plan and the Option Agreement, and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Option subject to all of the terms and provisions hereof and thereof. The Grantee has reviewed this Notice, the Plan, and the Option Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Notice, and fully understands all provisions of this Notice, the Plan and the Option Agreement. The Grantee hereby agrees that all questions of interpretation and administration relating to this Notice, the Plan and the Option Agreement shall be resolved by the Administrator in accordance with Section 13 of the Option Agreement. The Grantee further agrees to the venue selection in accordance with Section 12 of the Option Agreement. The Grantee further agrees to notify the Company upon any change in the residence address indicated in this Notice.

Dated: _____ Signed: _____
Grantee

Award Number: _____

FULGENT GENETICS, INC. 2016 OMNIBUS INCENTIVE PLAN

STOCK OPTION AWARD AGREEMENT

1. Grant of Option. Fulgent Genetics, Inc., a Delaware corporation (the "Company"), hereby grants to the Grantee (the "Grantee") named in the Notice of Stock Option Award (the "Notice"), an option (the "Option") to purchase the Total Number of Shares of Common Stock subject to the Option (the "Shares") set forth in the Notice, at the Exercise Price per Share set forth in the Notice (the "Exercise Price") subject to the terms and provisions of the Notice, this Stock Option Award Agreement (the "Option Agreement") and the Company's 2016 Omnibus Incentive Plan, as amended from time to time (the "Plan"), which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Option Agreement.

If designated in the Notice as an Incentive Stock Option, the Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code. However, notwithstanding such designation, the Option will qualify as an Incentive Stock Option under the Code only to the extent the $100,000 dollar limitation of Section 422(d) of the Code is not exceeded. The $100,000 limitation of Section 422(d) of the Code is calculated based on the aggregate Fair Market Value of the Shares subject to options designated as Incentive Stock Options which become exercisable for the first time by the Grantee during any calendar year (under all plans of the Company or any Parent or Subsidiary of the Company). For purposes of this calculation, Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the shares subject to such options shall be determined as of the grant date of the relevant option.

2. Exercise of Option.

(a) Right to Exercise. The Option shall be exercisable during its term in accordance with the Vesting Schedule set out in the Notice and with the applicable provisions of the Plan and this Option Agreement. The Grantee shall be subject to reasonable limitations on the number of requested exercises during any monthly or weekly period as determined by the Administrator. In no event shall the Company issue fractional Shares.

(b) Method of Exercise. The Option shall be exercisable by delivery of an exercise notice (a form of which is attached as Exhibit A) or by such other procedure as specified from time to time by the Administrator which shall state the election to exercise the Option, the whole number of Shares in respect of which the Option is being exercised, and such other provisions as may be required by the Administrator. The exercise notice shall be delivered in person, by certified mail, or by such other method (including electronic transmission) as determined from time to time by the Administrator to the Company accompanied by payment of the Exercise Price. As a condition to the exercise of the Option, the Grantee must also make arrangements with the Company for payment of any tax withholding obligations.

(c) Taxes. The Company or any Related Entity shall be entitled, if necessary or desirable, to deduct and withhold (or, in the sole discretion of the Company, secure payment from the Grantee in lieu of withholding) the amount of any tax withholding due with respect to this Option. In the Company's sole discretion, such tax withholding may be accomplished by the withholding of Shares which would otherwise be issued upon Option exercise to the Grantee in an amount whose Fair Market Value equal to the amount required to be withheld (provided the amount withheld does not exceed the maximum statutory tax rate for an employee in the applicable jurisdictions or such lesser amount as is necessary to avoid adverse accounting treatment).

3. Method of Payment. Payment of the Exercise Price shall be made by any of the following, or a combination thereof, at the election of the Grantee; provided, however, that such exercise method does not then violate any Applicable Law and, provided further, that the portion of the Exercise Price equal to the par value of the Shares must be paid in cash or other legal consideration permitted by the Delaware General Corporation Law:

(a) cash;

(b) check;

(c) surrender of Shares held for the requisite period, if any, necessary to avoid a charge to the Company's earnings for financial reporting purposes, or delivery of a properly executed form of attestation of ownership of Shares as the Administrator may require which have a Fair Market Value on the date of surrender or attestation equal to the aggregate Exercise Price of the Shares as to which the Option is being exercised;

(d) payment through a "net exercise" such that, without the payment of any funds, the Grantee may exercise the Option and receive the net number of Shares equal to (i) the number of Shares as to which the Option is being exercised, multiplied by (ii) a fraction, the numerator of which is the Fair Market Value per Share (on such date as is determined by the Administrator) less the Exercise Price per Share, and the denominator of which is such Fair Market Value per Share (the number of net Shares to be received shall be rounded down to the nearest whole number of Shares);]or

(e) payment through a broker-dealer sale and remittance procedure pursuant to which the Grantee (i) shall provide written instructions to a Company-designated brokerage firm to effect the immediate sale of some or all of the purchased Shares and remit to the Company sufficient funds to cover the aggregate exercise price payable for the purchased Shares and (ii) shall provide written directives to the Company to deliver the certificates for the purchased Shares directly to such brokerage firm in order to complete the sale transaction.

4. Restrictions on Exercise. The Option may not be exercised if the issuance of the Shares subject to the Option upon such exercise would constitute a violation of any Applicable Laws. If the exercise of the Option within the applicable time periods set forth in Section 5, 6 and 7 of this Option Agreement is prevented by the provisions of this Section 4, the Option shall remain exercisable until one (1) month after the date the Grantee is notified by the Company that the Option is exercisable, but in any event no later than the Expiration Date set forth in the Notice.

5. Termination or Change of Continuous Service. In the event the Grantee's Continuous Service terminates, the Grantee may, but only during the Post-Termination Exercise Period, exercise the portion of the Option that was vested at the date of such termination (the "Termination Date"). The Post-Termination Exercise Period shall commence on the Termination Date. In no event, however, shall the Option be exercised later than the Expiration Date set forth in the Notice. In the event of the Grantee's change in status from Employee, Director or Consultant to any other status of Employee, Director or Consultant, the Option shall remain in effect and the Option shall continue to vest in accordance with the Vesting Schedule set forth in the Notice; provided, however, that with respect to any Incentive Stock Option that shall remain in effect after a change in status from Employee to Director or Consultant, such Incentive Stock Option shall cease to be treated as an Incentive Stock Option and shall be treated as a Non-Qualified Stock Option on the day three (3) months and one (1) day following such change in status. Except as provided in Sections 6 and 7 below, to the extent that the Option was unvested on the Termination Date, or if the Grantee does not exercise the vested portion of the Option within the Post-Termination Exercise Period, the Option shall terminate.

6. Disability of Grantee. In the event the Grantee's Continuous Service terminates as a result of his or her Disability, the Grantee may, but only within twelve (12) months commencing on the Termination Date (but in no event later than the Expiration Date), exercise the portion of the Option that was vested on the Termination Date; provided, however, that if such Disability is not a "disability" as such term is defined in Section 22(e)(3) of the Code and the Option is an Incentive Stock Option, such Incentive Stock Option shall cease to be treated as an Incentive Stock Option and shall be treated as a Non-Qualified Stock Option on the day three (3) months and one (1) day following the Termination Date. To the extent that the Option was unvested on the Termination Date, or if the Grantee does not exercise the vested portion of the Option within the time specified herein, the Option shall terminate. Section 22(e)(3) of the Code provides that an individual is permanently and totally disabled if he or she is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months.

7. Death of Grantee. In the event of the termination of the Grantee's Continuous Service as a result of his or her death, or in the event of the Grantee's death during the Post-Termination Exercise Period, the person who acquired the right to exercise the Option pursuant to Section 8 may exercise the portion of the Option that was vested at the date of termination within twelve (12) months commencing on the date of death (but in no event later than the Expiration Date). To the extent that the Option was unvested on the date of death, or if the vested portion of the Option is not exercised within the time specified herein, the Option shall terminate.

8. Transferability of Option. The Option, if an Incentive Stock Option, may not be transferred in any manner other than by will or by the laws of descent and distribution and may be exercised during the lifetime of the Grantee only by the Grantee. The Option, if a Non-Qualified Stock Option, may not be transferred in any manner other than by will or by the laws of descent and distribution, provided, however, that a Non-Qualified Stock Option may be transferred during the lifetime of the Grantee to the extent and in the manner authorized by the Administrator. Notwithstanding the foregoing, the Grantee may designate one or more beneficiaries of the Grantee's Incentive Stock Option or Non-Qualified Stock Option in the event of the Grantee's death on a beneficiary designation form provided by the Administrator. Following the death of the Grantee, the Option, to the extent provided in Section 7, may be exercised (a) by the person or persons designated under the deceased Grantee's beneficiary designation or (b) in the absence of an effectively designated beneficiary, by the Grantee's legal representative or by any person empowered to do so under the deceased Grantee's will or under the then applicable laws of descent and distribution. The terms of the Option shall be binding upon the executors, administrators, heirs, successors and transferees of the Grantee.

9. Term of Option. The Option must be exercised no later than the Expiration Date set forth in the Notice or such earlier date as otherwise provided herein. After the Expiration Date or such earlier date, the Option shall be of no further force or effect and may not be exercised.

10. Tax Consequences. The Grantee may incur tax liability as a result of the Grantee's purchase or disposition of the Shares. THE GRANTEE SHOULD CONSULT A TAX ADVISER BEFORE EXERCISING THE OPTION OR DISPOSING OF THE SHARES.

11. Entire Agreement: Governing Law. The Notice, the Plan and this Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. Nothing in the Notice, the Plan and this Option Agreement (except as expressly provided therein) is intended to confer any rights or remedies on any persons other than the parties. The Notice, the Plan and this Option Agreement are to be construed in accordance with and governed by the internal laws of the State of Delaware without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Delaware to the rights and duties of the parties. Should any provision of the Notice, the Plan or this Option Agreement be determined to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.

12. Venue and Jurisdiction. The parties agree that any suit, action, or proceeding arising out of or relating to the Notice, the Plan or this Option Agreement shall be brought exclusively in the United States District Court for Delaware (or should such court lack jurisdiction to hear such action, suit or proceeding, in a Delaware state court) and that the parties shall submit to the jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. If any one or more provisions of this Section 12 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

13. Construction. The captions used in the Notice and this Option Agreement are inserted for convenience and shall not be deemed a part of the Option for construction or interpretation. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

14. Administration and Interpretation. Any question or dispute regarding the administration or interpretation of the Notice, the Plan or this Option Agreement shall be submitted by the Grantee or by the Company to the Administrator. The resolution of such question or dispute by the Administrator shall be final and binding on all persons.

15. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, upon deposit for delivery by an internationally recognized express mail courier service or upon deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, addressed to the other party at its address as shown in these instruments, or to such other address as such party may designate in writing from time to time to the other party.

END OF AGREEMENT

EXHIBIT A

FULGENT GENETICS, INC. 2016 OMNIBUS INCENTIVE PLAN

EXERCISE NOTICE

[COMPANY
ADDRESS]
Attention: Secretary

1. Exercise of Option. Effective as of today, [DATE], the undersigned (the "Grantee") hereby elects to exercise the Grantee's option to purchase shares of the Common Stock (the "Shares") of Fulgent Genetics, Inc. (the "Company") under and pursuant to the Company's 2016 Omnibus Incentive Plan, as amended from time to time (the "Plan") and the Stock Option Award Agreement (the "Option Agreement") Notice of Stock Option Award (the "Notice") dated [ ], 20[ ] and this Exercise Notice (the "Exercise Notice"). Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Exercise Notice.

2. Representations of the Grantee. The Grantee acknowledges that the Grantee has received, read and understood the Notice, the Plan and the Option Agreement and agrees to abide by and be bound by their terms and conditions.

3. Rights as Stockholder. Until the stock certificate evidencing such Shares is issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Shares, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 10 of the Plan.

4. Delivery of Payment. The Grantee herewith delivers to the Company the full Exercise Price for the Shares, which, to the extent selected, shall be deemed to be satisfied by use of the broker-dealer sale and remittance procedure to pay the Exercise Price provided in Section 3(e) of the Option Agreement.

5. Tax Consultation. The Grantee understands that the Grantee may suffer adverse tax consequences as a result of the Grantee's purchase or disposition of the Shares. The Grantee represents that the Grantee has consulted with any tax consultants the Grantee deems advisable in connection with the purchase or disposition of the Shares and that the Grantee is not relying on the Company for any tax advice.

6. Taxes. The Grantee agrees to satisfy all applicable foreign, federal, state and local income and employment tax withholding obligations and herewith delivers to the Company the full amount of such obligations or has made arrangements acceptable to the Company to satisfy such obligations. In the case of an Incentive Stock Option, the Grantee also agrees, as partial consideration for the designation of the Option as an Incentive Stock Option, to notify the Company in writing within thirty (30) days of any disposition of any shares acquired by exercise of the Option if such disposition occurs within two (2) years from the Date of Award or within one (1) year from the date the Shares were transferred to the Grantee.

7. Successors and Assigns. The Company may assign any of its rights under this Exercise Notice to single or multiple assignees, and this Exercise Notice shall inure to the benefit of the successors and assigns of the Company. This Exercise Notice shall be binding upon the Grantee and his or her heirs, executors, administrators, successors and assigns.

8. Construction. The captions used in this Exercise Notice are inserted for convenience and shall not be deemed a part of this Exercise Notice for construction or interpretation. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

9. Administration and Interpretation. The Grantee hereby agrees that any question or dispute regarding the administration or interpretation of this Exercise Notice shall be submitted by the Grantee or by the Company to the Administrator. The resolution of such question or dispute by the Administrator shall be final and binding on all persons.

10. Governing Law; Severability. This Exercise Notice is to be construed in accordance with and governed by the internal laws of the State of Delaware without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Delaware to the rights and duties of the parties. Should any provision of this Exercise Notice be determined by a court of law to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.

11. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, upon deposit for delivery by an internationally recognized express mail courier service or upon deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, addressed to the other party at its address as shown below beneath its signature, or to such other address as such party may designate in writing from time to time to the other party.

12. Further Instruments. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this agreement.

13. Entire Agreement. The Notice, the Plan and the Option Agreement are incorporated herein by reference and together with this Exercise Notice constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. Nothing in the Notice, the Plan, the Option Agreement and this Exercise Notice (except as expressly provided therein) is intended to confer any rights or remedies on any persons other than the parties.

Submitted by:	Accepted by:
GRANTEE:	Fulgent Genetics, Inc.
_____	By: _____
(Signature)	Title: _____
Address:	Address:
_____	**[COMPANY ADDRESS]**
_____	

Exhibit 10.8

FULGENT GENETICS, INC. 2016 OMNIBUS INCENTIVE PLAN

NOTICE OF RESTRICTED STOCK UNIT AWARD

Grantee's Name and Address: _____

_____

_____

You (the "Grantee") have been granted an award of Restricted Stock Units (the "Award"), subject to the terms and conditions of this Notice of Restricted Stock Unit Award (the "Notice"), the Fulgent Genetics, Inc. 2016 Omnibus Incentive Plan, as amended from time to time (the "Plan") and the Restricted Stock Unit Agreement (the "Agreement") attached hereto, as follows. Unless otherwise provided herein, the terms in this Notice shall have the same meaning as those defined in the Plan.

Award Number _____

Date of Award _____

Total Number of Restricted Stock Units Awarded (the "Units") _____

Vesting Schedule:

Subject to the Grantee's Continuous Service and other limitations set forth in this Notice, the Agreement and the Plan, the Units will "vest" in accordance with the following schedule (the "Vesting Schedule"):

[Vesting Schedule]

In the event of the Grantee's change in status from Employee to Consultant or Director, the determination of whether such change in status results in a termination of Continuous Service will be determined in accordance with Section 409A of the Code.

For purposes of this Notice and the Agreement, the term "vest" shall mean, with respect to any Units, that such Units are no longer subject to forfeiture to the Company. If the Grantee would become vested in a fraction of a Unit, such Unit shall not vest until the Grantee becomes vested in the entire Unit.

Vesting shall cease upon the date the Grantee terminates Continuous Service for any reason[, excluding death or termination by the Company or a Related Entity due to the Grantee's Disability]. In the event the Grantee terminates Continuous Service for any reason[, excluding death or termination by the Company or a Related Entity due to the Grantee's Disability], any unvested Units held by the Grantee immediately upon such termination of the Grantee's Continuous Service shall be forfeited to the Company and the Company.

[If the Grantee's Continuous Service terminates due to the Grantee's death or termination by the Company or a Related Entity due to the Grantee's Disability, the Units that would have vested on the vesting date next following the date of such termination of Continuous Services shall immediately become vested as of the date of such termination of Continuous Service, and all remaining unvested Units shall be forfeited to the Company.]

IN WITNESS WHEREOF, the Company and the Grantee have executed this Notice and agree that the Award is to be governed by the terms and conditions of this Notice, the Plan, and the Agreement.

Fulgent Genetics, Inc.,
a Delaware corporation

By: _____
Title: _____
Date: _____

THE GRANTEE ACKNOWLEDGES AND AGREES THAT THE UNITS SHALL VEST, IF AT ALL, ONLY DURING THE PERIOD OF THE GRANTEE'S CONTINUOUS SERVICE OR AS OTHERWISE SPECIFICALLY PROVIDED HEREIN (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OR ACQUIRING SHARES HEREUNDER). THE GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS NOTICE, THE AGREEMENT, NOR IN THE PLAN, SHALL CONFER UPON THE GRANTEE ANY RIGHT WITH RESPECT TO CONTINUATION OF THE GRANTEE'S CONTINUOUS SERVICE, NOR SHALL IT INTERFERE IN ANY WAY WITH THE GRANTEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE THE GRANTEE'S CONTINUOUS SERVICE AT ANY TIME, WITH OR WITHOUT CAUSE, AND WITH OR WITHOUT NOTICE. THE GRANTEE ACKNOWLEDGES THAT UNLESS THE GRANTEE HAS A WRITTEN EMPLOYMENT AGREEMENT WITH THE COMPANY TO THE CONTRARY, THE GRANTEE'S STATUS IS AT WILL.

Grantee Acknowledges and Agrees:

The Grantee acknowledges receipt of a copy of the Plan and the Agreement and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Award subject to all of the terms and provisions hereof and thereof. The Grantee has reviewed this Notice, the Agreement and the Plan in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Notice and fully understands all provisions of this Notice, the Agreement and the Plan. The Grantee further agrees and acknowledges that this Award is a non-elective arrangement pursuant to Section 409A of the Code. The Grantee hereby agrees that all questions of interpretation and administration relating to this Notice, the Plan and the Agreement shall be resolved by the Administrator in accordance with Section 8 of the Agreement. The Grantee further agrees to the venue selection in accordance with Section 9 of the Agreement. The Grantee further agrees to notify the Company upon any change in his or her residence address indicated in this Notice.

Dated: _____ Signed: _____

Grantee

Award Number: _____

FULGENT GENETICS, INC. 2016 OMNIBUS INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT

1. Issuance of Units. Fulgent Genetics, Inc., a Delaware corporation (the "Company"), hereby issues to the Grantee (the "Grantee") named in the Notice of Restricted Stock Unit Award (the "Notice") an award (the "Award") of the Total Number of Restricted Stock Units Awarded set forth in the Notice (the "Units"), subject to the Notice, this Restricted Stock Unit Agreement (the "Agreement") and the terms and provisions of the Company's 2016 Omnibus Incentive Plan, as amended from time to time (the "Plan"), which is incorporated herein by reference. Unless otherwise provided herein, the terms in this Agreement shall have the same meaning as those defined in the Plan.

2. Transfer Restrictions. The Units may not be transferred in any manner other than by will or by the laws of descent and distribution.

3. Conversion of Units and Issuance of Shares.

(a) General. Subject to Section 3(b), one share of Common Stock shall be issuable for each Unit subject to the Award (the "Shares") upon vesting. Immediately thereafter, or as soon as administratively feasible, the Company will transfer the appropriate number of Shares to the Grantee. Any fractional Unit remaining after the Award is fully vested shall be discarded and shall not be converted into a fractional Share. Notwithstanding the foregoing, the relevant number of Shares shall be issued no later than sixty (60) days following the date the Unit vests.

(b) Delay of Issuance of Shares. The Company shall delay the issuance of any Shares under this Section 3 to the extent necessary to comply with Section 409A(a)(2)(B)(i) of the Code (relating to payments made to certain "specified employees" of certain publicly-traded companies); in such event, any Shares to which the Grantee would otherwise be entitled during the six (6) month period following the date of the Grantee's termination of Continuous Service will be issuable on the first business day following the expiration of such six (6) month period.

4. Right to Shares and Dividends; Dividend Equivalents. The Grantee shall not have any right in, to or with respect to any of the Shares (including any voting rights or rights with respect to dividends paid on the Shares) issuable under the Award until the Award is settled by the issuance of such Shares to the Grantee[, except that Dividend Equivalents Rights shall be earned with respect to Units that vest. The amount of Dividend Equivalents earned with respect to each such Unit that vests shall be equal to the total ordinary cash dividends, if any, declared on a Share where the record date of the dividend is between the Date of Award and the date a Share is issued upon vesting of the Unit. Any Dividend Equivalents earned shall be paid in cash to the Grantee when the Shares subject to the vested Units to which they relate are issued. No Dividend Equivalents shall be earned or paid with respect to any Units that do not vest. Dividend Equivalents shall not accrue interest.]

5. Taxes.

(a) Tax Liability. The Grantee is ultimately liable and responsible for all taxes owed by the Grantee in connection with the Award, regardless of any action the Company or any Related Entity takes with respect to any tax withholding obligations that arise in connection with the Award. Neither the Company nor any Related Entity makes any representation or undertaking regarding the treatment of any tax withholding in connection with any aspect of the Award, including the grant, vesting, assignment, release or cancellation of the Units, the delivery of Shares, the subsequent sale of any Shares acquired upon vesting and the receipt of any dividends or dividend equivalents. The Company does not commit and is under no obligation to structure the Award to reduce or eliminate the Grantee's tax liability.

(b) Payment of Withholding Taxes. Prior to any event in connection with the Award (e.g., vesting or issuance of Shares) that the Company determines may result in any tax withholding obligation, whether United States federal, state, local or non-U.S., including any social insurance, employment tax, payment on account or other tax-related obligation (the "Tax Withholding Obligation"), the Grantee must arrange for the satisfaction of the Tax Withholding Obligation in a manner acceptable to the Company.

(i) *By Share Withholding.* If permissible under Applicable Laws, the Grantee [may] authorize[s] the Company to[, upon the exercise of the Company's sole discretion,] withhold from those Shares otherwise issuable to the Grantee the whole number of Shares sufficient to satisfy the applicable Tax Withholding Obligation (provided the amount withheld does not exceed the maximum statutory tax rate for an employee in the applicable jurisdictions or such lesser amount as is necessary to avoid adverse accounting treatment). The Grantee acknowledges that the withheld Shares may not be sufficient to satisfy the Grantee's Tax Withholding Obligation. Accordingly, the Grantee agrees to pay to the Company or any Related Entity as soon as practicable, including through additional payroll withholding, any amount of the Tax Withholding Obligation that is not satisfied by the withholding of Shares described above.

(ii) *By Sale of Shares*. If permissible under Applicable Laws and approved by the Administrator, the Grantee may direct a brokerage firm determined acceptable to the Company for such purpose to sell on the Grantee's behalf a whole number of Shares from those Shares issuable to the Grantee as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the applicable Tax Withholding Obligation. Such Shares will be sold on the day such Tax Withholding Obligation arises (e.g., the issuance date) or as soon thereafter as practicable. The Grantee will be responsible for all broker's fees and other costs of sale, and the Grantee agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale. To the extent the proceeds of such sale exceed the Grantee's Tax Withholding Obligation, the Company agrees to pay such excess in cash to the Grantee. The Grantee acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the Grantee's Tax Withholding Obligation. Accordingly, the Grantee agrees to pay to the Company or any Related Entity as soon as practicable, including through additional payroll withholding, any amount of the Tax Withholding Obligation that is not satisfied by the sale of Shares described above.

(iii) *By Check, Wire Transfer or Other Means*. At any time not less than five (5) business days (or such fewer number of business days as determined by the Administrator) before any Tax Withholding Obligation arises (e.g., a vesting date), the Grantee may elect to satisfy the Grantee's Tax Withholding Obligation by delivering to the Company an amount that the Company determines is sufficient to satisfy the Tax Withholding Obligation by (x) wire transfer to such account as the Company may direct, (y) delivery of a certified check payable to the Company, or (z) such other means as specified from time to time by the Administrator.

Notwithstanding the foregoing, the Company or a Related Entity also may satisfy any Tax Withholding Obligation by offsetting any amounts (including, but not limited to, salary, bonus and severance payments) payable to the Grantee by the Company and/or a Related Entity. Furthermore, in the event of any determination that the Company has failed to withhold a sum sufficient to pay all withholding taxes due in connection with the Award, the Grantee agrees to pay the Company the amount of such deficiency in cash within five (5) days after receiving a written demand from the Company to do so, whether or not the Grantee is an employee of the Company at that time.

6. Entire Agreement; Governing Law. The Notice, the Plan and this Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be amended or modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. Nothing in the Notice, the Plan and this Agreement (except as expressly provided therein) is intended to confer any rights or remedies on any persons other than the parties. These agreements are to be construed in accordance with and governed by the internal laws of the State of Delaware without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Delaware to the rights and duties of the parties. Should any provision of the Notice or this Agreement be determined to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

7. Construction. The captions used in the Notice and this Agreement are inserted for convenience and shall not be deemed a part of the Award for construction or interpretation. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

8. Administration and Interpretation. Any question or dispute regarding the administration or interpretation of the Notice, the Plan or this Agreement shall be submitted by the Grantee or by the Company to the Administrator. The resolution of such question or dispute by the Administrator shall be final and binding on all persons.

9. Venue and Jurisdiction. The parties agree that any suit, action, or proceeding arising out of or relating to the Notice, the Plan or this Agreement shall be brought exclusively in the United States District Court for Delaware (or should such court lack jurisdiction to hear such action, suit or proceeding, in a Delaware state court) and that the parties shall submit to the jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. If any one or more provisions of this Section 9 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

10. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, upon deposit for delivery by an internationally recognized express mail courier service or upon deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, addressed to the other party at its address as shown in these instruments, or to such other address as such party may designate in writing from time to time to the other party.

11. Amendment and Delay to Meet the Requirements of Section 409A. The Grantee acknowledges that the Company, in the exercise of its sole discretion and without the consent of the Grantee, may amend or modify this Agreement in any manner and delay the issuance of any Shares issuable pursuant to this Agreement to the minimum extent necessary to meet the requirements of Section 409A of the Code as amplified by any Treasury regulations or guidance from the Internal Revenue Service as the Company deems appropriate or advisable. Notwithstanding anything in this Agreement or the Plan to the contrary, to the extent the Award is determined to be subject to Section 409A of the Code and Shares will be issued pursuant to the Award on account of such a Change in Control, a Change in Control shall be deemed not to have occurred for purposes of this Award unless such Change in Control also constitutes a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company, as those terms are used in Section 409A of the Code. In addition, the Company makes no representation that the Award will comply with Section 409A of the Code and makes no undertaking to prevent Section 409A of the Code from applying to the Award or to mitigate its effects on any deferrals or payments made in respect of the Units. The Grantee is encouraged to consult a tax adviser regarding the potential impact of Section 409A of the Code.

END OF AGREEMENT

FULGENT GENETICS, INC.
2016 OMNIBUS INCENTIVE PLAN

OPTION SUBSTITUTION AWARD

On _____, 2016 (the **"Effective Date"**), Fulgent Genetics, Inc., a Delaware corporation (the **"Company"**), completed an initial public offering (the **"IPO"**) of shares of common stock of the Company, $0.0001 par value per share (**"Shares"**). Immediately prior to completion of the IPO, the Company completed a reorganization pursuant to which Fulgent Therapeutics LLC (**"Fulgent Therapeutics LLC"**) became a wholly-owned subsidiary of the Company (the **"Reorganization"**) and holders of Fulgent Therapeutics LLC shares received Shares in exchange for their Fulgent Therapeutics LLC shares. Immediately before the Reorganization, the individual named below (**"Optionee"**) held outstanding options to purchase Class D common shares (**"LLC Shares"**) of Fulgent Therapeutics LLC (the **"Fulgent Therapeutics LLC Option"**) issued pursuant to the Fulgent Therapeutics LLC Amended and Restated 2015 Equity Incentive Plan, as amended (the **"LLC Plan"**). In connection with the Reorganization, the Fulgent Therapeutics LLC Option is being exchanged for and substituted with an option to purchase Shares (the **"Fulgent Genetics, Inc. Option"**) granted under the Fulgent Genetics, Inc. 2016 Omnibus Incentive Plan (the **"Plan"**). This Option Substitution Award (the **"Award"**) evidences the terms of the Fulgent Genetics, Inc. Option, and the cancellation of the Fulgent Therapeutics LLC Option.

Name of Optionee: _____

The table below summarizes the option immediately before and after the Reorganization:

	Fulgent Therapeutics LLC Option		**Fulgent Genetics, Inc. Option**	
Grant Date	**No. of Shares of Fulgent Therapeutics LLC**	**Exercise Price per Share**	**No. of Shares of Fulgent Genetics, Inc.**	**Exercise Price per Share**

A. ADJUSTMENTS AND SUBSTITUTION

1. **Tax Law Requirements.** The adjustments and substitution are intended to comply with federal tax law requirements to avoid being considered a modification of the original option for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the **"Code"**), which requires, among other things, the following:

(a) The total spread (the excess of the aggregate fair market value of the Shares subject to the option over the aggregate option exercise price) of the Fulgent Genetics, Inc. Option immediately after the adjustments and substitution cannot exceed the total spread of the Fulgent Therapeutics LLC Option immediately before the adjustment and substitution;

(b) The ratio of the option exercise price to the fair market value of a Share subject to the Fulgent Genetics, Inc. Option immediately after the adjustments and substitution cannot be greater than the ratio of the option exercise price to the fair market value of a Share subject to the Fulgent Therapeutics LLC Option immediately before the adjustments and substitution;

(c) The Fulgent Genetics, Inc. Option must contain all terms of the Fulgent Therapeutics LLC Option, except to the extent such terms are rendered inoperative by the Reorganization;

(d) The Fulgent Genetics, Inc. Option must not provide Optionee additional benefits that Optionee did not have under the Fulgent Therapeutics LLC Option; and

(e) In connection with the substitution and the receipt of the Fulgent Genetics, Inc. Option, all rights of Optionee under the Fulgent Therapeutics LLC Option must be cancelled.

2. **Substitution.** In connection with the Reorganization, each outstanding Fulgent Therapeutics LLC Option is being exchanged for a Fulgent Genetics, Inc. Option, and, following the exchange, the Fulgent Therapeutics LLC Option shall be cancelled.

3. **Other Adjustments.** The number of Shares subject to the Fulgent Genetics, Inc. was determined by rounding the amount determined after the substitution down to the next whole number of Shares, and the exercise price per Share was determined by rounding the amount determined after the substitution up to the next whole cent.

B. STOCK OPTION AWARD

1. **Grant of Option.** Subject to the terms and conditions of this Award and the Plan, the Company hereby grants to Optionee, an Option to purchase the number of Shares, at the Exercise Price (each as set forth on the cover page of this Award), and subject to the terms and conditions of the Plan, which is incorporated herein by reference. In the event of a conflict between the terms and conditions of the Plan and this Award, the terms and conditions of the Plan shall govern, except to the extent the Plan would be considered to provide for an additional benefit that would violate the tax law requirement set forth in Section A.1 of this Award. All capitalized terms in this Award that are not otherwise defined herein shall have the meaning assigned to them in this Award or in the Plan.

2. **Type of Option.** The Option is a Non-Qualified Stock Option.

3. **Vesting.** [Vesting schedule applicable to the Fulgent Therapeutics LLC Option]

4. **Option Term; Expiration Date.** The Option shall have a maximum term of ten (10) years measured from the original Grant Date (as set forth in the table on the cover page of this Award) and shall accordingly expire at the close of business at Company headquarters on the day prior to the tenth anniversary of the Grant Date or such earlier date pursuant to Section B.5 of this Award (the **"Expiration Date"**).

5. **Termination of Service; Expiration of Option.** The Option (whether or not vested) shall expire immediately and be forfeited in the event that Optionee's Continuous Service is terminated for Cause. Upon any termination of Continuous Service other than a termination by the Company for Cause or due to Optionee's death or Disability, the vested portion of the Option (if any) will expire on the earlier of (i) 90 days after the termination of Continuous Service and (ii) the close of business on the tenth anniversary of the date of the original Grant Date. The vested portion of the Option (if any) will expire on the earlier of (i) 12 months after the termination of Continuous Service in the event Optionee's Continuous Service terminates as a result of Optionee's Disability and (ii) the close of business on the tenth anniversary of the date of the original Grant Date. In the event of the termination of Optionee's Continuous Service as a result of death, or in the event of Optionee's death during the 90 days after the termination of his or her Continuous Service or during the 12 month period following Optionee's termination of Continuous Service as a result of his or her Disability the Option will expire on the earlier of (i) 12 months following the date of Optionee's death and (ii) the close of business on the tenth anniversary of the original Grant Date. Upon termination of Continuous Service for any reason, the unvested portion of the Option (if any) will immediately expire. For purposes of this Agreement "Cause" shall have the same meaning as defined in a then-effective written agreement between Optionee and the Company or an Affiliate, or in the absence of such a then-effective written agreement and definition, in the determination of the Administrator, Optionee's: (i) performance of any act of failure to perform any act in bad faith and to the detriment of the Company or a Related Entity; (ii) dishonesty, intentional misconduct or material breach of any agreement with the Company or a Related Entity; or (iii) commission of a crime involving dishonesty, breach of trust, or physical or emotional harm to any person.

6. **Option Exercise.**

(a) **Right to Exercise.** The vested portion of the Option (if any) shall be exercisable on or before the Expiration Date.

(b) **Exercise**. Prior to the close of business on the Expiration Date, Optionee may exercise all or any portion of the Option by delivering written notice of exercise to the Company, together with payment in full by delivery of cash, a cashier's, personal or certified check or wire transfer of immediately available funds to the Company in the amount equal to the number of Shares subject to the Option to be acquired multiplied by the applicable option exercise price. Additionally, Optionee must make arrangements with the Company for payment of any tax withholding on Option exercise.

7. **Tax Withholding.** The Company or any Related Entity shall be entitled, if necessary or desirable, to deduct and withhold (or, in the sole discretion of the Company, secure payment from Optionee in lieu of withholding) the amount of any tax withholding due with respect to this Award. In the Company's sole discretion, such tax withholding may be accomplished by the withholding of Shares which would otherwise be issued upon Option exercise to Optionee in an amount whose Fair Market Value is equal to the amount required to be withheld (provided the amount withheld does not exceed the maximum statutory tax rate for an employee in the applicable jurisdictions or such lesser amount if necessary to avoid adverse accounting treatment). In the event that the Company or a Related Entity does not make such deductions or withholdings, Optionee shall indemnify the Company and a Related Entity for any amounts paid or payable by the Company or a Related Entity with respect to any such taxes, together with any interest, penalties and additions to tax and any related expenses thereto.

8. **Transfer of Option.** The Option may not be transferred in any manner other than by will or by the laws of descent and distribution, provided, however, that the Option may be transferred during the lifetime of Optionee to the extent and in the manner authorized by the Committee.

9. **Continued Service.** Neither the grant of the Option nor this Award gives Optionee the right to continue service with the Company or its Related Entities in any capacity. The Company and its Related Entities reserve the right to terminate Optionee's Continuous Service at any time and for any reason not prohibited by law.

10. **Stockholder Rights.** Until the stock certificate evidencing Shares subject to the Option are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Shares, notwithstanding the exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 10 of the Plan.

11. **Additional Requirements.** Optionee acknowledges that Shares acquired upon exercise of the Option may bear such legends as the Company deems appropriate to comply with applicable federal, state or foreign securities laws.

12. **Governing Law.** The validity and construction of this Award and the Plan shall be construed in accordance with and governed by the laws of the State of Delaware other than any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan and this Award to the substantive laws of any other jurisdiction.

13. **Binding Effect.** This Award shall be binding upon and inure to the benefit of the Company and Optionee and their respective heirs, executors, administrators, legal representatives, successors and assigns.

14. **Tax Treatment; Section 409A.** Optionee may incur tax liability as a result of the exercise of the Option or the disposition of Shares. Optionee should consult his or her own tax adviser before exercising the Option or disposing of the Shares.

Optionee acknowledges that the Administrator, in the exercise of its sole discretion and without Optionee's consent, may amend or modify the Option and this Award in any manner and delay the payment of any amounts payable pursuant to this Award to the minimum extent necessary to satisfy the requirements of Section 409A of the Code. The Company will provide Optionee with notice of any such amendment or modification.

15. **Amendment.** The terms and conditions set forth in this Award may only be amended by the written consent of the Company and Optionee, except to the extent set forth in Section B.14 hereof regarding Section 409A of the Code and any other provision set forth in the Plan.

16. **2016 Omnibus Incentive Plan.** The Option and Shares acquired upon exercise of the Option granted hereunder shall be subject to such additional terms and conditions as may be imposed under the terms of the Plan, a copy of which has been provided to Optionee.

FULGENT GENETICS, INC.

By: _____

Date: _____

To acknowledge your acceptance of the Award and the cancellation of your Fulgent Therapeutics LLC Option, please sign and date below.

_____

Optionee's Signature

Date: _____

Exhibit 10.10

FULGENT GENETICS, INC.
2016 OMNIBUS INCENTIVE PLAN

NOTICE OF RESTRICTED STOCK UNIT SUBSTITUTION AWARD

On _____, 2016 (the "**Effective Date**"), Fulgent Genetics, Inc., a Delaware corporation (the "**Company**"), completed an initial public offering (the "**IPO**") of shares of common stock of the Company, $0.0001 par value per share ("**Shares**"). Immediately before completion of the IPO, the Company completed a reorganization pursuant to which Fulgent Therapeutics LLC ("**Fulgent Therapeutics LLC**") became a wholly-owned subsidiary of the Company (the "**Reorganization**") and holders of Fulgent Therapeutics LLC shares received Shares in exchange for their Fulgent Therapeutics LLC shares.

Immediately before the Reorganization, the individual named below (the "**Grantee**") held a restricted share unit award relating to Class D common shares of Fulgent Therapeutics LLC (the "**Fulgent Therapeutics LLC RSU**"), which was granted pursuant to the Fulgent Therapeutics LLC Amended and Restated 2015 Equity Incentive Plan, as amended. In connection with the completion of the Reorganization, the Fulgent Therapeutics LLC RSU is being exchanged for and substituted with a restricted stock unit award covering Shares (the "**Fulgent Genetics, Inc. RSU**"), granted under the Fulgent Genetics, Inc. 2016 Omnibus Incentive Plan (the "**Plan**").

This Notice of Restricted Stock Unit Substitution Award (the "**Notice**") evidences the terms of the Fulgent Genetics, Inc. RSU, and the cancellation of the Fulgent Therapeutics LLC RSU.

Name of Grantee: _____

The following table shows the number of Class D common shares of Fulgent Therapeutics LLC subject to the Fulgent Therapeutics LLC RSU immediately before the Reorganization, and the number of Shares subject to the Fulgent Genetics, Inc. RSU immediately after the Reorganization:

	Fulgent Therapeutics LLC RSU	**Fulgent Genetics, Inc. RSU**
Grant Date	**No. of Fulgent Therapeutics LLC RSUs**	**No. of Fulgent Genetics, Inc. RSUs**

1. **Exchange of RSUs.** In connection with the Reorganization, the Fulgent Therapeutics LLC RSU was exchanged for the Fulgent Genetics, Inc. RSU. As a result of the exchange, the Fulgent Therapeutics LLC RSU has been cancelled and is of no further force or effect. The number of Shares subject to the Fulgent Genetics, Inc. RSU on the Effective Date was determined in accordance with the exchange ratio used in the Reorganization, with the final number of Shares subject to the Fulgent Genetics, Inc. RSU rounded down to the nearest whole number of Shares.

2. **Vesting Schedule.** Subject to the Grantee's Continuous Service and other limitations set forth in the Restricted Stock Unit Agreement attached hereto and the Plan, the Fulgent Genetics, Inc. RSU will vest in accordance with the following schedule, which is the same vesting schedule that applied to the Fulgent Therapeutics LLC RSU: [Vesting schedule applicable to the Fulgent Therapeutics LLC RSU]

3. **Governing Terms.** The Fulgent Genetics, Inc. RSUs are subject to the terms and provisions of this Notice, the Restricted Stock Unit Agreement attached hereto, and the Plan, which is incorporated herein by reference.

RESTRICTED STOCK UNIT AGREEMENT

THIS RESTRICTED STOCK UNIT AWARD AGREEMENT (the "Agreement"), effective as of [·], 2016, is between Fulgent Genetics, Inc. (the "Company"), and [Grantee] (the "Grantee"). Capitalized terms used herein but not defined herein shall have the meanings set forth in the Notice and the Company's 2016 Omnibus Incentive Plan, as may be amended from time to time (the "Plan"), a copy of which the Grantee acknowledges having received.

1. RESTRICTED STOCK UNIT GRANT. The Company hereby grants to the Grantee, subject to the terms and conditions of the Notice, this Agreement, and the Plan, an award of Restricted Stock Units (the "Award"). Restricted Stock Units are notional units (not actual Shares), representing an unfunded, unsecured right to receive one Share for each Restricted Stock Unit that vests.

2. CONTINUED EMPLOYMENT REQUIREMENT. Vesting of the Restricted Stock Units is contingent upon the Grantee's Continuous Service through the date that the Restricted Stock Units vest, as set forth in the "Vesting Schedule" in the Notice. If the Grantee's Continuous Service terminates for any reason, any Restricted Stock Units that are unvested on the date of termination shall immediately and automatically be forfeited as of the date of termination, and the Grantee shall have no further rights with respect thereto.

3. ISSUANCE OF SHARES. One Share will be issued for each Restricted Stock Unit that vests, with such issuance occurring no later than 30 days following the day of vesting.

4. TAX WITHHOLDING. In accordance with Section 7(c) of the Plan, the Company shall have the power and right to deduct or withhold, or require the Grantee to remit to the Company, an amount sufficient to satisfy any federal, state, local and other taxes (including the Grantee's payroll tax obligations) required by law to be withheld with respect to this Award (provided the amount withheld does not exceed the maximum statutory tax rate for an employee in the applicable jurisdictions or such lesser amount as is necessary to avoid adverse accounting treatment). The Grantee may be required to pay to the Company in cash or cash equivalents, either prior to or concurrent with the delivery of Shares in respect of any Restricted Stock Units that vest, the amount required by law to be withheld. The Company may establish other rules and procedures to allow the Grantee to satisfy and to facilitate the required tax withholding from time to time.

5. RESTRICTIONS ON TRANSFER OF AWARD.

(a) General. The Restricted Stock Units, this Award, and any right to receive Shares pursuant to this Award, may not be sold, assigned, transferred, encumbered, hypothecated or pledged by the Grantee.

(b) Market Stand-Off. In connection with the IPO, the Grantee or any holder of the Shares acquired under this Award shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer, or agree to engage in any of the foregoing transactions with respect to, any Shares acquired under this Award without the prior written consent of the Company or the underwriters in the IPO. Such restriction (the "Market Stand-Off") shall be in effect for such period of time following the date of the final prospectus for the offering as may be requested by the Company or such underwriters. The Market Stand-Off shall in any event terminate two years after the date of the IPO. In the event of the declaration of a stock dividend, a spin-off, a stock split, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Shares without receipt of consideration, any new, substituted or additional securities which are by reason of such transaction distributed with respect to any Shares subject to the Market Stand-Off, or into which such Shares thereby become convertible, shall immediately be subject to the Market Stand-Off. In order to enforce the Market Stand-Off, the Company may impose stop-transfer instructions with respect to the Shares acquired under this Award until the end of the applicable stand-off period. The Company's underwriters shall be beneficiaries of the agreement set forth in this Subsection (b). This Subsection (b) shall not apply to Shares registered in the IPO under the Securities Act of 1933 (the "Securities Act"), and the Grantee shall be subject to this Subsection (b) only if the directors and officers of the Company are subject to similar arrangements.

(c) Securities Law Restrictions. Regardless of whether the issuance of Shares hereunder have been registered under the Securities Act or have been registered or qualified under the securities laws of any state, the Company at its discretion may impose restrictions upon the sale, pledge or other transfer of the Shares (including the placement of appropriate legends on Share certificates or the imposition of stop-transfer instructions) if, in the judgment of the Company, such restrictions are necessary or desirable in order to achieve compliance with the Securities Act, the securities laws of any state or any other law.

6. RIGHT TO SHARES AND DIVIDENDS; DIVIDEND EQUIVALENTS. The Grantee shall not have any right in, to or with respect to any of the Shares (including any voting rights or rights with respect to dividends paid on the Shares) issuable under the Award unless and until Shares are issued to the Grantee at or after vesting of the Units. No Dividend Equivalents shall be earned or paid with respect to any Units.

7. TAXES.

(a) Tax Liability. The Grantee is ultimately liable and responsible for all taxes owed by the Grantee in connection with the Award, regardless of any action the Company or any Related Entity takes with respect to any tax withholding obligations that arise in connection with the Award. Neither the Company nor any Related Entity makes any representation or undertaking regarding the treatment of any tax withholding in connection with any aspect of the Award, including the grant, vesting, assignment, release or cancellation of the Units, the delivery of Shares, the subsequent sale of any Shares acquired upon vesting and the receipt of any dividends or dividend equivalents. The Company does not commit and is under no obligation to structure the Award to reduce or eliminate the Grantee's tax liability.

(b) Payment of Withholding Taxes. Prior to any event in connection with the Award (e.g., vesting or issuance of Shares) that the Company determines may result in any tax withholding obligation, whether United States federal, state, local or non-U.S., including any social insurance, employment tax, payment on account or other tax-related obligation (the "**Tax Withholding Obligation**"), the Grantee must arrange for the satisfaction of the Tax Withholding Obligation in a manner acceptable to the Company.

(i) *By Share Withholding.* If permissible under Applicable Laws, the Grantee may direct the Company to withhold from those Shares otherwise issuable to the Grantee the whole number of Shares sufficient to satisfy the applicable Tax Withholding Obligation. The Grantee acknowledges that the withheld Shares may not be sufficient to satisfy the Grantee's Tax Withholding Obligation. Accordingly, the Grantee agrees to pay to the Company or any Related Entity as soon as practicable, including through additional payroll withholding, any amount of the Tax Withholding Obligation that is not satisfied by the withholding of Shares described above.

(ii) *By Sale of Shares*. If permissible under Applicable Laws and approved by the Administrator, the Grantee may also direct a brokerage firm determined acceptable to the Company for such purpose to sell on the Grantee's behalf a whole number of Shares from those Shares issuable to the Grantee as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the applicable Tax Withholding Obligation. Such Shares will be sold on the day such Tax Withholding Obligation arises or as soon thereafter as practicable. The Grantee will be responsible for all broker's fees and other costs of sale, and the Grantee agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale. To the extent the proceeds of such sale exceed the Grantee's Tax Withholding Obligation, the Company agrees to pay such excess in cash to the Grantee. The Grantee acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the Grantee's Tax Withholding Obligation. Accordingly, the Grantee agrees to pay to the Company or any Related Entity as soon as practicable, including through additional payroll withholding, any amount of the Tax Withholding Obligation that is not satisfied by the sale of Shares described above.

(iii) *By Check, Wire Transfer or Other Means*. At any time not less than five (5) business days (or such fewer number of business days as determined by the Administrator) before any Tax Withholding Obligation arises (e.g., a vesting date), the Grantee may elect to satisfy the Grantee's Tax Withholding Obligation by delivering to the Company an amount that the Company determines is sufficient to satisfy the Tax Withholding Obligation by (x) wire transfer to such account as the Company may direct, (y) delivery of a certified check payable to the Company, or (z) such other means as specified from time to time by the Administrator.

Notwithstanding the foregoing, the Company or a Related Entity also may satisfy any Tax Withholding Obligation by offsetting any amounts (including, but not limited to, salary, bonus and severance payments) payable to the Grantee by the Company and/or a Related Entity. Furthermore, in the event of any determination that the Company has failed to withhold a sum sufficient to pay all withholding taxes due in connection with the Award, the Grantee agrees to pay the Company the amount of such deficiency in cash within five (5) days after receiving a written demand from the Company to do so, whether or not the Grantee is an employee of the Company at that time.

8. ENTIRE AGREEMENT; GOVERNING LAW. The Notice, the Plan and this Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be amended or modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. These agreements are to be construed in accordance with and governed by the internal laws of the State of Delaware without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Delaware to the rights and duties of the parties. Should any provision of the Notice or this Agreement be determined to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

9. CONSTRUCTION. The captions used in the Notice and this Agreement are inserted for convenience and shall not be deemed a part of the Award for construction or interpretation. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

10. ADMINISTRATION AND INTERPRETATION. Any question or dispute regarding the administration or interpretation of the Notice, the Plan or this Agreement shall be submitted by the Grantee or by the Company to the Administrator. The resolution of such question or dispute by the Administrator shall be final and binding on all persons.

11. VENUE AND JURISDICTION. The parties agree that any suit, action, or proceeding arising out of or relating to the Notice, the Plan or this Agreement shall be brought exclusively in the United States District Court for Delaware (or should such court lack jurisdiction to hear such action, suit or proceeding, in a Delaware state court) and that the parties shall submit to the jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. If any one or more provisions of this Section 11 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

12. NOTICES. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, upon deposit for delivery by an internationally recognized express mail courier service or upon deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, addressed to the other party at its address as shown in these instruments, or to such other address as such party may designate in writing from time to time to the other party.

13. SECTION 409A. The Grantee acknowledges that the Company, in the exercise of its sole discretion and without the consent of the Grantee, may amend or modify this Agreement in any manner and delay the issuance of any Shares issuable pursuant to this Agreement to the minimum extent necessary to meet the requirements of Section 409A of the Code as amplified by any Treasury regulations or guidance from the Internal Revenue Service as the Company deems appropriate or advisable. The Company makes no representation that the Award will comply with Section 409A of the Code and makes no undertaking to prevent Section 409A of the Code from applying to the Award or to mitigate its effects on any deferrals or payments made in respect of the Units. The Grantee is encouraged to consult a tax adviser regarding the potential impact of Section 409A of the Code.

14. GRANTEE'S REPRESENTATIONS. The Grantee hereby represents and warrants to the Company in connection with the grant of the Restricted Stock Units hereunder, and the issuance of any Shares in respect of such Restricted Stock Units, that:

(a) [The Grantee understands that the Shares have not been registered under the Securities Act, nor qualified under any state securities laws, and that it is being offered and sold pursuant to, and in reliance upon, an exemption from such registration and qualification based in part upon the Grantee's representations contained herein; the Shares are being issued to the Grantee hereunder in reliance upon the exemption from such registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act") for transactions by an issuer not involving any public offering, and in connection therewith, the Grantee acknowledges the Grantee's status as an "accredited investor" within the meaning of Rule 501 promulgated under the Securities Act;

(b) The Grantee is an "accredited investor" as such term is defined in Rule 501(a) of the Securities Act and has such knowledge and experience in financial and business matters that the Grantee is capable of evaluating the merits and risks of the investment contemplated by this Agreement; and the Grantee is able to bear the economic risk of this investment in the Company (including a complete loss of this investment);

(c) Except as specifically provided herein or in the Plan, the Grantee has no contract, undertaking, understanding, agreement or arrangement, formal or informal, with any person to sell, transfer or pledge all or any portion of his Shares, and has no current plans to enter into any such contract, undertaking, understanding, agreement or arrangement;

(d) The Grantee has not seen, received, been presented with, or been solicited by any leaflet, public promotional meeting, article or any other form of advertising or general solicitation as to the Company's sale to the Grantee of his Shares;

(e) The Grantee is familiar with the business and operations of the Company and has been afforded full and complete access to the books, financial statements, records, contracts, documents and other information concerning the Company and its proposed activities, and has been afforded an opportunity to ask such questions of the Company's agents, accountants and other representatives concerning the Company's proposed business, operations, financial condition, assets, liabilities and other relevant matters as he has deemed necessary or desirable, and has been given all such information as has been requested, in order to evaluate the merits and risks of the investment contemplated herein;

(f) The Grantee has been informed that the Shares are restricted securities under the Securities Act and may not be resold or transferred unless the Shares are first registered under the federal securities laws or unless an exemption from such registration is available; and

(g) The Grantee is prepared to hold the Shares for an indefinite period and that the Grantee is aware that Rule 144 as promulgated under the Securities Act, which exempts certain resales of restricted securities, is not presently available to exempt the resale of the Shares from the registration requirements of the Securities Act.]

(a) [The Grantee understands that neither the Restricted Stock Units nor the Shares issuable hereunder have been registered under the Securities Act of 1933, as amended, or any United States securities laws. In the event the Shares issuable hereunder have not been registered under the Securities Act, at the time the Shares are issued, the Grantee shall, if requested by the Company, concurrently with the issuance, deliver to the Company his or her investment representation statement in a form determined by the Administrator from time to time.]

END OF AGREEMENT

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement"), dated May 25, 2016, is by and among Fulgent Therapeutics LLC, a California limited liability company (the "Company"), Fulgent Diagnostics, Inc., a Delaware corporation ("HoldCo") and Ming Hsieh ("Executive").

1. POSITION AND RESPONSIBILITIES

(a) Position. Executive is employed by the Company to render services to the Company in the position of President and Chief Executive Officer and HoldCo in the position of President and Chief Executive Officer. Executive shall perform such duties and responsibilities as are normally related to such positions in accordance with the standards of the industry and any additional duties now or hereafter assigned to Executive by the Company or HoldCo, as applicable. Executive shall abide by the rules, regulations, policies, procedures and practices as adopted or modified from time to time in the Company's or HoldCo's, as applicable, sole discretion.

(b) No Conflict. Executive represents and warrants that Executive's execution of this Agreement, Executive's employment with the Company and HoldCo, and the performance of Executive's proposed duties under this Agreement shall not violate any obligations Executive may have to any other employer, person or entity, including any obligations with respect to proprietary or confidential information of any other person or entity.

2. COMPENSATION AND BENEFITS

(a) Base Salary. In consideration of the services to be rendered under this Agreement, the Company shall pay Executive a salary at the rate of Zero Dollars ($0) per year ("Base Salary"). Upon completion of an initial public offering of HoldCo's shares under an effective registration statement filed under the Securities Act of 1933, as amended, Executive's Base Salary shall be Two Hundred Forty Thousand Dollars ($240,000) per year. The Base Salary shall be paid in accordance with the Company's regularly established payroll practice. Executive's Base Salary will be reviewed from time to time in accordance with the established procedures of the Company for adjusting salaries for similarly-situated employees and may be adjusted in the sole discretion of the Company.

(b) Benefits. Executive shall be eligible to participate in the benefits made generally available by the Company to similarly-situated employees, in accordance with the benefit plans established by the Company, and as may be amended from time to time in the Company's sole discretion.

(c) Bonus and Equity Compensation. Executive may be eligible for an annual cash bonus or equity compensation. Any such bonus or equity compensation, including applicable terms and conditions, shall be determined by the Manager of the Company in its sole discretion or the Board of Directors or the Compensation Committee of HoldCo in their sole discretion, as applicable. Executive must remain employed by the Company or HoldCo, as applicable, for the full fiscal year in order to be eligible for a bonus for that fiscal year.

(d) Expenses. The Company or HoldCo, as applicable, shall reimburse Executive for reasonable business expenses incurred in the performance of Executive's duties hereunder in accordance with the Company's or HoldCo's, as applicable, expense reimbursement guidelines.

3. AT-WILL EMPLOYMENT

(a) At-Will Termination by Company and HoldCo. Executive's employment with the Company and HoldCo shall be "at-will" at all times. The Company or HoldCo may terminate Executive's employment with the Company or HoldCo, as applicable, at any time, without any advance notice, for any reason or no reason at all, notwithstanding anything to the contrary contained in or arising from any statements, policies, procedures or practices of the Company or HoldCo, as applicable, relating to the employment, discipline or termination of its employees. Upon and after such termination, all obligations of the Company or HoldCo, as applicable, under this Agreement shall cease, except as otherwise provided herein.

(b) At-Will Termination by Executive. Executive may terminate employment with the Company and HoldCo at any time for any reason or no reason at all, upon written notice. Thereafter all obligations of the Company shall cease.

(c) Payment. Upon termination of Executive's employment, the Company shall pay to Executive all compensation to which Executive is entitled up through the date of termination, subject to any other rights or remedies of the Company or HoldCo, as applicable, under law; and thereafter all of the obligations of the Company or HoldCo, as applicable, under this Agreement shall cease.

4. TERMINATION OBLIGATIONS

(a) Return of Property. Executive agrees that all property (including without limitation all equipment, tangible proprietary information, documents, records, notes, contracts and computer-generated materials) furnished to or created or prepared by Executive incident to Executive's employment belongs to the Company or HoldCo, as applicable, and shall be promptly returned to the Company or HoldCo, as applicable, upon termination of Executive's employment.

(b) Resignation and Cooperation. Unless otherwise agreed in writing, upon termination of Executive's employment, Executive shall be deemed to have resigned from all offices and directorships then held with the Company or HoldCo, as applicable. Following any termination of employment, Executive shall cooperate with the Company or HoldCo, as applicable, in the winding up of pending work on behalf of the Company or HoldCo, as applicable, and the orderly transfer of work to other employees. Executive shall also cooperate with the Company or HoldCo, as applicable, in the defense of any action brought by any third party against the Company or HoldCo, as applicable, that relates to Executive's employment by the Company or HoldCo, as applicable.

(c) Continuing Obligations. Executive understands and agrees that Executive's obligations under Sections 4 and 5 (including the Proprietary Information Agreement (as defined below)) shall survive the termination of Executive's employment for any reason and the termination of this Agreement.

5. INVENTIONS AND PROPRIETARY INFORMATION; PROHIBITION ON THIRD PARTY INFORMATION

(a) Proprietary Information Agreement. Prior to the date hereof, Executive has signed the Company's Proprietary Information and Invention Assignment Agreement ("Proprietary Information Agreement") and delivered such signed Proprietary Information Agreement to the Company.

(b) Non-Disclosure of Third Party Information. Executive represents and warrants and covenants that Executive shall not disclose to the Company or HoldCo, as applicable, or use, or induce the Company or HoldCo, as applicable, to use, any proprietary information or trade secrets of others at any time, including but not limited to any proprietary information or trade secrets of any former employer, if any; and Executive acknowledges and agrees that any violation of this provision shall be grounds for Executive's immediate termination and could subject Executive to substantial civil liabilities and criminal penalties. Executive further specifically and expressly acknowledges that no officer or other employee or representative of the Company or HoldCo has requested or instructed Executive to disclose or use any such third party proprietary information or trade secrets.

6. AMENDMENTS; WAIVERS; REMEDIES

This Agreement may not be amended or waived except by a writing signed by Executive and by a duly authorized representative of the Company and HoldCo other than Executive. Failure to exercise any right under this Agreement shall not constitute a waiver of such right. Any waiver of any breach of this Agreement shall not operate as a waiver of any subsequent breaches. All rights or remedies specified for a party herein shall be cumulative and in addition to all other rights and remedies of the party hereunder or under applicable law.

7. ASSIGNMENT; BINDING EFFECT

(a) Assignment. The performance of Executive is personal hereunder, and Executive agrees that Executive shall have no right to assign and shall not assign or purport to assign any rights or obligations under this Agreement. This Agreement may be assigned or transferred by the Company or HoldCo, as applicable; and nothing in this Agreement shall prevent the consolidation, merger or sale of the Company or HoldCo, as applicable, or a sale of any or all or substantially all of its or their assets.

(b) Binding Effect. Subject to the foregoing restriction on assignment by Executive, this Agreement shall inure to the benefit of and be binding upon each of the parties; the affiliates, officers, directors, agents, successors and assigns of the Company and HoldCo; and the heirs, devisees, spouses, legal representatives and successors of Executive.

8. SEVERABILITY

If any provision of this Agreement shall be held by a court or arbitrator to be invalid, unenforceable, or void, such provision shall be enforced to the fullest extent permitted by law, and the remainder of this Agreement shall remain in full force and effect.

9. TAXES

All amounts paid under this Agreement (including, without limitation, Base Salary) shall be paid less all applicable state and federal tax withholdings and any other withholdings required by any applicable jurisdiction or authorized by Executive. Notwithstanding any other provision of this Agreement whatsoever, the Company or HoldCo, as applicable, in its sole discretion, shall have the right to provide for the application and effects of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") (relating to deferred compensation arrangements), and any related administrative guidance issued by the Internal Revenue Service. The Company or HoldCo, as applicable, shall have the authority to delay the payment of any amounts under this Agreement to the extent it deems necessary or appropriate to comply with Section 409A(a)(2)(B)(i) of the Code (relating to payments made to certain "key employees" of publicly-traded companies); in such event, the payment(s) at issue may not be made before the date which is six (6) months after the date of Executive's separation from service, or, if earlier, the date of death.

10. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

11. INTERPRETATION

This Agreement shall be construed as a whole, according to its fair meaning, and not in favor of or against any party. Sections and section headings contained in this Agreement are for reference purposes only, and shall not affect in any manner the meaning or interpretation of this Agreement. Whenever the context requires, references to the singular shall include the plural and the plural the singular.

12. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original of this Agreement, but all of which together shall constitute one and the same instrument.

13. AUTHORITY

Each party represents and warrants that such party has the right, power and authority to enter into and execute this Agreement and to perform and discharge all of the obligations hereunder; and that this Agreement constitutes the valid and legally binding agreement and obligation of such party and is enforceable in accordance with its terms.

14. ENTIRE AGREEMENT

This Agreement is intended to be the final, complete, and exclusive statement of the terms of Executive's employment by the Company or HoldCo, as applicable, and may not be contradicted by evidence of any prior or contemporaneous statements or agreements, except for agreements specifically referenced herein (including the Proprietary Information Agreement). To the extent that the practices, policies or procedures of the Company or HoldCo, as applicable, now or in the future, apply to Executive and are inconsistent with the terms of this Agreement, the provisions of this Agreement shall control. Any subsequent change in Executive's duties, position, or compensation will not affect the validity or scope of this Agreement.

15. EXECUTIVE ACKNOWLEDGEMENT

EXECUTIVE ACKNOWLEDGES EXECUTIVE HAS HAD THE OPPORTUNITY TO CONSULT LEGAL COUNSEL CONCERNING THIS AGREEMENT, THAT EXECUTIVE HAS READ AND UNDERSTANDS THE AGREEMENT, THAT EXECUTIVE IS FULLY AWARE OF ITS LEGAL EFFECT, AND THAT EXECUTIVE HAS ENTERED INTO IT FREELY BASED ON EXECUTIVE'S OWN JUDGMENT AND NOT ON ANY REPRESENTATIONS OR PROMISES OTHER THAN THOSE CONTAINED IN THIS AGREEMENT.

(*Signature Page Follows*)

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first written above.

FULGENT THERAPEUTICS LLC:

By: */s/ Paul Kim*

Name: Paul Kim

Title: Chief Financial Officer

MING HSIEH:

/s/ Ming Hsieh

FULGENT DIAGNOSTICS, INC.:

By: */s/ Paul Kim*

Name: Paul Kim

Title: Chief Financial Officer

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement"), dated May 25, 2016, is by and among Fulgent Therapeutics LLC, a California limited liability company (the "Company"), Fulgent Diagnostics, Inc., a Delaware corporation ("HoldCo") and Paul Kim ("Executive").

1. POSITION AND RESPONSIBILITIES

(a) Position. Executive is employed by the Company to render services to the Company in the position of Chief Financial Officer and HoldCo in the position of Chief Financial Officer. Executive shall perform such duties and responsibilities as are normally related to such positions in accordance with the standards of the industry and any additional duties now or hereafter assigned to Executive by the Company or HoldCo, as applicable. Executive shall abide by the rules, regulations, policies, procedures and practices as adopted or modified from time to time in the Company's or HoldCo's, as applicable, sole discretion.

(b) Other Activities. Except upon the prior written consent of the Company and HoldCo, Executive will not, during the term of this Agreement, (i) accept any other employment, or (ii) engage, directly or indirectly, in any other business activity (whether or not pursued for pecuniary advantage) that might interfere with Executive's duties and responsibilities hereunder or create a conflict of interest with the Company or HoldCo.

(c) No Conflict. Executive represents and warrants that Executive's execution of this Agreement, Executive's employment with the Company and HoldCo, and the performance of Executive's proposed duties under this Agreement shall not violate any obligations Executive may have to any other employer, person or entity, including any obligations with respect to proprietary or confidential information of any other person or entity.

2. COMPENSATION AND BENEFITS

(a) Base Salary. In consideration of the services to be rendered under this Agreement, the Company shall pay Executive a salary at the rate of One Hundred Sixty Thousand Dollars ($160,000) per year ("Base Salary"). Upon completion of an initial public offering of HoldCo's shares under an effective registration statement filed under the Securities Act of 1933, as amended, Executive's Base Salary shall be Two Hundred Ten Thousand Dollars ($210,000) per year. The Base Salary shall be paid in accordance with the Company's regularly established payroll practice. Executive's Base Salary will be reviewed from time to time in accordance with the established procedures of the Company for adjusting salaries for similarly-situated employees and may be adjusted in the sole discretion of the Company.

(b) Benefits. Executive shall be eligible to participate in the benefits made generally available by the Company to similarly-situated employees, in accordance with the benefit plans established by the Company, and as may be amended from time to time in the Company's sole discretion.

(c) Bonus and Equity Compensation. Executive may be eligible for an annual cash bonus or equity compensation. Any such bonus or equity compensation, including applicable terms and conditions, shall be determined by the Manager of the Company in its sole

discretion or the Board of Directors or the Compensation Committee of HoldCo in their sole discretion, as applicable. Executive must remain employed by the Company or HoldCo, as applicable, for the full fiscal year in order to be eligible for a bonus for that fiscal year.

(d) Expenses. The Company or HoldCo, as applicable, shall reimburse Executive for reasonable business expenses incurred in the performance of Executive's duties hereunder in accordance with the Company's or HoldCo's, as applicable, expense reimbursement guidelines. The Company shall reimburse Executive for the reasonable rent of an apartment near the Company's facility in Temple City, California, during the term of Executive's employment.

3. AT-WILL EMPLOYMENT

(a) At-Will Termination by Company and HoldCo. Executive's employment with the Company and HoldCo shall be "at-will" at all times. The Company or HoldCo may terminate Executive's employment with the Company or HoldCo, as applicable, at any time, without any advance notice, for any reason or no reason at all, notwithstanding anything to the contrary contained in or arising from any statements, policies, procedures or practices of the Company or HoldCo, as applicable, relating to the employment, discipline or termination of its employees. Upon and after such termination, all obligations of the Company or HoldCo, as applicable, under this Agreement shall cease, except as otherwise provided herein.

(b) At-Will Termination by Executive. Executive may terminate employment with the Company and HoldCo at any time for any reason or no reason at all, upon written notice. Thereafter all obligations of the Company shall cease.

(c) Payment. Upon termination of Executive's employment, the Company shall pay to Executive all compensation to which Executive is entitled up through the date of termination, subject to any other rights or remedies of the Company or HoldCo, as applicable, under law; and thereafter all of the obligations of the Company or HoldCo, as applicable, under this Agreement shall cease.

4. TERMINATION OBLIGATIONS

(a) Return of Property. Executive agrees that all property (including without limitation all equipment, tangible proprietary information, documents, records, notes, contracts and computer-generated materials) furnished to or created or prepared by Executive incident to Executive's employment belongs to the Company or HoldCo, as applicable, and shall be promptly returned to the Company or HoldCo, as applicable, upon termination of Executive's employment.

(b) Resignation and Cooperation. Unless otherwise agreed in writing, upon termination of Executive's employment, Executive shall be deemed to have resigned from all offices and directorships then held with the Company or HoldCo, as applicable. Following any termination of employment, Executive shall cooperate with the Company or HoldCo, as applicable, in the winding up of pending work on behalf of the Company or HoldCo, as applicable, and the orderly transfer of work to other employees. Executive shall also cooperate with the Company or HoldCo, as applicable, in the defense of any action brought by any third party against the Company or HoldCo, as applicable, that relates to Executive's employment by the Company or HoldCo, as applicable.

(c) Continuing Obligations. Executive understands and agrees that Executive's obligations under Sections 4 and 5 (including the Proprietary Information Agreement (as defined below)) shall survive the termination of Executive's employment for any reason and the termination of this Agreement.

5. INVENTIONS AND PROPRIETARY INFORMATION; PROHIBITION ON THIRD PARTY INFORMATION

(a) Proprietary Information Agreement. Prior to the date hereof, Executive has signed the Company's Proprietary Information and Invention Assignment Agreement ("Proprietary Information Agreement") and delivered such signed Proprietary Information Agreement to the Company.

(b) Non-Disclosure of Third Party Information. Executive represents and warrants and covenants that Executive shall not disclose to the Company or HoldCo, as applicable, or use, or induce the Company or HoldCo, as applicable, to use, any proprietary information or trade secrets of others at any time, including but not limited to any proprietary information or trade secrets of any former employer, if any; and Executive acknowledges and agrees that any violation of this provision shall be grounds for Executive's immediate termination and could subject Executive to substantial civil liabilities and criminal penalties. Executive further specifically and expressly acknowledges that no officer or other employee or representative of the Company or HoldCo has requested or instructed Executive to disclose or use any such third party proprietary information or trade secrets.

6. AMENDMENTS; WAIVERS; REMEDIES

This Agreement may not be amended or waived except by a writing signed by Executive and by a duly authorized representative of the Company and HoldCo other than Executive. Failure to exercise any right under this Agreement shall not constitute a waiver of such right. Any waiver of any breach of this Agreement shall not operate as a waiver of any subsequent breaches. All rights or remedies specified for a party herein shall be cumulative and in addition to all other rights and remedies of the party hereunder or under applicable law.

7. ASSIGNMENT; BINDING EFFECT

(a) Assignment. The performance of Executive is personal hereunder, and Executive agrees that Executive shall have no right to assign and shall not assign or purport to assign any rights or obligations under this Agreement. This Agreement may be assigned or transferred by the Company or HoldCo, as applicable; and nothing in this Agreement shall prevent the consolidation, merger or sale of the Company or HoldCo, as applicable, or a sale of any or all or substantially all of its or their assets.

(b) Binding Effect. Subject to the foregoing restriction on assignment by Executive, this Agreement shall inure to the benefit of and be binding upon each of the parties; the affiliates, officers, directors, agents, successors and assigns of the Company and HoldCo; and the heirs, devisees, spouses, legal representatives and successors of Executive.

8. SEVERABILITY

If any provision of this Agreement shall be held by a court or arbitrator to be invalid, unenforceable, or void, such provision shall be enforced to the fullest extent permitted by law, and the remainder of this Agreement shall remain in full force and effect.

9. TAXES

All amounts paid under this Agreement (including, without limitation, Base Salary) shall be paid less all applicable state and federal tax withholdings and any other withholdings required by any applicable jurisdiction or authorized by Executive. Notwithstanding any other provision of this Agreement whatsoever, the Company or HoldCo, as applicable, in its sole discretion, shall have the right to provide for the application and effects of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") (relating to deferred compensation arrangements), and any related administrative guidance issued by the Internal Revenue Service. The Company or HoldCo, as applicable, shall have the authority to delay the payment of any amounts under this Agreement to the extent it deems necessary or appropriate to comply with Section 409A(a)(2)(B)(i) of the Code (relating to payments made to certain "key employees" of publicly-traded companies); in such event, the payment(s) at issue may not be made before the date which is six (6) months after the date of Executive's separation from service, or, if earlier, the date of death.

10. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

11. INTERPRETATION

This Agreement shall be construed as a whole, according to its fair meaning, and not in favor of or against any party. Sections and section headings contained in this Agreement are for reference purposes only, and shall not affect in any manner the meaning or interpretation of this Agreement. Whenever the context requires, references to the singular shall include the plural and the plural the singular.

12. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original of this Agreement, but all of which together shall constitute one and the same instrument.

13. AUTHORITY

Each party represents and warrants that such party has the right, power and authority to enter into and execute this Agreement and to perform and discharge all of the obligations hereunder; and that this Agreement constitutes the valid and legally binding agreement and obligation of such party and is enforceable in accordance with its terms.

14. ENTIRE AGREEMENT

This Agreement is intended to be the final, complete, and exclusive statement of the terms of Executive's employment by the Company or HoldCo, as applicable, and may not be contradicted by evidence of any prior or contemporaneous statements or agreements, except for agreements specifically referenced herein (including the Proprietary Information Agreement). To the extent that the practices, policies or procedures of the Company or HoldCo, as applicable, now or in the future, apply to Executive and are inconsistent with the terms of this Agreement, the provisions of this Agreement shall control. Any subsequent change in Executive's duties, position, or compensation will not affect the validity or scope of this Agreement.

15. EXECUTIVE ACKNOWLEDGEMENT

EXECUTIVE ACKNOWLEDGES EXECUTIVE HAS HAD THE OPPORTUNITY TO CONSULT LEGAL COUNSEL CONCERNING THIS AGREEMENT, THAT EXECUTIVE HAS READ AND UNDERSTANDS THE AGREEMENT, THAT EXECUTIVE IS FULLY AWARE OF ITS LEGAL EFFECT, AND THAT EXECUTIVE HAS ENTERED INTO IT FREELY BASED ON EXECUTIVE'S OWN JUDGMENT AND NOT ON ANY REPRESENTATIONS OR PROMISES OTHER THAN THOSE CONTAINED IN THIS AGREEMENT.

(*Signature Page Follows*)

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first written above.

FULGENT THERAPEUTICS LLC:

By: */s/ Ming Hsieh*

Name: Ming Hsieh

Title: Manager

PAUL KIM:

/s/ Paul Kim

FULGENT DIAGNOSTICS, INC.:

By: */s/ Ming Hsieh*

Name: Ming Hsieh

Title: President

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement"), dated May 25, 2016, is by and among Fulgent Therapeutics LLC, a California limited liability company (the "Company"), Fulgent Diagnostics, Inc., a Delaware corporation ("HoldCo") and Hanlin Gao ("Executive").

WHEREAS, the Company and Executive previously entered into that certain Employment Agreement, dated as of March 31, 2013 ("Original Agreement"); and

WHEREAS, the Company, HoldCo and Executive desire to amend and restate the Original Agreement as further set forth herein.

1. POSITION AND RESPONSIBILITIES

(a) Position. Executive is employed by the Company to render services to the Company in the position of Chief Scientific Officer and Lab Director. Executive shall perform such duties and responsibilities as are normally related to such positions in accordance with the standards of the industry and any additional duties now or hereafter assigned to Executive by the Company. Executive shall abide by the rules, regulations, policies, procedures and practices as adopted or modified from time to time in the Company's sole discretion.

(b) Other Activities. Except upon the prior written consent of the Company, Executive will not, during the term of this Agreement, (i) accept any other employment, or (ii) engage, directly or indirectly, in any other business activity (whether or not pursued for pecuniary advantage) that might interfere with Executive's duties and responsibilities hereunder or create a conflict of interest with the Company. Notwithstanding the foregoing, Executive may continue to serve as a lab inspector for the College of American Pathologists, provided that Executive's scope of duties in such capacity does not increase beyond Executive's scope of duties in such capacity as of the date hereof.

(c) No Conflict. Executive represents and warrants that Executive's execution of this Agreement, Executive's employment with the Company, and the performance of Executive's proposed duties under this Agreement shall not violate any obligations Executive may have to any other employer, person or entity, including any obligations with respect to proprietary or confidential information of any other person or entity.

2. COMPENSATION AND BENEFITS

(a) Base Salary. In consideration of the services to be rendered under this Agreement, the Company shall pay Executive a salary at the rate of One Hundred Eighty Thousand Dollars ($180,000) per year ("Base Salary"). Upon completion of an initial public offering of HoldCo's shares under an effective registration statement filed under the Securities Act of 1933, as amended, Executive's Base Salary shall be Two Hundred Ten Thousand Dollars ($210,000) per year. The Base Salary shall be paid in accordance with the Company's regularly established payroll practice. Executive's Base Salary will be reviewed from time to time in accordance with the established procedures of the Company for adjusting salaries for similarly-situated employees and may be adjusted in the sole discretion of the Company.

(b) Benefits. Executive shall be eligible to participate in the benefits made generally available by the Company to similarly-situated employees, in accordance with the benefit plans established by the Company, and as may be amended from time to time in the Company's sole discretion.

(c) Bonus and Equity Compensation. Executive may be eligible for an annual cash bonus or equity compensation. Any such bonus or equity compensation, including applicable terms and conditions, shall be determined by the Manager of the Company in its sole discretion. Executive must remain employed by the Company for the full fiscal year in order to be eligible for a bonus for that fiscal year.

(d) Expenses. The Company shall reimburse Executive for reasonable business expenses incurred in the performance of Executive's duties hereunder in accordance with the Company's expense reimbursement guidelines.

3. AT-WILL EMPLOYMENT

(a) At-Will Termination by Company. Executive's employment with the Company shall be "at-will" at all times. The Company may terminate Executive's employment with the Company at any time, without any advance notice, for any reason or no reason at all, notwithstanding anything to the contrary contained in or arising from any statements, policies, procedures or practices of the Company relating to the employment, discipline or termination of its employees. Upon and after such termination, all obligations of the Company under this Agreement shall cease, except as otherwise provided herein.

(b) At-Will Termination by Executive. Executive may terminate employment with the Company at any time for any reason or no reason at all, upon written notice. Thereafter all obligations of the Company shall cease.

(c) Payment. Upon termination of Executive's employment, the Company shall pay to Executive all compensation to which Executive is entitled up through the date of termination, subject to any other rights or remedies of the Company under law; and thereafter all of the obligations of the Company under this Agreement shall cease.

4. TERMINATION OBLIGATIONS

(a) Return of Property. Executive agrees that all property (including without limitation all equipment, tangible proprietary information, documents, records, notes, contracts and computer-generated materials) furnished to or created or prepared by Executive incident to Executive's employment belongs to the Company and shall be promptly returned to the Company upon termination of Executive's employment.

(b) Resignation and Cooperation. Unless otherwise agreed in writing, upon termination of Executive's employment, Executive shall be deemed to have resigned from all offices and directorships then held with the Company. Following any termination of employment, Executive shall cooperate with the Company in the winding up of pending work on behalf of the Company and the orderly transfer of work to other employees. Executive shall also cooperate with the Company in the defense of any action brought by any third party against the Company that relates to Executive's employment by the Company.

(c) Continuing Obligations. Executive understands and agrees that Executive's obligations under Sections 4 and 5 (including the Proprietary Information Agreement (as defined below)) shall survive the termination of Executive's employment for any reason and the termination of this Agreement.

5. INVENTIONS AND PROPRIETARY INFORMATION; PROHIBITION ON THIRD PARTY INFORMATION

(a) Proprietary Information Agreement. Prior to the date hereof, Executive has signed the Company's Proprietary Information and Invention Assignment Agreement ("Proprietary Information Agreement") and delivered such signed Proprietary Information Agreement to the Company.

(b) Non-Disclosure of Third Party Information. Executive represents and warrants and covenants that Executive shall not disclose to the Company, or use, or induce the Company to use, any proprietary information or trade secrets of others at any time, including but not limited to any proprietary information or trade secrets of any former employer, if any; and Executive acknowledges and agrees that any violation of this provision shall be grounds for Executive's immediate termination and could subject Executive to substantial civil liabilities and criminal penalties. Executive further specifically and expressly acknowledges that no officer or other employee or representative of the Company has requested or instructed Executive to disclose or use any such third party proprietary information or trade secrets.

6. AMENDMENTS; WAIVERS; REMEDIES

This Agreement may not be amended or waived except by a writing signed by Executive and by a duly authorized representative of the Company other than Executive. Failure to exercise any right under this Agreement shall not constitute a waiver of such right. Any waiver of any breach of this Agreement shall not operate as a waiver of any subsequent breaches. All rights or remedies specified for a party herein shall be cumulative and in addition to all other rights and remedies of the party hereunder or under applicable law.

7. ASSIGNMENT; BINDING EFFECT

(a) Assignment. The performance of Executive is personal hereunder, and Executive agrees that Executive shall have no right to assign and shall not assign or purport to assign any rights or obligations under this Agreement. This Agreement may be assigned or transferred by the Company; and nothing in this Agreement shall prevent the consolidation, merger or sale of the Company or a sale of any or all or substantially all of its assets.

(b) Binding Effect. Subject to the foregoing restriction on assignment by Executive, this Agreement shall inure to the benefit of and be binding upon each of the parties; the affiliates, officers, directors, agents, successors and assigns of the Company; and the heirs, devisees, spouses, legal representatives and successors of Executive.

8. SEVERABILITY

If any provision of this Agreement shall be held by a court or arbitrator to be invalid, unenforceable, or void, such provision shall be enforced to the fullest extent permitted by law, and the remainder of this Agreement shall remain in full force and effect.

9. TAXES

All amounts paid under this Agreement (including, without limitation, Base Salary) shall be paid less all applicable state and federal tax withholdings and any other withholdings required by any applicable jurisdiction or authorized by Executive. Notwithstanding any other provision of this Agreement whatsoever, the Company, in its sole discretion, shall have the right to provide for the application and effects of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") (relating to deferred compensation arrangements), and any related administrative guidance issued by the Internal Revenue Service. The Company shall have the authority to delay the payment of any amounts under this Agreement to the extent it deems necessary or appropriate to comply with Section 409A(a)(2)(B)(i) of the Code (relating to payments made to certain "key employees" of publicly-traded companies); in such event, the payment(s) at issue may not be made before the date which is six (6) months after the date of Executive's separation from service, or, if earlier, the date of death.

10. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

11. INTERPRETATION

This Agreement shall be construed as a whole, according to its fair meaning, and not in favor of or against any party. Sections and section headings contained in this Agreement are for reference purposes only, and shall not affect in any manner the meaning or interpretation of this Agreement. Whenever the context requires, references to the singular shall include the plural and the plural the singular.

12. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original of this Agreement, but all of which together shall constitute one and the same instrument.

13. AUTHORITY

Each party represents and warrants that such party has the right, power and authority to enter into and execute this Agreement and to perform and discharge all of the obligations hereunder; and that this Agreement constitutes the valid and legally binding agreement and obligation of such party and is enforceable in accordance with its terms.

14. ENTIRE AGREEMENT

This Agreement amends and restates the Original Agreement in its entirety. This Agreement is intended to be the final, complete, and exclusive statement of the terms of Executive's employment by the Company and may not be contradicted by evidence of any prior or contemporaneous statements or agreements, except for agreements specifically referenced herein (including the Proprietary Information Agreement). To the extent that the practices, policies or procedures of the Company, now or in the future, apply to Executive and are inconsistent with the terms of this Agreement, the provisions of this Agreement shall control. Any subsequent change in Executive's duties, position, or compensation will not affect the validity or scope of this Agreement.

15. EXECUTIVE ACKNOWLEDGEMENT

EXECUTIVE ACKNOWLEDGES EXECUTIVE HAS HAD THE OPPORTUNITY TO CONSULT LEGAL COUNSEL CONCERNING THIS AGREEMENT, THAT EXECUTIVE HAS READ AND UNDERSTANDS THE AGREEMENT, THAT EXECUTIVE IS FULLY AWARE OF ITS LEGAL EFFECT, AND THAT EXECUTIVE HAS ENTERED INTO IT FREELY BASED ON EXECUTIVE'S OWN JUDGMENT AND NOT ON ANY REPRESENTATIONS OR PROMISES OTHER THAN THOSE CONTAINED IN THIS AGREEMENT.

(*Signature Page Follows*)

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first written above.

FULGENT THERAPEUTICS LLC:

By: */s/ Ming Hsieh*

Name: Ming Hsieh

Title: Manager

HANLIN GAO:

/s/ Hanlin Gao

FULGENT DIAGNOSTICS, INC.:

By: */s/ Ming Hsieh*

Name: Ming Hsieh

Title: President

Exhibit 10.14

SEVERANCE AGREEMENT

This SEVERANCE AGREEMENT (the "Agreement"), dated July 7, 2016, is by and among Fulgent Therapeutics LLC, a California limited liability company (the "Company"), Fulgent Diagnostics, Inc., a Delaware corporation ("HoldCo") and Ming Hsieh ("Executive").

WHEREAS, Executive is employed by the Company to render services to the Company in the position of President and Chief Executive Officer and HoldCo in the position of President and Chief Executive Officer; and

WHEREAS, the Company, HoldCo and Executive desire to provide for certain rights of Executive with respect to severance payments due to Executive in the event of a termination of employment following a Change in Control (as defined below).

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements set forth in this Agreement, the sufficiency of which the parties acknowledge, it is agreed as follows:

1. DEFINED TERMS

Defined terms, when used in this Agreement, shall have the meaning ascribed thereto in this Section 1 or elsewhere in this Agreement.

(a) "Base Salary" means Executive's annualized base salary, determined based on the rate of pay in effect during the last regularly scheduled payroll period immediately preceding the Change in Control. Base Salary does not include any bonuses, commissions, fringe benefits, overtime, car allowances, other irregular payments or any other compensation except base salary.

(b) "Board" means the Board of Directors of HoldCo.

(c) "Change in Control" means (i) any Person (other than the Company or HoldCo, any trustee or other fiduciary holding securities under any employee benefit plan of the Company or HoldCo, or any company owned, directly or indirectly, by the beneficial owners of voting securities the Company or HoldCo in substantially the same proportions as their ownership of voting securities of the Company or HoldCo), becoming the beneficial owner (as defined in Rule 13d 3 under the Exchange Act), directly or indirectly, of securities of the Company or Holdco representing more than fifty percent (50%) of the combined voting power of the Company's or Holdco's then outstanding securities, (ii) during any twelve (12) month period, individuals who, as of the effective date of HoldCo's initial public offering pursuant to a registration statement under the Securities Act, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; *provided*, *however*, that any individual becoming a director subsequent to such initial public offering whose election, or nomination for election by HoldCo's shareholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened

solicitation of proxies or consents by or on behalf of a Person other than the Board, (iii) a merger or consolidation of the Company or HoldCo with any other entity, other than a merger or consolidation which would result in the voting securities of such entity outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Company or HoldCo (as applicable) or such surviving entity outstanding immediately after such merger or consolidation; *provided*, *however*, that a merger or consolidation effected to implement a recapitalization of the Company or HoldCo (or similar transaction) in which no Person (other than those covered by the exceptions in subsection (i) above) acquires more than fifty percent (50%) of the combined voting power of the Company's or HoldCo's (as applicable) then outstanding securities shall not constitute a Change in Control for purposes of this Agreement, or (iv) a complete liquidation or dissolution of the Company or HoldCo or the consummation of a sale or disposition by the Company or HoldCo of all or substantially all of its assets, other than the sale or disposition of all or substantially all of such assets to a Person or Persons who beneficially own, directly or indirectly, 50% or more of the combined voting power of the outstanding voting securities of the Company or HoldCo at the time of the sale; *provided*, *further*, that notwithstanding the foregoing, to the extent required to avoid payments under this Agreement being subject to any accelerated or additional tax under Section 409A of the Code, a Change in Control shall not be deemed to have occurred under this Agreement unless the transaction or event constituting would also constitute a "change in control event" (as defined in Treasury Regulation §1.409A-3(i)(5)).

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(f) "Person" means an individual, entity group or group (within the meaning of Sections 13(d)(3) or 14(d)(2) of the Exchange Act).

(g) "Securities Act" means the Securities Act of 1933, as amended.

2. SEVERANCE

(a) If Executive's employment is terminated by the Company, HoldCo or Executive for any reason at any time during the period commencing on the date of the Change in Control and ending on the one (1)-year anniversary thereof, Executive shall be entitled to receive an amount equal to one (1) year of Executive's Base Salary, payable in accordance with the Company's regular payroll practices (collectively, the "Severance"); *provided*, *however*, that Executive's right to receive the Severance shall be subject to (i) execution and delivery by Executive of a release agreement in substantially the form attached as Exhibit A, and (ii) such release agreement becoming irrevocable not later than sixty (60) days after Executive's employment terminates. If the foregoing conditions are satisfied, the Severance payments will commence (subject to any required delay pursuant to Section 6), within ninety (90) days following the termination date, on the first payroll date following the date the release agreement becomes irrevocable (with the first payment including any installments that otherwise would have been paid between the date of termination and the date of such first installment); *provided*, *however,* that if the ninety (90) day period described above spans calendar years, the Severance will commence in the second calendar year.

3. AMENDMENTS; WAIVERS; REMEDIES

This Agreement may not be amended or waived except by a writing signed by Executive and a duly authorized representative of each of the Company and HoldCo other than Executive. Failure to exercise any right under this Agreement shall not constitute a waiver of such right. Any waiver of any breach of this Agreement shall not operate as a waiver of any subsequent breaches. All rights or remedies specified for a party herein shall be cumulative and in addition to all other rights and remedies of the party hereunder or under applicable law.

4. ASSIGNMENT; BINDING EFFECT

(a) **Assignment.** This Agreement may not be assigned or transferred, except with the prior written consent of each of the parties hereto.

(b) **Binding Effect.** Subject to the foregoing restriction on assignment, this Agreement shall inure to the benefit of and be binding upon each of the parties, the affiliates, officers, directors, agents, successors and assigns of the Company and HoldCo, and the heirs, devisees, spouses, legal representatives and successors of Executive.

5. SEVERABILITY

If any provision of this Agreement shall be held by a court or arbitrator to be invalid, unenforceable, or void, such provision shall be enforced to the fullest extent permitted by law, and the remainder of this Agreement shall remain in full force and effect.

6. TAXES

All amounts paid under this Agreement shall be paid less all applicable state and federal tax withholdings and any other withholdings required by any applicable jurisdiction or authorized by Executive. To the extent applicable, it is intended that this Agreement and any payment made hereunder will comply with the requirements of (or an exemption or exclusion from) Section 409A of the Code, and any related regulations or other guidance promulgated with respect to such section by the U.S. Department of the Treasury or the Internal Revenue Service ("Section 409A"), and any ambiguities in this Agreement will be interpreted accordingly. Any provision of this Agreement that would cause this Agreement to fail to satisfy Section 409A will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by Section 409A). Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, Executive will not be considered to have terminated employment with the Company for purposes of this Agreement and no payments will be due to Executive under this Agreement which are payable upon Executive's termination of employment until Executive would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A. To the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A (as determined by the Company and Executive), amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this

Agreement during the six (6)-month period immediately following Executive's termination of employment shall instead be paid on the first business day after the date that is six (6) months following Executive's termination of employment (or upon Executive's death, if earlier). Payments of Severance pursuant to this Agreement are intended to constitute a series of separate payments for purposes of Treasury Regulation §1.409A-2(b)(2)(iii). The Company and HoldCo shall consult with Executive in good faith regarding the implementation of the provisions of this Section 6. Notwithstanding anything herein to the contrary, none of the Company, HoldCo their respective affiliates, or their respective employees, members, managers, agents or representatives shall have any liability to Executive with respect to any taxes, penalties, interest or other costs or expenses Executive or any related party may incur under Code Section 409A or for damages for failing to comply with Code Section 409A.

7. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

8. INTERPRETATION

This Agreement shall be construed as a whole, according to its fair meaning, and not in favor of or against any party. Sections and section headings contained in this Agreement are for reference purposes only, and shall not affect in any manner the meaning or interpretation of this Agreement. Whenever the context requires, references to the singular shall include the plural and the plural the singular.

9. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original of this Agreement, but all of which together shall constitute one and the same instrument.

10. AUTHORITY

Each party represents and warrants that such party has the right, power and authority to enter into and execute this Agreement and to perform and discharge all of the obligations hereunder; and that this Agreement constitutes the valid and legally binding agreement and obligation of such party and is enforceable in accordance with its terms.

11. ENTIRE AGREEMENT

This Agreement is intended to be the final, complete, and exclusive statement of the terms of Executive's severance rights from the Company and HoldCo and may not be contradicted by evidence of any prior or contemporaneous statements or agreements, except for agreements specifically referenced herein. Any Severance paid or payable under this Agreement shall be in lieu of (and not in addition to) any other severance to which Executive may otherwise be entitled. To the extent that any plans, practices, policies, agreements or arrangements of the Company, HoldCo or their respective affiliates, as applicable, now or in the future, apply to Executive and are inconsistent with the terms of this Agreement, the provisions of this Agreement shall control. Any subsequent change in Executive's duties, position, or compensation will not affect the validity or scope of this Agreement.

12. EXECUTIVE ACKNOWLEDGEMENT

EXECUTIVE ACKNOWLEDGES EXECUTIVE HAS HAD THE OPPORTUNITY TO CONSULT LEGAL COUNSEL CONCERNING THIS AGREEMENT, THAT EXECUTIVE HAS READ AND UNDERSTANDS THE AGREEMENT, THAT EXECUTIVE IS FULLY AWARE OF ITS LEGAL EFFECT, AND THAT EXECUTIVE HAS ENTERED INTO IT FREELY BASED ON EXECUTIVE'S OWN JUDGMENT AND NOT ON ANY REPRESENTATIONS OR PROMISES OTHER THAN THOSE CONTAINED IN THIS AGREEMENT.

(*Signature Page Follows*)

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first written above.

FULGENT THERAPEUTICS LLC:

By: */s/ Paul Kim*
Name: Paul Kim
Title: Chief Financial Officer

MING HSIEH:

/s/ Ming Hsieh

FULGENT DIAGNOSTICS, INC.:

By: */s/ Paul Kim*
Name: Paul Kim
Title: Chief Financial Officer

EXHIBIT A

FORM OF RELEASE AGREEMENT

This RELEASE AGREEMENT (the "Release Agreement"), dated [●], 20[●], by and among Fulgent Therapeutics LLC, a California limited liability company (the "Company"), Fulgent Diagnostics, Inc., a Delaware corporation ("HoldCo") and Ming Hsieh ("Executive").

WHEREAS, the Company, HoldCo and Executive are parties to that certain Severance Agreement, dated [●], 2016 (the "Severance Agreement"), pursuant to which Executive is eligible to receive severance benefits, contingent upon certain conditions set forth in the Severance Agreement. All capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Severance Agreement;

WHEREAS, the Company, HoldCo and Executive are parties to that certain Employment Agreement, dated May 25, 2016 ("Employment Agreement"); and

WHEREAS, one such condition set forth in the Severance Agreement to receiving the severance benefits is Executive's execution, delivery and non-revocation of this Release Agreement.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements set forth in this Release Agreement, the sufficiency of which the parties acknowledge, it is agreed as follows:

1. In exchange for the general release of claims and other agreements contained in this Release Agreement, Executive will receive the Severance as set forth in the Severance Agreement following Executive's execution and subsequent non-revocation of this Release Agreement during any applicable statutory revocation period.

2. Executive agrees not to disparage the Company or HoldCo, and its and their officers, directors, employees, shareholders, members and agents, in any manner likely to be harmful to them or their business, business reputation, or personal reputation.

3. In exchange for the separation benefits described above, Executive completely releases the Company and HoldCo, and each of its and their affiliated, related, parent or subsidiary entities, and each of its and their present and former officers, directors, employees, shareholders, members and agents (the "Released Parties") from any and all claims of any kind, known and unknown, which Executive may now have or have ever had against any of them. This release includes all claims arising from Executive's employment with the Company and/or HoldCo and its and their termination, including claims under the California Fair Employment and Housing Act, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, as amended, or any other claims for violation of any federal, state, or municipal statutes, any and all claims in contract or tort or premised on any other legal theory and any and all claims for attorneys' fees and costs; *provided*, *however*, that nothing in this Release Agreement shall (a) waive any rights or claims of Executive that arise after this Release Agreement becomes effective, (b) impair or preclude Executive's right to take action to enforce

the terms of this Release Agreement, (c) impair Executive's vested rights under any tax-qualified retirement plan maintained by the Company, HoldCo and its and their affiliates, or (d) impair Executive's rights to indemnification under any indemnification agreement(s) between Executive and the Company or HoldCo, as applicable, any rights to and claims for indemnification or as an insured under any directors and officers liability insurance policy in connection with Executive's service as an officer, employee or agent of the Company or HoldCo, as applicable, or any of its and their subsidiaries and affiliates, under their respective certificates of incorporation, by-laws or operating agreements, or otherwise as provided by law. Executive agrees not to file, cause to be filed, or otherwise pursue any claims released by this paragraph. Notwithstanding the foregoing, Executive acknowledges and understands that Executive is not waiving and is not being required to waive any right that cannot be waived by law, including the right to file a charge or participate in an administrative investigation or proceeding; *provided*, *however*, that Executive hereby disclaims and waives any right to share or participate in any monetary award resulting from the prosecution of such charge or investigation.

4. It is the Company's and Executive's intention that the foregoing release shall be construed in the broadest sense possible, and shall be effective as a prohibition to all claims, charges, actions, suits, demands, obligations, damages, injuries, liabilities, losses, and causes of action of every character, nature, kind or description, known or unknown, and suspected or unsuspected that Executive may have against the Released Parties.

Executive expressly acknowledges that he is aware of the existence of California Civil Code § 1542 and its meaning and effect. Executive expressly acknowledges that he has read and understands the following provision of that section, which provides:

> **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HER OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR**.

Executive expressly waives and releases any right to benefits he may have under California Civil Code § 1542 to the fullest extent he may do so lawfully. Executive further acknowledges that he may later discover facts different from, or in addition to, those facts now known to him or believed by him to be true with respect to any or all of the matters covered by this Release Agreement, and he agrees this Release Agreement nevertheless shall remain in full and complete force and effect.

5. Executive acknowledges that the Severance as set forth in the Severance Agreement exceeds the amount to which Executive otherwise is entitled should Executive not execute, deliver and not revoke this Release Agreement, each within the applicable periods set forth in this Release Agreement. Executive understands and agrees that this Release Agreement shall be maintained in strict confidence, and that Executive shall not disclose any of its terms to another person, except legal counsel, unless required by law. [Executive further acknowledges that Executive has received the Disclosure under Title 29 U.S. Code Section 626(f)(1)(H) which is attached hereto as Exhibit 1.]

6. Executive agrees to return all Company and HoldCo materials in Executive's possession. Executive shall comply with Executive's continuing obligations under the Proprietary Information and Invention Assignment Agreement (the "Proprietary Information Agreement").

7. Executive acknowledges that Executive has [twenty-one (21)][forty-five (45)] days to consider this Release Agreement (but may sign it at any time beforehand if Executive so desires), and that Executive is advised to consult an attorney in doing so. Executive hereby acknowledges that Executive understands the significance of this Release Agreement, and represents that the terms of this Release Agreement are fully understood and voluntarily accepted by Executive. Executive also acknowledges that Executive can revoke this Release Agreement within seven (7) days of signing it by sending a letter to that effect at the following address:

Fulgent Diagnostics, Inc.
Board of Directors
4978 Santa Anita Ave.
Temple City, California 91780

Executive understands and agree that this Release Agreement shall not become effective nor enforceable until the seven (7) day revocation period has expired.

8. This Release Agreement and the Severance Agreement contain all of the parties' agreements and understandings with respect to the matters herein and fully supersede any prior agreements or understandings that the parties may have had regarding such matters, except for the Proprietary Information Agreement and the Employment Agreement. This Release Agreement shall be governed by California law and may be amended only in a written document signed by Executive and duly authorized representative of each of the Company and HoldCo, other than Executive. If any term in this Release Agreement is unenforceable, the remainder of the Release Agreement will remain enforceable.

9. If Executive wishes to accept the terms of this Release Agreement, please sign below and return a copy of this Release Agreement to the Company between the last day of employment and [●], 20[●].

(*Signature Page Follows*)

IN WITNESS WHEREOF, the parties have duly executed this Release Agreement as of the last date written below.

FULGENT THERAPEUTICS LLC:

By: _____
Name: _____
Title: _____

Date: _____

FULGENT DIAGNOSTICS, INC.:

By: _____
Name: _____
Title: _____

Date: _____

MING HSIEH:

_____

Date: _____

EXHIBIT 1

JOB TITLES AND AGES OF EMPLOYEES WHO WERE AND WERE NOT SELECTED FOR RIF:

Selected for RIF		Eligible but not selected for RIF	
Job Title	Age	Job Title	Age

SEVERANCE AGREEMENT

This SEVERANCE AGREEMENT (the "Agreement"), dated July 7, 2016, is by and among Fulgent Therapeutics LLC, a California limited liability company (the "Company"), Fulgent Diagnostics, Inc., a Delaware corporation ("HoldCo") and Paul Kim ("Executive").

WHEREAS, Executive is employed by the Company to render services to the Company in the position of Chief Financial Officer and HoldCo in the position of Chief Financial Officer; and

WHEREAS, the Company, HoldCo and Executive desire to provide for certain rights of Executive with respect to severance payments due to Executive in the event of a termination of employment following a Change in Control (as defined below).

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements set forth in this Agreement, the sufficiency of which the parties acknowledge, it is agreed as follows:

1. DEFINED TERMS

Defined terms, when used in this Agreement, shall have the meaning ascribed thereto in this Section 1 or elsewhere in this Agreement.

(a) "Base Salary" means Executive's annualized base salary, determined based on the rate of pay in effect during the last regularly scheduled payroll period immediately preceding the Change in Control. Base Salary does not include any bonuses, commissions, fringe benefits, overtime, car allowances, other irregular payments or any other compensation except base salary.

(b) "Board" means the Board of Directors of HoldCo.

(c) "Change in Control" means (i) any Person (other than the Company or HoldCo, any trustee or other fiduciary holding securities under any employee benefit plan of the Company or HoldCo, or any company owned, directly or indirectly, by the beneficial owners of voting securities the Company or HoldCo in substantially the same proportions as their ownership of voting securities of the Company or HoldCo), becoming the beneficial owner (as defined in Rule 13d 3 under the Exchange Act), directly or indirectly, of securities of the Company or Holdco representing more than fifty percent (50%) of the combined voting power of the Company's or Holdco's then outstanding securities, (ii) during any twelve (12) month period, individuals who, as of the effective date of HoldCo's initial public offering pursuant to a registration statement under the Securities Act, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; *provided*, *however*, that any individual becoming a director subsequent to such initial public offering whose election, or nomination for election by HoldCo's shareholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened

solicitation of proxies or consents by or on behalf of a Person other than the Board, (iii) a merger or consolidation of the Company or HoldCo with any other entity, other than a merger or consolidation which would result in the voting securities of such entity outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Company or HoldCo (as applicable) or such surviving entity outstanding immediately after such merger or consolidation; *provided*, *however*, that a merger or consolidation effected to implement a recapitalization of the Company or HoldCo (or similar transaction) in which no Person (other than those covered by the exceptions in subsection (i) above) acquires more than fifty percent (50%) of the combined voting power of the Company's or HoldCo's (as applicable) then outstanding securities shall not constitute a Change in Control for purposes of this Agreement, or (iv) a complete liquidation or dissolution of the Company or HoldCo or the consummation of a sale or disposition by the Company or HoldCo of all or substantially all of its assets, other than the sale or disposition of all or substantially all of such assets to a Person or Persons who beneficially own, directly or indirectly, 50% or more of the combined voting power of the outstanding voting securities of the Company or HoldCo at the time of the sale; *provided*, *further*, that notwithstanding the foregoing, to the extent required to avoid payments under this Agreement being subject to any accelerated or additional tax under Section 409A of the Code, a Change in Control shall not be deemed to have occurred under this Agreement unless the transaction or event constituting would also constitute a "change in control event" (as defined in Treasury Regulation §1.409A-3(i)(5)).

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(f) "Person" means an individual, entity group or group (within the meaning of Sections 13(d)(3) or 14(d)(2) of the Exchange Act).

(g) "Securities Act" means the Securities Act of 1933, as amended.

2. SEVERANCE

(a) If Executive's employment is terminated by the Company, HoldCo or Executive for any reason at any time during the period commencing on the date of the Change in Control and ending on the one (1)-year anniversary thereof, Executive shall be entitled to receive an amount equal to one (1) year of Executive's Base Salary, payable in accordance with the Company's regular payroll practices (collectively, the "Severance"); *provided*, *however*, that Executive's right to receive the Severance shall be subject to (i) execution and delivery by Executive of a release agreement in substantially the form attached as Exhibit A, and (ii) such release agreement becoming irrevocable not later than sixty (60) days after Executive's employment terminates. If the foregoing conditions are satisfied, the Severance payments will commence (subject to any required delay pursuant to Section 6), within ninety (90) days following the termination date, on the first payroll date following the date the release agreement becomes irrevocable (with the first payment including any installments that otherwise would have been paid between the date of termination and the date of such first installment); *provided*, *however,* that if the ninety (90) day period described above spans calendar years, the Severance will commence in the second calendar year.

3. AMENDMENTS; WAIVERS; REMEDIES

This Agreement may not be amended or waived except by a writing signed by Executive and a duly authorized representative of each of the Company and HoldCo other than Executive. Failure to exercise any right under this Agreement shall not constitute a waiver of such right. Any waiver of any breach of this Agreement shall not operate as a waiver of any subsequent breaches. All rights or remedies specified for a party herein shall be cumulative and in addition to all other rights and remedies of the party hereunder or under applicable law.

4. ASSIGNMENT; BINDING EFFECT

(a) **Assignment.** This Agreement may not be assigned or transferred, except with the prior written consent of each of the parties hereto.

(b) **Binding Effect.** Subject to the foregoing restriction on assignment, this Agreement shall inure to the benefit of and be binding upon each of the parties, the affiliates, officers, directors, agents, successors and assigns of the Company and HoldCo, and the heirs, devisees, spouses, legal representatives and successors of Executive.

5. SEVERABILITY

If any provision of this Agreement shall be held by a court or arbitrator to be invalid, unenforceable, or void, such provision shall be enforced to the fullest extent permitted by law, and the remainder of this Agreement shall remain in full force and effect.

6. TAXES

All amounts paid under this Agreement shall be paid less all applicable state and federal tax withholdings and any other withholdings required by any applicable jurisdiction or authorized by Executive. To the extent applicable, it is intended that this Agreement and any payment made hereunder will comply with the requirements of (or an exemption or exclusion from) Section 409A of the Code, and any related regulations or other guidance promulgated with respect to such section by the U.S. Department of the Treasury or the Internal Revenue Service ("Section 409A"), and any ambiguities in this Agreement will be interpreted accordingly. Any provision of this Agreement that would cause this Agreement to fail to satisfy Section 409A will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by Section 409A). Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, Executive will not be considered to have terminated employment with the Company for purposes of this Agreement and no payments will be due to Executive under this Agreement which are payable upon Executive's termination of employment until Executive would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A. To the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A (as determined by the Company and Executive), amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this

Agreement during the six (6)-month period immediately following Executive's termination of employment shall instead be paid on the first business day after the date that is six (6) months following Executive's termination of employment (or upon Executive's death, if earlier). Payments of Severance pursuant to this Agreement are intended to constitute a series of separate payments for purposes of Treasury Regulation §1.409A-2(b)(2)(iii). The Company and HoldCo shall consult with Executive in good faith regarding the implementation of the provisions of this Section 6. Notwithstanding anything herein to the contrary, none of the Company, HoldCo their respective affiliates, or their respective employees, members, managers, agents or representatives shall have any liability to Executive with respect to any taxes, penalties, interest or other costs or expenses Executive or any related party may incur under Code Section 409A or for damages for failing to comply with Code Section 409A.

7. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

8. INTERPRETATION

This Agreement shall be construed as a whole, according to its fair meaning, and not in favor of or against any party. Sections and section headings contained in this Agreement are for reference purposes only, and shall not affect in any manner the meaning or interpretation of this Agreement. Whenever the context requires, references to the singular shall include the plural and the plural the singular.

9. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original of this Agreement, but all of which together shall constitute one and the same instrument.

10. AUTHORITY

Each party represents and warrants that such party has the right, power and authority to enter into and execute this Agreement and to perform and discharge all of the obligations hereunder; and that this Agreement constitutes the valid and legally binding agreement and obligation of such party and is enforceable in accordance with its terms.

11. ENTIRE AGREEMENT

This Agreement is intended to be the final, complete, and exclusive statement of the terms of Executive's severance rights from the Company and HoldCo and may not be contradicted by evidence of any prior or contemporaneous statements or agreements, except for agreements specifically referenced herein. Any Severance paid or payable under this Agreement shall be in lieu of (and not in addition to) any other severance to which Executive may otherwise be entitled. To the extent that any plans, practices, policies, agreements or arrangements of the Company, HoldCo or their respective affiliates, as applicable, now or in the future, apply to Executive and are inconsistent with the terms of this Agreement, the provisions of this Agreement shall control. Any subsequent change in Executive's duties, position, or compensation will not affect the validity or scope of this Agreement.

12. EXECUTIVE ACKNOWLEDGEMENT

EXECUTIVE ACKNOWLEDGES EXECUTIVE HAS HAD THE OPPORTUNITY TO CONSULT LEGAL COUNSEL CONCERNING THIS AGREEMENT, THAT EXECUTIVE HAS READ AND UNDERSTANDS THE AGREEMENT, THAT EXECUTIVE IS FULLY AWARE OF ITS LEGAL EFFECT, AND THAT EXECUTIVE HAS ENTERED INTO IT FREELY BASED ON EXECUTIVE'S OWN JUDGMENT AND NOT ON ANY REPRESENTATIONS OR PROMISES OTHER THAN THOSE CONTAINED IN THIS AGREEMENT.

(*Signature Page Follows*)

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first written above.

FULGENT THERAPEUTICS LLC:

By: */s/ Ming Hsieh*
Name: Ming Hsieh
Title: Manager

PAUL KIM:

/s/ Paul Kim

FULGENT DIAGNOSTICS, INC.:

By: */s/ Ming Hsieh*
Name: Ming Hsieh
Title: Chief Executive Officer

EXHIBIT A

FORM OF RELEASE AGREEMENT

This RELEASE AGREEMENT (the "Release Agreement"), dated [●], 20[●], by and among Fulgent Therapeutics LLC, a California limited liability company (the "Company"), Fulgent Diagnostics, Inc., a Delaware corporation ("HoldCo") and Paul Kim ("Executive").

WHEREAS, the Company, HoldCo and Executive are parties to that certain Severance Agreement, dated [●], 2016 (the "Severance Agreement"), pursuant to which Executive is eligible to receive severance benefits, contingent upon certain conditions set forth in the Severance Agreement. All capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Severance Agreement;

WHEREAS, the Company, HoldCo and Executive are parties to that certain Employment Agreement, dated May 25, 2016 ("Employment Agreement"); and

WHEREAS, one such condition set forth in the Severance Agreement to receiving the severance benefits is Executive's execution, delivery and non-revocation of this Release Agreement.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements set forth in this Release Agreement, the sufficiency of which the parties acknowledge, it is agreed as follows:

1. In exchange for the general release of claims and other agreements contained in this Release Agreement, Executive will receive the Severance as set forth in the Severance Agreement following Executive's execution and subsequent non-revocation of this Release Agreement during any applicable statutory revocation period.

2. Executive agrees not to disparage the Company or HoldCo, and its and their officers, directors, employees, shareholders, members and agents, in any manner likely to be harmful to them or their business, business reputation, or personal reputation.

3. In exchange for the separation benefits described above, Executive completely releases the Company and HoldCo, and each of its and their affiliated, related, parent or subsidiary entities, and each of its and their present and former officers, directors, employees, shareholders, members and agents (the "Released Parties") from any and all claims of any kind, known and unknown, which Executive may now have or have ever had against any of them. This release includes all claims arising from Executive's employment with the Company and/or HoldCo and its and their termination, including claims under the California Fair Employment and Housing Act, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, as amended, or any other claims for violation of any federal, state, or municipal statutes, any and all claims in contract or tort or premised on any other legal theory and any and all claims for attorneys' fees and costs; *provided*, *however*, that nothing in this Release Agreement shall (a) waive any rights or claims of Executive that arise after this Release Agreement becomes effective, (b) impair or preclude Executive's right to take action to enforce

the terms of this Release Agreement, (c) impair Executive's vested rights under any tax-qualified retirement plan maintained by the Company, HoldCo and its and their affiliates, or (d) impair Executive's rights to indemnification under any indemnification agreement(s) between Executive and the Company or HoldCo, as applicable, any rights to and claims for indemnification or as an insured under any directors and officers liability insurance policy in connection with Executive's service as an officer, employee or agent of the Company or HoldCo, as applicable, or any of its and their subsidiaries and affiliates, under their respective certificates of incorporation, by-laws or operating agreements, or otherwise as provided by law. Executive agrees not to file, cause to be filed, or otherwise pursue any claims released by this paragraph. Notwithstanding the foregoing, Executive acknowledges and understands that Executive is not waiving and is not being required to waive any right that cannot be waived by law, including the right to file a charge or participate in an administrative investigation or proceeding; *provided*, *however*, that Executive hereby disclaims and waives any right to share or participate in any monetary award resulting from the prosecution of such charge or investigation.

4. It is the Company's and Executive's intention that the foregoing release shall be construed in the broadest sense possible, and shall be effective as a prohibition to all claims, charges, actions, suits, demands, obligations, damages, injuries, liabilities, losses, and causes of action of every character, nature, kind or description, known or unknown, and suspected or unsuspected that Executive may have against the Released Parties.

Executive expressly acknowledges that he is aware of the existence of California Civil Code § 1542 and its meaning and effect. Executive expressly acknowledges that he has read and understands the following provision of that section, which provides:

> **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HER OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR**.

Executive expressly waives and releases any right to benefits he may have under California Civil Code § 1542 to the fullest extent he may do so lawfully. Executive further acknowledges that he may later discover facts different from, or in addition to, those facts now known to him or believed by him to be true with respect to any or all of the matters covered by this Release Agreement, and he agrees this Release Agreement nevertheless shall remain in full and complete force and effect.

5. Executive acknowledges that the Severance as set forth in the Severance Agreement exceeds the amount to which Executive otherwise is entitled should Executive not execute, deliver and not revoke this Release Agreement, each within the applicable periods set forth in this Release Agreement. Executive understands and agrees that this Release Agreement shall be maintained in strict confidence, and that Executive shall not disclose any of its terms to another person, except legal counsel, unless required by law. [Executive further acknowledges that Executive has received the Disclosure under Title 29 U.S. Code Section 626(f)(1)(H) which is attached hereto as Exhibit 1.]

6. Executive agrees to return all Company and HoldCo materials in Executive's possession. Executive shall comply with Executive's continuing obligations under the Proprietary Information and Invention Assignment Agreement (the "Proprietary Information Agreement").

7. Executive acknowledges that Executive has [twenty-one (21)][forty-five (45)] days to consider this Release Agreement (but may sign it at any time beforehand if Executive so desires), and that Executive is advised to consult an attorney in doing so. Executive hereby acknowledges that Executive understands the significance of this Release Agreement, and represents that the terms of this Release Agreement are fully understood and voluntarily accepted by Executive. Executive also acknowledges that Executive can revoke this Release Agreement within seven (7) days of signing it by sending a letter to that effect at the following address:

Fulgent Diagnostics, Inc.
Board of Directors
4978 Santa Anita Ave.
Temple City, California 91780

Executive understands and agree that this Release Agreement shall not become effective nor enforceable until the seven (7) day revocation period has expired.

8. This Release Agreement and the Severance Agreement contain all of the parties' agreements and understandings with respect to the matters herein and fully supersede any prior agreements or understandings that the parties may have had regarding such matters, except for the Proprietary Information Agreement and the Employment Agreement. This Release Agreement shall be governed by California law and may be amended only in a written document signed by Executive and duly authorized representative of each of the Company and HoldCo, other than Executive. If any term in this Release Agreement is unenforceable, the remainder of the Release Agreement will remain enforceable.

9. If Executive wishes to accept the terms of this Release Agreement, please sign below and return a copy of this Release Agreement to the Company between the last day of employment and [●], 20[●].

(*Signature Page Follows*)

IN WITNESS WHEREOF, the parties have duly executed this Release Agreement as of the last date written below.

FULGENT THERAPEUTICS LLC:

By: _____
Name: _____
Title: _____

Date: _____

FULGENT DIAGNOSTICS, INC.:

By: _____
Name: _____
Title: _____

Date: _____

PAUL KIM:

_____

Date: _____

EXHIBIT 1

JOB TITLES AND AGES OF EMPLOYEES WHO WERE AND WERE NOT SELECTED FOR RIF:

Selected for RIF		Eligible but not selected for RIF	
Job Title	Age	Job Title	Age

Exhibit 10.16

SEVERANCE AGREEMENT

This SEVERANCE AGREEMENT (the "Agreement"), dated July 7, 2016, is by and among Fulgent Therapeutics LLC, a California limited liability company (the "Company"), Fulgent Diagnostics, Inc., a Delaware corporation ("HoldCo") and Hanlin Gao ("Executive").

WHEREAS, Executive is employed by the Company to render services to the Company in the position of Chief Scientific Officer and Lab Director; and

WHEREAS, the Company, HoldCo and Executive desire to provide for certain rights of Executive with respect to severance payments due to Executive in the event of a termination of employment following a Change in Control (as defined below).

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements set forth in this Agreement, the sufficiency of which the parties acknowledge, it is agreed as follows:

1. DEFINED TERMS

Defined terms, when used in this Agreement, shall have the meaning ascribed thereto in this Section 1 or elsewhere in this Agreement.

(a) "Base Salary" means Executive's annualized base salary, determined based on the rate of pay in effect during the last regularly scheduled payroll period immediately preceding the Change in Control. Base Salary does not include any bonuses, commissions, fringe benefits, overtime, car allowances, other irregular payments or any other compensation except base salary.

(b) "Board" means the Board of Directors of HoldCo.

(c) "Change in Control" means (i) any Person (other than the Company or HoldCo, any trustee or other fiduciary holding securities under any employee benefit plan of the Company or HoldCo, or any company owned, directly or indirectly, by the beneficial owners of voting securities the Company or HoldCo in substantially the same proportions as their ownership of voting securities of the Company or HoldCo), becoming the beneficial owner (as defined in Rule 13d 3 under the Exchange Act), directly or indirectly, of securities of the Company or Holdco representing more than fifty percent (50%) of the combined voting power of the Company's or Holdco's then outstanding securities, (ii) during any twelve (12) month period, individuals who, as of the effective date of HoldCo's initial public offering pursuant to a registration statement under the Securities Act, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; *provided*, *however*, that any individual becoming a director subsequent to such initial public offering whose election, or nomination for election by HoldCo's shareholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board, (iii) a merger

or consolidation of the Company or HoldCo with any other entity, other than a merger or consolidation which would result in the voting securities of such entity outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Company or HoldCo (as applicable) or such surviving entity outstanding immediately after such merger or consolidation; *provided*, *however*, that a merger or consolidation effected to implement a recapitalization of the Company or HoldCo (or similar transaction) in which no Person (other than those covered by the exceptions in subsection (i) above) acquires more than fifty percent (50%) of the combined voting power of the Company's or HoldCo's (as applicable) then outstanding securities shall not constitute a Change in Control for purposes of this Agreement, or (iv) a complete liquidation or dissolution of the Company or HoldCo or the consummation of a sale or disposition by the Company or HoldCo of all or substantially all of its assets, other than the sale or disposition of all or substantially all of such assets to a Person or Persons who beneficially own, directly or indirectly, 50% or more of the combined voting power of the outstanding voting securities of the Company or HoldCo at the time of the sale; *provided*, *further*, that notwithstanding the foregoing, to the extent required to avoid payments under this Agreement being subject to any accelerated or additional tax under Section 409A of the Code, a Change in Control shall not be deemed to have occurred under this Agreement unless the transaction or event constituting would also constitute a "change in control event" (as defined in Treasury Regulation §1.409A-3(i)(5)).

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(f) "Person" means an individual, entity group or group (within the meaning of Sections 13(d)(3) or 14(d)(2) of the Exchange Act).

(g) "Securities Act" means the Securities Act of 1933, as amended.

2. SEVERANCE

(a) If Executive's employment is terminated by the Company, HoldCo or Executive for any reason at any time during the period commencing on the date of the Change in Control and ending on the one (1)-year anniversary thereof, Executive shall be entitled to receive an amount equal to one (1) year of Executive's Base Salary, payable in accordance with the Company's regular payroll practices (collectively, the "Severance"); *provided*, *however*, that Executive's right to receive the Severance shall be subject to (i) execution and delivery by Executive of a release agreement in substantially the form attached as Exhibit A, and (ii) such release agreement becoming irrevocable not later than sixty (60) days after Executive's employment terminates. If the foregoing conditions are satisfied, the Severance payments will commence (subject to any required delay pursuant to Section 6), within ninety (90) days following the termination date, on the first payroll date following the date the release agreement becomes irrevocable (with the first payment including any installments that otherwise would have been paid between the date of termination and the date of such first installment); *provided*, *however,* that if the ninety (90) day period described above spans calendar years, the Severance will commence in the second calendar year.

3. AMENDMENTS; WAIVERS; REMEDIES

This Agreement may not be amended or waived except by a writing signed by Executive and a duly authorized representative of each of the Company and HoldCo other than Executive. Failure to exercise any right under this Agreement shall not constitute a waiver of such right. Any waiver of any breach of this Agreement shall not operate as a waiver of any subsequent breaches. All rights or remedies specified for a party herein shall be cumulative and in addition to all other rights and remedies of the party hereunder or under applicable law.

4. ASSIGNMENT; BINDING EFFECT

(a) **Assignment.** This Agreement may not be assigned or transferred, except with the prior written consent of each of the parties hereto.

(b) **Binding Effect.** Subject to the foregoing restriction on assignment, this Agreement shall inure to the benefit of and be binding upon each of the parties, the affiliates, officers, directors, agents, successors and assigns of the Company and HoldCo, and the heirs, devisees, spouses, legal representatives and successors of Executive.

5. SEVERABILITY

If any provision of this Agreement shall be held by a court or arbitrator to be invalid, unenforceable, or void, such provision shall be enforced to the fullest extent permitted by law, and the remainder of this Agreement shall remain in full force and effect.

6. TAXES

All amounts paid under this Agreement shall be paid less all applicable state and federal tax withholdings and any other withholdings required by any applicable jurisdiction or authorized by Executive. To the extent applicable, it is intended that this Agreement and any payment made hereunder will comply with the requirements of (or an exemption or exclusion from) Section 409A of the Code, and any related regulations or other guidance promulgated with respect to such section by the U.S. Department of the Treasury or the Internal Revenue Service ("Section 409A"), and any ambiguities in this Agreement will be interpreted accordingly. Any provision of this Agreement that would cause this Agreement to fail to satisfy Section 409A will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by Section 409A). Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, Executive will not be considered to have terminated employment with the Company for purposes of this Agreement and no payments will be due to Executive under this Agreement which are payable upon Executive's termination of employment until Executive would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A. To the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A (as determined by the Company and Executive), amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six (6)-month period immediately following Executive's termination of employment shall instead be paid on the first business day after the date that is six (6) months following Executive's termination of employment (or upon Executive's death, if earlier).

Payments of Severance pursuant to this Agreement are intended to constitute a series of separate payments for purposes of Treasury Regulation §1.409A-2(b)(2)(iii). The Company and HoldCo shall consult with Executive in good faith regarding the implementation of the provisions of this Section 6. Notwithstanding anything herein to the contrary, none of the Company, HoldCo their respective affiliates, or their respective employees, members, managers, agents or representatives shall have any liability to Executive with respect to any taxes, penalties, interest or other costs or expenses Executive or any related party may incur under Code Section 409A or for damages for failing to comply with Code Section 409A.

7. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

8. INTERPRETATION

This Agreement shall be construed as a whole, according to its fair meaning, and not in favor of or against any party. Sections and section headings contained in this Agreement are for reference purposes only, and shall not affect in any manner the meaning or interpretation of this Agreement. Whenever the context requires, references to the singular shall include the plural and the plural the singular.

9. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original of this Agreement, but all of which together shall constitute one and the same instrument.

10. AUTHORITY

Each party represents and warrants that such party has the right, power and authority to enter into and execute this Agreement and to perform and discharge all of the obligations hereunder; and that this Agreement constitutes the valid and legally binding agreement and obligation of such party and is enforceable in accordance with its terms.

11. ENTIRE AGREEMENT

This Agreement is intended to be the final, complete, and exclusive statement of the terms of Executive’s severance rights from the Company and HoldCo and may not be contradicted by evidence of any prior or contemporaneous statements or agreements, except for agreements specifically referenced herein. Any Severance paid or payable under this Agreement shall be in lieu of (and not in addition to) any other severance to which Executive may otherwise be entitled. To the extent that any plans, practices, policies, agreements or arrangements of the Company, HoldCo or their respective affiliates, as applicable, now or in the future, apply to Executive and are inconsistent with the terms of this Agreement, the provisions of this Agreement shall control. Any subsequent change in Executive’s duties, position, or compensation will not affect the validity or scope of this Agreement.

12. EXECUTIVE ACKNOWLEDGEMENT

EXECUTIVE ACKNOWLEDGES EXECUTIVE HAS HAD THE OPPORTUNITY TO CONSULT LEGAL COUNSEL CONCERNING THIS AGREEMENT, THAT EXECUTIVE HAS READ AND UNDERSTANDS THE AGREEMENT, THAT EXECUTIVE IS FULLY AWARE OF ITS LEGAL EFFECT, AND THAT EXECUTIVE HAS ENTERED INTO IT FREELY BASED ON EXECUTIVE'S OWN JUDGMENT AND NOT ON ANY REPRESENTATIONS OR PROMISES OTHER THAN THOSE CONTAINED IN THIS AGREEMENT.

(*Signature Page Follows*)

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first written above.

FULGENT THERAPEUTICS LLC:

By: */s/ Paul Kim*
Name: Paul Kim
Title: Chief Financial Officer

HANLIN GAO:

/s/ Hanlin Gao

FULGENT DIAGNOSTICS, INC.:

By: */s/ Paul Kim*
Name: Paul Kim
Title: Chief Financial Officer

EXHIBIT A

FORM OF RELEASE AGREEMENT

This RELEASE AGREEMENT (the "Release Agreement"), dated [●], 20[●], by and among Fulgent Therapeutics LLC, a California limited liability company (the "Company"), Fulgent Diagnostics, Inc., a Delaware corporation ("HoldCo") and Hanlin Gao ("Executive").

WHEREAS, the Company, HoldCo and Executive are parties to that certain Severance Agreement, dated [●], 2016 (the "Severance Agreement"), pursuant to which Executive is eligible to receive severance benefits, contingent upon certain conditions set forth in the Severance Agreement. All capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Severance Agreement;

WHEREAS, the Company, HoldCo and Executive are parties to that certain Amended and Restated Employment Agreement, dated May 25, 2016 ("Employment Agreement"); and

WHEREAS, one such condition set forth in the Severance Agreement to receiving the severance benefits is Executive's execution, delivery and non-revocation of this Release Agreement.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements set forth in this Release Agreement, the sufficiency of which the parties acknowledge, it is agreed as follows:

1. In exchange for the general release of claims and other agreements contained in this Release Agreement, Executive will receive the Severance as set forth in the Severance Agreement following Executive's execution and subsequent non-revocation of this Release Agreement during any applicable statutory revocation period.

2. Executive agrees not to disparage the Company or HoldCo, and its and their officers, directors, employees, shareholders, members and agents, in any manner likely to be harmful to them or their business, business reputation, or personal reputation.

3. In exchange for the separation benefits described above, Executive completely releases the Company and HoldCo, and each of its and their affiliated, related, parent or subsidiary entities, and each of its and their present and former officers, directors, employees, shareholders, members and agents (the "Released Parties") from any and all claims of any kind, known and unknown, which Executive may now have or have ever had against any of them. This release includes all claims arising from Executive's employment with the Company and/or HoldCo and its and their termination, including claims under the California Fair Employment and Housing Act, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, as amended, or any other claims for violation of any federal, state, or municipal statutes, any and all claims in contract or tort or premised on any other legal theory and any and all claims for attorneys' fees and costs; *provided*, *however*, that nothing in this Release Agreement shall (a) waive any rights or claims of Executive that arise after this Release

Agreement becomes effective, (b) impair or preclude Executive's right to take action to enforce the terms of this Release Agreement, (c) impair Executive's vested rights under any tax-qualified retirement plan maintained by the Company, HoldCo and its and their affiliates, or (d) impair Executive's rights to indemnification under any indemnification agreement(s) between Executive and the Company or HoldCo, as applicable, any rights to and claims for indemnification or as an insured under any directors and officers liability insurance policy in connection with Executive's service as an officer, employee or agent of the Company or HoldCo, as applicable, or any of its and their subsidiaries and affiliates, under their respective certificates of incorporation, by-laws or operating agreements, or otherwise as provided by law. Executive agrees not to file, cause to be filed, or otherwise pursue any claims released by this paragraph. Notwithstanding the foregoing, Executive acknowledges and understands that Executive is not waiving and is not being required to waive any right that cannot be waived by law, including the right to file a charge or participate in an administrative investigation or proceeding; *provided*, *however*, that Executive hereby disclaims and waives any right to share or participate in any monetary award resulting from the prosecution of such charge or investigation.

4. It is the Company's and Executive's intention that the foregoing release shall be construed in the broadest sense possible, and shall be effective as a prohibition to all claims, charges, actions, suits, demands, obligations, damages, injuries, liabilities, losses, and causes of action of every character, nature, kind or description, known or unknown, and suspected or unsuspected that Executive may have against the Released Parties.

Executive expressly acknowledges that he is aware of the existence of California Civil Code § 1542 and its meaning and effect. Executive expressly acknowledges that he has read and understands the following provision of that section, which provides:

> **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HER OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR**.

Executive expressly waives and releases any right to benefits he may have under California Civil Code § 1542 to the fullest extent he may do so lawfully. Executive further acknowledges that he may later discover facts different from, or in addition to, those facts now known to him or believed by him to be true with respect to any or all of the matters covered by this Release Agreement, and he agrees this Release Agreement nevertheless shall remain in full and complete force and effect.

5. Executive acknowledges that the Severance as set forth in the Severance Agreement exceeds the amount to which Executive otherwise is entitled should Executive not execute, deliver and not revoke this Release Agreement, each within the applicable periods set forth in this Release Agreement. Executive understands and agrees that this Release Agreement shall be maintained in strict confidence, and that Executive shall not disclose any of its terms to another person, except legal counsel, unless required by law. [Executive further acknowledges that Executive has received the Disclosure under Title 29 U.S. Code Section 626(f)(1)(H) which is attached hereto as Exhibit 1.]

6. Executive agrees to return all Company and HoldCo materials in Executive's possession. Executive shall comply with Executive's continuing obligations under the Proprietary Information and Invention Assignment Agreement (the "Proprietary Information Agreement").

7. Executive acknowledges that Executive has [twenty-one (21)][forty-five (45)] days to consider this Release Agreement (but may sign it at any time beforehand if Executive so desires), and that Executive is advised to consult an attorney in doing so. Executive hereby acknowledges that Executive understands the significance of this Release Agreement, and represents that the terms of this Release Agreement are fully understood and voluntarily accepted by Executive. Executive also acknowledges that Executive can revoke this Release Agreement within seven (7) days of signing it by sending a letter to that effect at the following address:

Fulgent Diagnostics, Inc.
Board of Directors
4978 Santa Anita Ave.
Temple City, California 91780

Executive understands and agree that this Release Agreement shall not become effective nor enforceable until the seven (7) day revocation period has expired.

8. This Release Agreement and the Severance Agreement contain all of the parties' agreements and understandings with respect to the matters herein and fully supersede any prior agreements or understandings that the parties may have had regarding such matters, except for the Proprietary Information Agreement and the Employment Agreement. This Release Agreement shall be governed by California law and may be amended only in a written document signed by Executive and duly authorized representative of each of the Company and HoldCo, other than Executive. If any term in this Release Agreement is unenforceable, the remainder of the Release Agreement will remain enforceable.

9. If Executive wishes to accept the terms of this Release Agreement, please sign below and return a copy of this Release Agreement to the Company between the last day of employment and [●], 20[●].

(*Signature Page Follows*)

IN WITNESS WHEREOF, the parties have duly executed this Release Agreement as of the last date written below.

FULGENT THERAPEUTICS LLC:

By: _____
Name: _____
Title: _____

Date: _____

FULGENT DIAGNOSTICS, INC.:

By: _____
Name: _____
Title: _____

Date: _____

HANLIN GAO:

_____

Date: _____

EXHIBIT 1

JOB TITLES AND AGES OF EMPLOYEES WHO WERE AND WERE NOT SELECTED FOR RIF:

Selected for RIF		Eligible but not selected for RIF	
Job Title	Age	Job Title	Age

CONTRIBUTION AND ALLOCATION AGREEMENT

This **CONTRIBUTION AND ALLOCATION AGREEMENT** (this "Agreement") is dated as of May 19, 2016, by and among Ming Hsieh (the "Contributor"), Fulgent Pharma LLC, a California limited liability company ("Pharma") and Fulgent Therapeutics LLC, a California limited liability company (the "Company"). Contributor, Pharma and the Company are sometimes hereinafter collectively referred to as the "Parties" and individually as a "Party."

RECITALS

A. WHEREAS, Contributor previously contributed $15,500,000.00 to the Company (the "Contribution Amount") as a series of Capital Contributions (as such term is defined in the Company's Amended and Restated Operating Agreement, dated as of October 16, 2015, as the same may be amended and/or restated from time to time (the "Company Operating Agreement")), as reflected from time to time in the schedules to the Company Operating Agreement;

B. WHEREAS, Contributor and the Company previously entered into: a Promissory Note, dated February 11, 2013, in the original principal amount of $2,000,000.00, a copy of which is attached hereto as Exhibit A; a Promissory Note, dated September 11, 2013, in the original principal amount of $1,000,000.00, a copy of which is attached hereto as Exhibit B; a Promissory Note, dated December 27, 2013, in the original principal amount of $1,000,000.00, a copy of which is attached hereto as Exhibit C; a Promissory Note, dated February 10, 2014, in the original principal amount of $2,000,000.00, a copy of which is attached hereto as Exhibit D; a Promissory Note, dated August 15, 2014, in the original principal amount of $500,000.00, a copy of which is attached hereto as Exhibit E; a Promissory Note, dated August 18, 2014, in the original principal amount of $500,000.00, a copy of which is attached hereto as Exhibit F; a Promissory Note, dated November 12, 2014, in the original principal amount of $1,000,000.00, a copy of which is attached hereto as Exhibit G; a Promissory Note, dated January 28, 2015, in the original principal amount of 500,000.00, a copy of which is attached hereto as Exhibit H; a Promissory Note, dated April 7, 2015, in the original principal amount of $500,000.00, a copy of which is attached hereto as Exhibit I; a Promissory Note, dated May 12, 2015, in the original principal amount of $500,000.00, a copy of which is attached hereto as Exhibit J; and a Promissory Note, dated August 24, 2015, in the original principal amount of $2,000,000.00, a copy of which is attached hereto as Exhibit K (collectively, the "Promissory Notes", and the aggregate principal amount of such Promissory Notes, the "Promissory Note Amount");

C. WHEREAS, (i) the Contribution Amount and the Promissory Note Amount reflect the same transfers of cash to the Company by the Contributor, (ii) the Parties believe such amounts were properly characterized as Capital Contributions and the Promissory Notes were entered into in error and (iii) the Parties desire to memorialize such understanding and clarify such characterization;

D. WHEREAS, prior to April 4, 2016, the Company had two lines of business: the genetics diagnostics business (the "Diagnostics Business"), which was conducted directly by the Company, and the pharmaceutical business (the "Pharma Business"), which was conducted through Pharma;

E. WHEREAS, on April 4, 2016, the Company separated the Pharma Business from the Diagnostics Business (the "Pharma Split-Off') by redeeming all its Class P Shares (as defined in the Company Operating Agreement) in exchange for Preferred Shares of Pharma (as defined in the Amended and Restated Operating Agreement of Pharma (the "Pharma Operating Agreement")), causing Pharma to assume all then-outstanding options to purchase Class P Shares and allocating the Contribution Amount between the Company and Pharma in proportion to the use of such Contribution Amount in the Diagnostics Business and the Pharma Business, respectively (the "Allocation"); and

F. WHEREAS, the amounts allocable pursuant to the Allocation were not determinable at the time of the Pharma Split-Off and the Parties desire to agree on the Allocation as further set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

AGREEMENT

1. Contribution of Contribution Amount. The Parties acknowledge and agree the Contributor contributed the Contribution Amount to the Company as a series of Capital Contributions to the Company.

2. Contribution Amount Consideration. In consideration for Contributor's contribution of the Contribution Amount, the Company issued to the Contributor 510 Class A Shares, which subsequently were recapitalized into an aggregate of 56,000,000 Class D Preferred Shares and 51,000,000 Class P Preferred Shares, which Class D Preferred Shares subsequently were recapitalized into Class D-1 Preferred Shares and which Class P Preferred Shares subsequently were redeemed in exchange for Preferred Shares of Pharma.

3. Promissory Notes. The Parties acknowledge and agree the Promissory Notes improperly characterized the Contribution Amount and were void *ab initio.* In the event the Promissory Notes are deemed not void *ab initio*, such Promissory Notes shall be deemed cancelled effective immediately prior to the Pharma Split-Off, the principal amounts due thereunder shall be deemed contributed to the capital of the Company as a Capital Contribution, thereby becoming the Contribution Amount, and any interest accrued on such principal amounts shall be deemed cancelled.

4. Allocation. Effective as of the Pharma Split-Off, $4,592,488.82 of the Contribution Amount shall have been allocated to the Company and $10,907,511.18 of the Contribution Amount shall have been allocated to Pharma.

5. Amendments to Operating Agreements.

(a) For purposes of the Company Operating Agreement, the Contributor and the Ming Hsieh Annuity Trust shall be deemed to have Capital Contributions equal to, in the aggregate, $4,592,488.82, such that, among other things, the aggregate amount of their entitlement to distributions pursuant to Section 4.3(a)(i)(1) of the Company Operating Agreement shall equal $4,592,488.82. For the avoidance of doubt, the Contributor and the

Ming Hsieh Annuity Trust shall be deemed to have such aggregate amount of Capital Contributions and an entitlement to such aggregate amount of distributions notwithstanding any actual or deemed transfer of Class D-1 Preferred Shares pursuant to that certain Share Purchase Agreement, dated as of May 11, 2016.

(b) For purposes of the Pharma Operating Agreement, the Contributor shall be deemed to have Capital Contributions equal to, in the aggregate, $10,907,511.18, such that, among other things, the aggregate amount of his entitlement to distributions pursuant to Section 4.3(a)(i)(1) of the Pharma Operating Agreement shall equal $10,907,511.18.

(c) The Company Operating Agreement and the Pharma Operating Agreement, including any schedules thereto, shall be deemed amended to the extent necessary to reflect the terms of this Section 5.

6. Miscellaneous.

(a) Entire Agreement. This Agreement shall constitute the entire agreement and understanding of the Parties relating to the subject matter hereof and shall supersede all agreements and understandings that have an effective date prior to this Agreement.

(b) Further Assurances. The Parties shall execute and deliver any and all further materials, documents and instruments of conveyance, transfer or assignment, or take any other action, as may reasonably be requested by the Company and Pharma, to effect, record or verify the transfer to, and vesting in, the Company and Pharma, as applicable, of the Contribution Amount.

(c) No Third-Party Beneficiaries. Nothing in this Agreement will be construed as giving any person, other than the Parties and their successors and permitted assigns, any right, remedy, or claim under or in respect of this Agreement.

(d) Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the Parties and their respective successors, heirs, administrators and assigns.

(e) Relationship Among Parties. This Agreement shall not constitute any Party as an agent or legal representative of any other Party, nor shall a Party have the right or authority to assume, create, or incur any liability of any kind, expressed or implied, against or in the name or on behalf of the other Parties. Nothing contained in this Agreement is intended to, or shall be deemed to, create a partnership or joint venture relationship among the Parties.

(f) Amendment; Waiver. This Agreement cannot be amended or changed, nor any performance, term, or condition waived in whole or in part, except by a writing signed by the Party against whom enforcement of the change or waiver is sought. Any term or condition of this Agreement may be waived at any time by the Party hereto entitled to the benefit thereof, and any such term or condition may be modified at any time by an agreement in writing executed by each of the Parties hereto entitled to the benefit thereof. No delay or failure on the part of any Party in exercising any rights hereunder, and no partial or single exercise thereof, will constitute a waiver of such rights or of any other rights hereunder.

(g) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

(h) Severability. If any provision of this Agreement, or the application thereof to any person, place, or circumstance, shall be held by a court of competent jurisdiction to be invalid, unenforceable or void, the remainder of this Agreement and such provision as applied to other persons, places and circumstances shall remain in full force and effect.

(i) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

(Signature Page Follows)

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first written above.

CONTRIBUTOR

MING HSIEH

/s/ Ming Hsieh

COMPANY

FULGENT THERAPEUTICS LLC,
a California limited liability company

By: /s/ Ming Hsieh
Name: Ming Hsieh
Title: Manager

PHARMA

FULGENT PHARMA LLC,
a California limited liability company

By: /s/ Ming Hsieh
Name: Ming Hsieh
Title: Manager

Exhibit A

Promissory Note, dated February 11, 2013

PROMISSORY NOTE

Amount $2,000,000.00 Date February 11th, 2013

FOR VALUE RECEIVED, FULGENT THERAPEUTICS, LLC, (the "Borrower"), hereby promises to pay to the order of **MING HSIEH,** ("Lender"), the principal sum of $2,000,000.00 pursuant to the terms and conditions set forth herein.

PAYMENT OF PRINCIPAL. The principal amount of this Promissory Note and any accrued but unpaid interest shall be due and payable on February 10th, 2016. All payments under this Note shall be applied first to accrued but unpaid interest, and next to outstanding principal. If not sooner paid, the entire remaining indebtedness (including accrued interest) shall be due and payable on February 10th, 2016.

INTEREST. This Note shall bear simple interest at 0.21 percent.

PREPAYMENT. The Maker shall have the right at any time and from time to time to prepay this Note in whole or in part without premium or penalty.

REMEDIES. No delay or omission on part of the holder of this Note in exercising any right hereunder shall operate as a waiver of any such right or of any other right of such holder, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or waiver of the same or any other right on any future occasion. The rights and remedies of the Payee shall be cumulative and may be pursued singly, successively, or together, in the sole discretion of the Payee.

IN WITNESS WHEREOF, *Borrower* has executed this Promissory Note as of the day and year first above written.

Borrower: /s/ Ming Hsieh
FULGENT THERAPEUTICS, LLC

Lender: /s/ Ming Hsieh
MING HSIEH

REV. RUL. 2013-3 TABLE 1

Applicable Federal Rates (AFR) for February 2013

	Period for Compounding			
	Annual	Semiannual	Quarterly	Monthly
		Short-term		
AFR	.21%	.21%	.21%	.21%
110% AFR	.23%	.23%	.23%	.23%
120% AFR	.25%	.25%	.25%	.25%
130% AFR	.27%	.27%	.27%	.27%
		Mid-term		
AFR	1.01%	1.01%	1.01%	1.01%
110% AFR	1.11%	1.11%	1.11%	1.11%
120% AFR	1.21%	1.21%	1.21%	1.21%
130% AFR	1.31%	1.31%	1.31%	1.31%
150% AFR	1.53%	1.52%	1.52%	1.52%
175% AFR	1.78%	1.77%	1.77%	1.76%
		Long-term		
AFR	2.52%	2.50%	2.49%	2.49%
110% AFR	2.77%	2.75%	2.74%	2.73%
120% AFR	3.02%	3.00%	2.99%	2.98%
130% AFR	3.28%	3.25%	3.24%	3.23%

Exhibit B

Promissory Note, dated September 11, 2013

PROMISSORY NOTE

Amount $1,000,000.00 Date September 11th, 2013

FOR VALUE RECEIVED, FULGENT THERAPEUTICS, LLC, (the "Borrower"), hereby promises to pay to the order of **MING HSIEH,** ("Lender"), the principal sum of $1,000,000.00 pursuant to the terms and conditions set forth herein.

PAYMENT OF PRINCIPAL. The principal amount of this Promissory Note and any accrued but unpaid interest shall be due and payable on September 10th, 2016. All payments under this Note shall be applied first to accrued but unpaid interest, and next to outstanding principal. If not sooner paid, the entire remaining indebtedness (including accrued interest) shall be due and payable on September 10th, 2016.

INTEREST. This Note shall bear simple interest at 0.25 percent.

PREPAYMENT. The Maker shall have the right at any time and from time to time to prepay this Note in whole or in part without premium or penalty.

REMEDIES. No delay or omission on part of the holder of this Note in exercising any right hereunder shall operate as a waiver of any such right or of any other right of such holder, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or waiver of the same or any other right on any future occasion. The rights and remedies of the Payee shall be cumulative and may be pursued singly, successively, or together, in the sole discretion of the Payee.

IN WITNESS WHEREOF, ***Borrower*** has executed this Promissory Note as of the day and year first above written.

Borrower: /s/ Ming Hsieh
FULGENT THERAPEUTICS, LLC

Lender: /s/ Ming Hsieh
MING HSIEH

REV. RUL. 2013-18 TABLE 1

Applicable Federal Rates (AFR) for September 2013

	Period for Compounding			
	Annual	Semiannual	Quarterly	Monthly
		Short-term		
AFR	.25%	.25%	.25%	.25%
110% AFR	.28%	.28%	.28%	.28%
120% AFR	.30%	.30%	.30%	.30%
130% AFR	.33%	.33%	.33%	.33%
		Mid-term		
AFR	1.66%	1.65%	1.65%	1.64%
110% AFR	1.83%	1.82%	1.82%	1.81%
120% AFR	1.99%	1.98%	1.98%	1.97%
130% AFR	2.16%	2.15%	2.14%	2.14%
150% AFR	2.50%	2.48%	2.47%	2.47%
175% AFR	2.91%	2.89%	2.88%	2.87%
		Long-term		
AFR	3.28%	3.25%	3.24%	3.23%
110% AFR	3.61%	3.58%	3.56%	3.55%
120% AFR	3.94%	3.90%	3.88%	3.87%
130% AFR	4.27%	4.23%	4.21%	4.19%

Exhibit C

Promissory Note, dated December 27, 2013

PROMISSORY NOTE

Amount $1,000,000.00 Date December 27th, 2013

FOR VALUE RECEIVED, FULGENT THERAPEUTICS, LLC, (the "Borrower"), hereby promises to pay to the order of **MING HSIEH**, ("Lender"), the principal sum of $1,000,000.00 pursuant to the terms and conditions set forth herein.

PAYMENT OF PRINCIPAL. The principal amount of this Promissory Note and any accrued but unpaid interest shall be due and payable on December 26th, 2016. All payments under this Note shall be applied first to accrued but unpaid interest, and next to outstanding principal. If not sooner paid, the entire remaining indebtedness (including accrued interest) shall be due and payable on December 26th, 2016.

INTEREST. This Note shall bear simple interest at 0.25 percent.

PREPAYMENT. The Maker shall have the right at any time and from time to time to prepay this Note in whole or in part without premium or penalty.

REMEDIES. No delay or omission on part of the holder of this Note in exercising any right hereunder shall operate as a waiver of any such right or of any other right of such holder, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or waiver of the same or any other right on any future occasion. The rights and remedies of the Payee shall be cumulative and may be pursued singly, successively, or together, in the sole discretion of the Payee.

IN WITNESS WHEREOF, ***Borrower*** has executed this Promissory Note as of the day and year first above written.

Borrower: /s/ Ming Hsieh
FULGENT THERAPEUTICS, LLC

Lender: /s/ Ming Hsieh
MING HSIEH

REV. RUL. 2013-26 TABLE 1

Applicable Federal Rates (AFR) for December 2013

	Period for Compounding			
	Annual	Semiannual	Quarterly	Monthly
		Short-term		
AFR	.25%	.25%	.25%	.25%
110% AFR	.28%	.28%	.28%	.28%
120% AFR	.30%	.30%	.30%	.30%
130% AFR	.33%	.33%	.33%	.33%
		Mid-term		
AFR	1.65%	1.64%	1.64%	1.63%
110% AFR	1.81%	1.80%	1.80%	1.79%
120% AFR	1.98%	1.97%	1.97%	1.96%
130% AFR	2.14%	2.13%	2.12%	2.12%
150% AFR	2.48%	2.46%	2.45%	2.45%
175% AFR	2.89%	2.87%	2.86%	2.85%
		Long-term		
AFR	3.32%	3.29%	3.28%	3.27%
110% AFR	3.65%	3.62%	3.60%	3.59%
120% AFR	3.99%	3.95%	3.93%	3.92%
130% AFR	4.33%	4.28%	4.26%	4.24%

Exhibit D

Promissory Note, dated February 10, 2014

PROMISSORY NOTE

Amount $2,000,000.00 Date February 10th, 2014

FOR VALUE RECEIVED, FULGENT THERAPEUTICS, LLC, (the "Borrower"), hereby promises to pay to the order of **MING HSIEH,** ("Lender"), the principal sum of $2,000,000.00 pursuant to the terms and conditions set forth herein.

PAYMENT OF PRINCIPAL. The principal amount of this Promissory Note and any accrued but unpaid interest shall be due and payable on February 9th, 2017. All payments under this Note shall be applied first to accrued but unpaid interest, and next to outstanding principal. If not sooner paid, the entire remaining indebtedness (including accrued interest) shall be due and payable on February 9th, 2017.

INTEREST. This Note shall bear simple interest at 0.30 percent.

PREPAYMENT. The Maker shall have the right at any time and from time to time to prepay this Note in whole or in part without premium or penalty.

REMEDIES. No delay or omission on part of the holder of this Note in exercising any right hereunder shall operate as a waiver of any such right or of any other right of such holder, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or waiver of the same or any other right on any future occasion. The rights and remedies of the Payee shall be cumulative and may be pursued singly, successively, or together, in the sole discretion of the Payee.

IN WITNESS WHEREOF, ***Borrower*** has executed this Promissory Note as of the day and year first above written.

Borrower: /s/ Ming Hsieh
FULGENT THERAPEUTICS, LLC

Lender: /s/ Ming Hsieh
MING HSIEH

REV. RUL. 2014-6 TABLE 1

Applicable Federal Rates (AFR) for February 2014

	Period for Compounding			
	Annual	Semiannual	Quarterly	Monthly
		Short-term		
AFR	.30%	.30%	.30%	.30%
110% AFR	.33%	.33%	.33%	.33%
120% AFR	.36%	.36%	.36%	.36%
130% AFR	.39%	.39%	.39%	.39%
		Mid-term		
AFR	1.97%	1.96%	1.96%	1.95%
110% AFR	2.17%	2.16%	2.15%	2.15%
120% AFR	2.36%	2.35%	2.34%	2.34%
130% AFR	2.57%	2.55%	2.54%	2.54%
150% AFR	2.96%	2.94%	2.93%	2.92%
175% AFR	3.46%	3.43%	3.42%	3.41%
		Long-term		
AFR	3.56%	3.53%	3.51%	3.50%
110% AFR	3.92%	3.88%	3.86%	3.85%
120% AFR	4.28%	4.24%	4.22%	4.20%
130% AFR	4.64%	4.59%	4.56%	4.55%

Exhibit E

Promissory Note, dated August 15, 2014

PROMISSORY NOTE

Amount $500,000.00 Date August 15th, 2014

FOR VALUE RECEIVED, FULGENT THERAPEUTICS, LLC, (the "Borrower"), hereby promises to pay to the order of **MING HSIEH,** ("Lender"), the principal sum of $500,000.00 pursuant to the terms and conditions set forth herein.

PAYMENT OF PRINCIPAL. The principal amount of this Promissory Note and any accrued but unpaid interest shall be due and payable on August 14th, 2017. All payments under this Note shall be applied first to accrued but unpaid interest, and next to outstanding principal. If not sooner paid, the entire remaining indebtedness (including accrued interest) shall be due and payable on August 14th, 2017.

INTEREST. This Note shall bear simple interest at 0.36 percent.

PREPAYMENT. The Maker shall have the right at any time and from time to time to prepay this Note in whole or in part without premium or penalty.

REMEDIES. No delay or omission on part of the holder of this Note in exercising any right hereunder shall operate as a waiver of any such right or of any other right of such holder, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or waiver of the same or any other right on any future occasion. The rights and remedies of the Payee shall be cumulative and may be pursued singly, successively, or together, in the sole discretion of the Payee.

IN WITNESS WHEREOF, ***Borrower*** has executed this Promissory Note as of the day and year first above written.

Borrower: /s/ Ming Hsieh
FULGENT THERAPEUTICS, LLC

Lender: /s/ Ming Hsieh
MING HSIEH

REV. RUL. 2014-19 TABLE 1

Applicable Federal Rates (AFR) for August 2014

	Period for Compounding			
	Annual	Semiannual	Quarterly	Monthly
		Short-term		
AFR	.36%	.36%	.36%	.36%
110% AFR	.40%	.40%	.40%	.40%
120% AFR	.43%	.43%	.43%	.43%
130% AFR	.47%	.47%	.47%	.47%
		Mid-term		
AFR	1.89%	1.88%	1.88%	1.87%
110% AFR	2.08%	2.07%	2.06%	2.06%
120% AFR	2.27%	2.26%	2.25%	2.25%
130% AFR	2.45%	2.44%	2.43%	2.43%
150% AFR	2.84%	2.82%	2.81%	2.80%
175% AFR	3.32%	3.29%	3.28%	3.27%
		Long-term		
AFR	3.09%	3.07%	3.06%	3.05%
110% AFR	3.41%	3.38%	3.37%	3.36%
120% AFR	3.71%	3.68%	3.66%	3.65%
130% AFR	4.03%	3.99%	3.97%	3.96%

Exhibit F

Promissory Note, dated August 18, 2014

PROMISSORY NOTE

Amount $500,000.00 Date August 18th, 2014

FOR VALUE RECEIVED, FULGENT THERAPEUTICS, LLC, (the "Borrower"), hereby promises to pay to the order of **MING HSIEH,** ("Lender"), the principal sum of $500,000.00 pursuant to the terms and conditions set forth herein.

PAYMENT OF PRINCIPAL. The principal amount of this Promissory Note and any accrued but unpaid interest shall be due and payable on August 17th, 2017. All payments under this Note shall be applied first to accrued but unpaid interest, and next to outstanding principal. If not sooner paid, the entire remaining indebtedness (including accrued interest) shall be due and payable on August 17th, 2017.

INTEREST. This Note shall bear simple interest at 0.36 percent.

PREPAYMENT. The Maker shall have the right at any time and from time to time to prepay this Note in whole or in part without premium or penalty.

REMEDIES. No delay or omission on part of the holder of this Note in exercising any right hereunder shall operate as a waiver of any such right or of any other right of such holder, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or waiver of the same or any other right on any future occasion. The rights and remedies of the Payee shall be cumulative and may be pursued singly, successively, or together, in the sole discretion of the Payee.

IN WITNESS WHEREOF, ***Borrower*** has executed this Promissory Note as of the day and year first above written.

Borrower: /s/ Ming Hsieh
FULGENT THERAPEUTICS, LLC

Lender: /s/ Ming Hsieh
MING HSIEH

REV. RUL. 2014-19 TABLE 1

Applicable Federal Rates (AFR) for August 2014

	Period for Compounding			
	Annual	Semiannual	Quarterly	Monthly
		Short-term		
AFR	.36%	.36%	.36%	.36%
110% AFR	.40%	.40%	.40%	.40%
120% AFR	.43%	.43%	.43%	.43%
130% AFR	.47%	.47%	.47%	.47%
		Mid-term		
AFR	1.89%	1.88%	1.88%	1.87%
110% AFR	2.08%	2.07%	2.06%	2.06%
120% AFR	2.27%	2.26%	2.25%	2.25%
130% AFR	2.45%	2.44%	2.43%	2.43%
150% AFR	2.84%	2.82%	2.81%	2.80%
175% AFR	3.32%	3.29%	3.28%	3.27%
		Long-term		
AFR	3.09%	3.07%	3.06%	3.05%
110% AFR	3.41%	3.38%	3.37%	3.36%
120% AFR	3.71%	3.68%	3.66%	3.65%
130% AFR	4.03%	3.99%	3.97%	3.96%

Exhibit G

Promissory Note, dated November 12, 2014

PROMISSORY NOTE

Amount $1,000,000.00 Date November 12th, 2014

FOR VALUE RECEIVED, FULGENT THERAPEUTICS, LLC, (the "Borrower"), hereby promises to pay to the order of **MING HSIEH,** ("Lender"), the principal sum of $1,000,000.00 pursuant to the terms and conditions set forth herein.

PAYMENT OF PRINCIPAL. The principal amount of this Promissory Note and any accrued but unpaid interest shall be due and payable on November 11th, 2017. All payments under this Note shall be applied first to accrued but unpaid interest, and next to outstanding principal. If not sooner paid, the entire remaining indebtedness (including accrued interest) shall be due and payable on November 11th, 2017.

INTEREST. This Note shall bear simple interest at 0.39 percent.

PREPAYMENT. The Maker shall have the right at any time and from time to time to prepay this Note in whole or in part without premium or penalty.

REMEDIES. No delay or omission on part of the holder of this Note in exercising any right hereunder shall operate as a waiver of any such right or of any other right of such holder, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or waiver of the same or any other right on any future occasion. The rights and remedies of the Payee shall be cumulative and may be pursued singly, successively, or together, in the sole discretion of the Payee.

IN WITNESS WHEREOF, ***Borrower*** has executed this Promissory Note as of the day and year first above written.

Borrower: /s/ Ming Hsieh
FULGENT THERAPEUTICS, LLC

Lender: /s/ Ming Hsieh
MING HSIEH

REV. RUL. 2014-28 TABLE 1

Applicable Federal Rates (AFR) for November 2014

	Period for Compounding			
	Annual	Semiannual	Quarterly	Monthly
		Short-term		
AFR	.39%	.39%	.39%	.39%
110% AFR	.43%	.43%	.43%	.43%
120% AFR	.47%	.47%	.47%	.47%
130% AFR	.51%	.51%	.51%	.51%
		Mid-term		
AFR	1.90%	1.89%	1.89%	1.88%
110% AFR	2.09%	2.08%	2.07%	2.07%
120% AFR	2.28%	2.27%	2.26%	2.26%
130% AFR	2.48%	2.46%	2.45%	2.45%
150% AFR	2.86%	2.84%	2.83%	2.82%
175% AFR	3.34%	3.31%	3.30%	3.29%
		Long-term		
AFR	2.91%	2.89%	2.88%	2.87%
110% AFR	3.21%	3.18%	3.17%	3.16%
120% AFR	3.50%	3.47%	3.46%	3.45%
130% AFR	3.80%	3.76%	3.74%	3.73%

Exhibit H

Promissory Note, dated January 28, 2015

PROMISSORY NOTE

Amount $500,000.00 Date January 28th, 2015

FOR VALUE RECEIVED, FULGENT THERAPEUTICS, LLC, (the "Borrower"), hereby promises to pay to the order of **MING HSIEH,** ("Lender"), the principal sum of $500,000.00 pursuant to the terms and conditions set forth herein.

PAYMENT OF PRINCIPAL. The principal amount of this Promissory Note and any accrued but unpaid interest shall be due and payable on January 27th, 2018. All payments under this Note shall be applied first to accrued but unpaid interest, and next to outstanding principal. If not sooner paid, the entire remaining indebtedness (including accrued interest) shall be due and payable on January 27th, 2018.

INTEREST. This Note shall bear simple interest at 0.41 percent.

PREPAYMENT. The Maker shall have the right at any time and from time to time to prepay this Note in whole or in part without premium or penalty.

REMEDIES. No delay or omission on part of the holder of this Note in exercising any right hereunder shall operate as a waiver of any such right or of any other right of such holder, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or waiver of the same or any other right on any future occasion. The rights and remedies of the Payee shall be cumulative and may be pursued singly, successively, or together, in the sole discretion of the Payee.

IN WITNESS WHEREOF, ***Borrower*** has executed this Promissory Note as of the day and year first above written.

Borrower: /s/ Ming Hsieh
FULGENT THERAPEUTICS, LLC

Lender: /s/ Ming Hsieh
MING HSIEH

REV. RUL. 2015-1 TABLE 1

Applicable Federal Rates (AFR) for January 2015

	Period for Compounding			
	Annual	Semiannual	Quarterly	Monthly
		Short-term		
AFR	.41%	.41%	.41%	.41%
110% AFR	.45%	.45%	.45%	.45%
120% AFR	.49%	.49%	.49%	.49%
130% AFR	.53%	.53%	.53%	.53%
		Mid-term		
AFR	1.75%	1.74%	1.74%	1.73%
110% AFR	1.92%	1.91%	1.91%	1.90%
120% AFR	2.10%	2.09%	2.08%	2.08%
130% AFR	2.27%	2.26%	2.25%	2.25%
150% AFR	2.63%	2.61%	2.60%	2.60%
175% AFR	3.07%	3.05%	3.04%	3.03%
		Long-term		
AFR	2.67%	2.65%	2.64%	2.64%
110% AFR	2.94%	2.92%	2.91%	2.90%
120% AFR	3.21%	3.18%	3.17%	3.16%
130% AFR	3.48%	3.45%	3.44%	3.43%

Exhibit I

Promissory Note, dated April 7, 2015

PROMISSORY NOTE

Amount $500,000.00 Date April 7th, 2015

FOR VALUE RECEIVED, FULGENT THERAPEUTICS, LLC, (the "Borrower"), hereby promises to pay to the order of **MING HSIEH,** ("Lender"), the principal sum of $500,000.00 pursuant to the terms and conditions set forth herein.

PAYMENT OF PRINCIPAL. The principal amount of this Promissory Note and any accrued but unpaid interest shall be due and payable on April 6th, 2018. All payments under this Note shall be applied first to accrued but unpaid interest, and next to outstanding principal. If not sooner paid, the entire remaining indebtedness (including accrued interest) shall be due and payable on April 6th, 2018.

INTEREST. This Note shall bear simple interest at 0.48 percent.

PREPAYMENT. The Maker shall have the right at any time and from time to time to prepay this Note in whole or in part without premium or penalty.

REMEDIES. No delay or omission on part of the holder of this Note in exercising any right hereunder shall operate as a waiver of any such right or of any other right of such holder, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or waiver of the same or any other right on any future occasion. The rights and remedies of the Payee shall be cumulative and may be pursued singly, successively, or together, in the sole discretion of the Payee.

IN WITNESS WHEREOF, ***Borrower*** has executed this Promissory Note as of the day and year first above written.

Borrower: /s/ Ming Hsieh
FULGENT THERAPEUTICS, LLC

Lender: /s/ Ming Hsieh
MING HSIEH

REV. RUL. 2015-7 TABLE 1

Applicable Federal Rates (AFR) for April 2015

	Period for Compounding			
	Annual	Semiannual	Quarterly	Monthly
		Short-term		
AFR	.48%	.48%	.48%	.48%
110% AFR	.53%	.53%	.53%	.53%
120% AFR	.58%	.58%	.58%	.58%
130% AFR	.62%	.62%	.62%	.62%
		Mid-term		
AFR	1.70%	1.69%	1.69%	1.68%
110% AFR	1.87%	1.86%	1.86%	1.85%
120% AFR	2.04%	2.03%	2.02%	2.02%
130% AFR	2.21%	2.20%	2.19%	2.19%
150% AFR	2.56%	2.54%	2.53%	2.53%
175% AFR	2.98%	2.96%	2.95%	2.94%
		Long-term		
AFR	2.47%	2.45%	2.44%	2.44%
110% AFR	2.72%	2.70%	2.69%	2.68%
120% AFR	2.96%	2.94%	2.93%	2.92%
130% AFR	3.22%	3.19%	3.18%	3.17%

Exhibit J

Promissory Note, dated May 12, 2015

PROMISSORY NOTE

Amount $500,000.00 Date May 12th, 2015

FOR VALUE RECEIVED, FULGENT THERAPEUTICS, LLC, (the "Borrower"), hereby promises to pay to the order of **MING HSIEH,** ("Lender"), the principal sum of $500,000.00 pursuant to the terms and conditions set forth herein.

PAYMENT OF PRINCIPAL. The principal amount of this Promissory Note and any accrued but unpaid interest shall be due and payable on May 11th, 2018. All payments under this Note shall be applied first to accrued but unpaid interest, and next to outstanding principal. If not sooner paid, the entire remaining indebtedness (including accrued interest) shall be due and payable on May 11th, 2018.

INTEREST. This Note shall bear simple interest at 0.43 percent.

PREPAYMENT. The Maker shall have the right at any time and from time to time to prepay this Note in whole or in part without premium or penalty.

REMEDIES. No delay or omission on part of the holder of this Note in exercising any right hereunder shall operate as a waiver of any such right or of any other right of such holder, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or waiver of the same or any other right on any future occasion. The rights and remedies of the Payee shall be cumulative and may be pursued singly, successively, or together, in the sole discretion of the Payee.

IN WITNESS WHEREOF, ***Borrower*** has executed this Promissory Note as of the day and year first above written.

Borrower: /s/ Ming Hsieh
FULGENT THERAPEUTICS, LLC

Lender: /s/ Ming Hsieh
MING HSIEH

REV. RUL. 2015-8 TABLE 1

Applicable Federal Rates (AFR) for May 2015

	Period for Compounding			
	Annual	Semiannual	Quarterly	Monthly
		Short-term		
AFR	.43%	.43%	.43%	.43%
110% AFR	.47%	.47%	.47%	.47%
120% AFR	.52%	.52%	.52%	.52%
130% AFR	.56%	.56%	.56%	.56%
		Mid-term		
AFR	1.53%	1.52%	1.52%	1.52%
110% AFR	1.68%	1.67%	1.67%	1.66%
120% AFR	1.83%	1.82%	1.82%	1.81%
130% AFR	1.99%	1.98%	1.98%	1.97%
150% AFR	2.29%	2.28%	2.27%	2.27%
175% AFR	2.68%	2.66%	2.65%	2.65%
		Long-term		
AFR	2.30%	2.29%	2.28%	2.28%
110% AFR	2.54%	2.52%	2.51%	2.51%
120% AFR	2.77%	2.75%	2.74%	2.73%
130% AFR	3.00%	2.98%	2.97%	2.96%

Exhibit K

Promissory Note, dated August 24, 2015

PROMISSORY NOTE

Amount $2,000,000.00 Date August 24th, 2015

FOR VALUE RECEIVED, FULGENT THERAPEUTICS, LLC, (the "Borrower"), hereby promises to pay to the order of **MING HSIEH,** ("Lender"), the principal sum of $2,000,000.00 pursuant to the terms and conditions set forth herein.

PAYMENT OF PRINCIPAL. The principal amount of this Promissory Note and any accrued but unpaid interest shall be due and payable on August 23th, 2018. All payments under this Note shall be applied first to accrued but unpaid interest, and next to outstanding principal. If not sooner paid, the entire remaining indebtedness (including accrued interest) shall be due and payable on August 23th, 2018.

INTEREST. This Note shall bear simple interest at 0.48 percent.

PREPAYMENT. The Maker shall have the right at any time and from time to time to prepay this Note in whole or in part without premium or penalty.

REMEDIES. No delay or omission on part of the holder of this Note in exercising any right hereunder shall operate as a waiver of any such right or of any other right of such holder, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or waiver of the same or any other right on any future occasion. The rights and remedies of the Payee shall be cumulative and may be pursued singly, successively, or together, in the sole discretion of the Payee.

IN WITNESS WHEREOF, *Borrower* has executed this Promissory Note as of the day and year first above written.

Borrower: /s/ Ming Hsieh
FULGENT THERAPEUTICS, LLC

Lender: /s/ Ming Hsieh
MING HSIEH

REV. RUL. 2015-16 TABLE 1

Applicable Federal Rates (AFR) for August 2015

	Period for Compounding			
	Annual	Semiannual	Quarterly	Monthly
		Short-term		
AFR	.48%	.48%	.48%	.48%
110% AFR	.53%	.53%	.53%	.53%
120% AFR	.58%	.58%	.58%	.58%
130% AFR	.62%	.62%	.62%	.62%
		Mid-term		
AFR	1.82%	1.81%	1.81%	1.80%
110% AFR	2.00%	1.99%	1.99%	1.98%
120% AFR	2.18%	2.17%	2.16%	2.16%
130% AFR	2.36%	2.35%	2.34%	2.34%
150% AFR	2.74%	2.72%	2.71%	2.70%
175% AFR	3.20%	3.17%	3.16%	3.15%
		Long-term		
AFR	2.82%	2.80%	2.79%	2.78%
110% AFR	3.10%	3.08%	3.07%	3.06%
120% AFR	3.39%	3.36%	3.35%	3.34%
130% AFR	3.67%	3.64%	3.62%	3.61%

Exhibit 10.19

COMMERCIAL LEASE

This Lease is made and entered into between E & E Plaza LLC, herein called Lessor, and Fulgent Therapeutics Inc herein called Lessee.

Lessee hereby offers to lease from Lessor the premises situated in the City of Temple City, County of **Los Angeles**, State of CA, described as 4978 Santa Anita Ave. #101 & #102, with approximately 1,350 square feet upon the following TERMS and CONDITIONS:

1. **Term and Rent**. Lessor demises the above premises for a term of three (3) years commencing on April 1, 2015 and terminating on March 31, 2018 or sooner as provided herein at the annual rental of Twenty Three Thousand Nine Hundred Seventy Six Dollars ($23,976.00) payable in equal monthly installments of $1,998.00 in advance on the first day of each month for that month's rent during the term of this lease. All rental payments shall be made to E & E Plaza LLC (Lessor) at the following address: Ideal Management at 625 E. Main Street Alhambra, CA 91801

2. **Late Charge**. In the event Tenant is more than Five (5) days late in paying any installment of rent due under this Lease, Tenant shall pay landlord a late charge equal to 10% of the delinquent installment of rent.

3. **Security Deposit**. Lessee shall deposit with Lessor on the signing of this lease the sum of $1,998.00 as security for the performance of Lessee's obligations under this lease, including without limitation the surrender of possession of the premises to Lessor as herein provided. If Lessor applies any part of the deposit to cure any default of Lessee, Lessee shall on demand deposit with Lessor the amount so applied so that Lessor shall have the full deposit on hand at all times during the term of this lease.

4. **Adjustment to the Rent**. The rent specified herein shall be increased on each Adjustment Date (April 1st) at 3% fixed annually starting 04/01/2016. Lessor agrees to provide to Lessee 3 months free rent which will be applied from 04/01/15 to 06/30/15. Lessee will be responsible to all tenant improvement expenses and costs in unit #101 & #102.

5. **Use**. Lessee shall use and occupy the premises for Lab. the premises shall be used for no other purpose. Lessor represents that the premises may lawfully be used for such purpose.

6. **Care and Maintenance of Premises**. Lessee acknowledges that the premises are in good order and repair, unless otherwise indicated herein. Lessee shall, at his own expense and at all times, maintain the premises in good and safe condition, including plate glass, electrical wiring, plumbing and any other system or equipment exclusively used for that premises and shall surrender the same, at termination hereof, in as good condition as received, normal wear and tear excepted. Lessee shall be responsible for all repairs required, except the roof, exterior walls, and structural foundations, which shall be maintained by Lessor.

7. **Alterations**. Lessee shall not, without first obtaining the written consent of Lessor, make any alterations, additions, or improvements, in, to or about the premises.

8. **Ordinances and Statutes**. Lessee shall comply with all statutes, ordinances and requirements of all municipal, state and federal authorities now in force, or which may hereafter be in force, pertaining to the premises, occasioned by or affecting the use thereof by Lessee.

9. **Assignment and Subletting**. Lessee shall not assign this lease or sublet any portion of the premises without prior written consent of the Lessor, which shall not be unreasonably withheld. Any such assignment or subletting without consent shall be void and, Lessor, at his/her option, may terminate this lease.

10. **Utilities**. All applications and connections for necessary utility services on the demised premises shall be made in the name of Lessee only, and Lessee shall be solely liable for utility charges as they become due, including those for electricity, and telephone services.

11. **Entry and Inspection**. Lessee shall permit Lessor or Lessor's agents to enter upon the premises at reasonable times and upon reasonable notice, for the purpose of inspecting the same, and will permit Lessor at any time within sixty (60) days prior to the expiration of this lease, to place upon the premises any usual "To Let" or "For Lease" signs, and permit persons desiring to lease the same to inspect the premises thereafter.

12. **Possession**. If Lessor is unable to deliver possession of the premises at the commencement hereof, Lessor shall not be liable for any damage caused thereby, nor shall this lease be void or voidable, but Lessee shall not be liable for any rent until possession is delivered. Lessee may terminate this lease if possession is not delivered within 30 days of the commencement of the term hereof.

13. **Indemnification of Lessor**. Lessor shall not be liable for any damage or injury to Lessee, or any other person, or to any property, occurring on the demised premises or any part thereof, and Lessee agrees to hold Lessor harmless from any claims for damages, no matter how caused.

14. **Insurance**. Lessee, at his expense, shall maintain plate glass and public liability insurance including bodily injury and property damage insuring Lessee and Lessor with minimum coverage as follows: $1,000,000.00 General Liability Insurance.

    Lessee shall provide Lessor with a Certificate of Insurance showing Lessor as additional insured. The Certificate shall provide for a ten-day written notice to Lessor in the event of Cancellation or material change of coverage. To the maximum extent permitted by insurance policies, which may be owned by Lessor or Lessee, Lessee and Lessor, for the benefit of each other, waive any and all rights of subrogation, which might otherwise exist.

    Tenant shall indemnify and hold Landlord harmless from and against any and all claims arising from Tenant's use or occupancy of the premises or from the conduct of its business or from any activity, work, or things which may be permitted or suffered by tenant in or about the premises including all damages, costs, attorney's fees, expenses and liabilities incurred in the defense of any claim or action or proceeding arising there from. Except for Landlord's willful or grossly negligent conduct, Tenant hereby assumes all risk of damage to property or injury to person in or about the premises from any cause, and Tenant hereby waives all claims in respect thereof against Landlord.

Except for Landlord's willful or grossly negligent conduct. Tenant hereby agrees that Landlord shall not be liable for any injury to Tenant's business or loss of income there from or for damage to the goods, wares, merchandise, or other property of Tenant. Tenant's employees, invitees, customers or any other person in or about the premises: nor shall Landlord be liable for injury to the person of Tenant, Tenant's employees, agents, contractors, or invitees, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air-conditioning, or lighting fixtures, or from any other cause, weather such damage results from conditions arising upon the premises or upon other portions of the building in which the premises are a part, or from any other sources or places. Landlord shall not be liable to Tenant for any damages arising from any act or neglect of any other tenant, if any, of the building in which the premises are located.

15. **Eminent Domain**. If the premises or any part thereof or any estate therein, or any other part of the building materially affecting Lessee's use of the premises, shall be taken by eminent domain, this lease shall terminate on the date when title vests pursuant to such taking. The rent, and any additional rent, shall be apportioned as of the termination date, and any rent paid for any period beyond that date shall be repaid to Lessee. Lessee shall not be entitled to any part of the award for such taking or any payment in lieu thereof, but Lessee may file a claim for any taking of fixtures and improvements owned by Lessee, and for moving expense.

16. **Destruction of Premises**. In the event of a partial destruction of the premises during the term hereof, from any cause, Lessor shall forthwith repair the same, provided that such repairs can be made within sixty (60) days under existing governmental laws and regulations, but such partial destruction shall not terminate this lease, except that Lessee shall be entitled to a proportionate reduction of rent while such repairs are being made, based upon the extent to which the making of such repairs shall interfere with the business of Lessee on the premises. If such repairs cannot be made within said sixty (60) days, Lessor, at his option, may make the same within a reasonable time, this lease continuing in effect with the rent proportionately abated as aforesaid, and in the event that Lessor shall not elect to make such repairs which cannot be made within sixty (60) days, this lease may be terminated at the option of either party. In the event that the building in which the demised premises may be situated is destroyed to an extent of not less than one-third of the replacement costs, thereof, Lessor may elect to terminate this lease whether the demised premises be injured or not. A total destruction of the building in which the premises may be situated shall terminate this lease.

17. **Lessor's Remedies on Default**. If Lessee shall default in the payment when due of any installment of rent herein or in the performance of any other convenant or obligation of Lessee herein, Lessor shall forward written notice, as provided herein, of such default to Lessee, and failure of Lessee to cure such default within Three (3) days after the date of receipt of such notice with respect to a default in the payment of rent or within Thirty (30) days after the date of receipt of such notice with respect to any other default of Lessee (or, if such other default cannot be cured within such Thirty(30) day period, within such reasonable additional time as is necessary to cure such other default, provided that Lessee pursues cure diligently and in good faith), shall thereafter allow Lessor to pursue all remedies provided to Lessor pursuant to state law applicable.

18. **Tax Increase**. In the event there is any increase during any year of the term of this lease in the City, County or State real estate taxes over and above the amount of such taxes assessed for the tax year during which the term of this lease commences, whether because of increased rate or valuation, Lessee shall pay to Lessor upon presentation of paid tax bills an amount equal to N/A % of the increase in taxes upon the year extending beyond the term of the lease, the obligation of Lessee shall be proportionate to the portion of the lease term included in such year.

19. **Common Area Expense**. In the event the demised premises are situated in a shopping center or in commercial building in which there are common areas, Lessee agrees to pay his pro-rata share of maintenance, taxes, and insurance for the common area. (N/A)

20. **Attorney's Fees**. In case suit should be brought for recovery of the premises, or for any sum due hereunder, or because of any act which may arise out of the possession of the premises, by either party, the prevailing party shall be entitled to all costs incurred in connection with such action, including a reasonable attorney's fee.

21. **Notices**. Any notice which either party may or is required to give, shall be given by mailing the same, postage prepaid, to Lessee at the premises, or Lessor at the address shown below, or at such other places as may be designated by the parties from time to time.

22. **Heirs, Assigns, Successors**. This lease is binding upon and insures to the benefit of the heirs, assigns and successors in interest to the parties.

23. **Options to Renew**. Provided that Lessee is not in default in the performance of this lease, Lessee shall have the option to renew the lease for None additional term of N/A years commencing at the expiration of the initial lease term. All of the terms and conditions of the lease shall apply during the renewal term. The option shall be exercised by written notice given to Lessor not less than 90 days prior to the expiration of the initial lease term. If notice is not given in the manner provided herein within the time specified, this option shall expire.

24. **Subordination**. This lease is and shall be subordinated to all existing and future liens and encumbrances against the property.

25. **Estoppels Certificate**. Each party, within (10) days after notice from the other party, shall execute and deliver to the other party a certificate stating that this Lease is unmodified and in full force and effect, or in full force and effect as modified, and stating the modification. The certificate shall also state the amount of minimum monthly rent, the dates to which the rent has been paid in advance, and the amount of any security deposit or prepaid rent, if any, as well as acknowledging that there are not, to that party's knowledge, any uncured defaults on the part of the other party, or specifying such defaults, if any, which are claimed. Failure to deliver such a certificate within the ten (10) day period shall be conclusive upon the party failing to deliver the certificate to the benefit of the party requesting the certificate that this Lease is in full force and effect, that there are no uncured defaults hereunder, and has not been modified except as may be represented by the party requesting the certificate

26. Covenants and conditions. Each provision of this lease performable by Tenant shall be deemed both a covenant and a condition.

27. Choice of Law. The parties hereto agree that the laws of the State of California shall govern this Lease.

Entire Agreement. The foregoing constitutes the entire agreement between the parties and may be modified only by a writing signed by both parties.

Signed this 14th Day of April, 2015 04/14/2015

By /s/ *James Shi*
Lessor:
E & E Plaza LLC

By /s/ *Ming Hsleh*
Lessee:
Fulgent Therapeutics Inc

COMMERCIAL LEASE

This Lease is made and entered into between E & E Plaza LLC, herein called Lessor, and Fulgent Therapeutics LLC herein called Lessee.

Lessee hereby offers to lease from Lessor the premises situated in the City of Temple City, County of **Los Angeles,** State of CA, described as 4978 Santa Anita Ave. #103, with approximately 948 square feet upon the following TERMS and CONDITIONS:

1. **Term and Rent**. Lessor demises the above premises for a term of two (2) years commencing on April 1, 2016 and terminating on March 31, 2018 or sooner as provided herein at the annual rental of Eighteen Thousand Two Hundred One Dollars and 60/100 ($18,201.60) payable in equal monthly installments of $1,516.80 in advance on the first day of each month for that month's rent during the term of this lease. All rental payments shall be made to E & E Plaza LLC (Lessor) at the following address: Ideal Management at 625 E. Main Street Alhambra, CA 91801

2. **Late Charge**. In the event Tenant is more than Five (5) days late in paying any installment of rent due under this Lease, Tenant shall pay landlord a late charge equal to 10% of the delinquent installment of rent.

3. **Security Deposit**. Lessee shall deposit with Lessor on the signing of this lease the sum of $1,516.80 as security for the performance of Lessee's obligations under this lease, including without limitation the surrender of possession of the premises to Lessor as herein provided. If Lessor applies any part of the deposit to cure any default of Lessee, Lessee shall on demand deposit with Lessor the amount so applied so that Lessor shall have the full deposit on hand at all times during the term of this lease.

4. **Adjustment to the Rent**. The rent specified herein shall be increased on each Adjustment Date (April 1st) at 3% - 5% annually starting 04/01/2017. Lessee will be responsible to all tenant improvement expenses and costs in unit #103.

5. **Use**. Lessee shall use and occupy the premises for Lab. the premises shall be used for no other purpose. Lessor represents that the premises may lawfully be used for such purpose.

6. **Care and Maintenance of Premises**. Lessee acknowledges that the premises are in good order and repair, unless otherwise indicated herein. Lessee shall, at his own expense and at all times, maintain the premises in good and safe condition, including plate glass, electrical wiring, plumbing and any other system or equipment exclusively used for that premises and shall surrender the same, at termination hereof, in as good condition as received, normal wear and tear excepted. Lessee shall be responsible for all repairs required, except the roof, exterior walls, and structural foundations, which shall be maintained by Lessor.

7. **Alterations**. Lessee shall not, without first obtaining the written consent of Lessor, make any alterations, additions, or improvements, in, to or about the premises.

8. **Ordinances and Statutes**. Lessee shall comply with all statutes, ordinances and requirements of all municipal, state and federal authorities now in force, or which may hereafter be in force, pertaining to the premises, occasioned by or affecting the use thereof by Lessee.

9. **Assignment and Subletting**. Lessee shall not assign this lease or sublet any portion of the premises without prior written consent of the Lessor, which shall not be unreasonably withheld. Any such assignment or subletting without consent shall be void and, Lessor, at his/her option, may terminate this lease.

10. **Utilities**. All applications and connections for necessary utility services on the demised premises shall be made in the name of Lessee only, and Lessee shall be solely liable for utility charges as they become due, including those for electricity, and telephone services.

11. **Entry and Inspection**. Lessee shall permit Lessor or Lessor's agents to enter upon the premises at reasonable times and upon reasonable notice, for the purpose of inspecting the same, and will permit Lessor at any time within sixty (60) days prior to the expiration of this lease, to place upon the premises any usual "To Let" or "For Lease" signs, and permit persons desiring to lease the same to inspect the premises thereafter.

12. **Possession**. If Lessor is unable to deliver possession of the premises at the commencement hereof. Lessor shall not be liable for any damage caused thereby, nor shall this lease be void or voidable, but Lessee shall not be liable for any rent until possession is delivered. Lessee may terminate this lease if possession is not delivered within 30 days of the commencement of the term hereof.

13. **Indemnification of Lessor**. Lessor shall not be liable for any damage or injury to Lessee, or any other person, or to any property, occurring on the demised premises or any part thereof, and Lessee agrees to hold Lessor harmless from any claims for damages, no matter how caused.

14. **Insurance**. Lessee, at his expense, shall maintain plate glass and public liability insurance including bodily injury and property damage insuring Lessee and Lessor with minimum coverage as follows: $1,000,000.00 General Liability Insurance.

    Lessee shall provide Lessor with a Certificate of Insurance showing Lessor as additional insured. The Certificate shall provide for a ten-day written notice to Lessor in the event of Cancellation or material change of coverage. To the maximum extent permitted by insurance policies, which may be owned by Lessor or Lessee, Lessee and Lessor, for the benefit of each other, waive any and all rights of subrogation, which might otherwise exist.

    Tenant shall indemnify and hold Landlord harmless from and against any and all claims arising from Tenant's use or occupancy of the premises or from the conduct of its business or from any activity, work, or things which may be permitted or suffered by tenant in or about the premises including all damages, costs, attorney's fees, expenses and liabilities incurred in the defense of any claim or action or proceeding arising there from. Except for Landlord's willful or grossly negligent conduct, Tenant hereby assumes all risk of damage to property or injury to person in or about the premises from any cause, and Tenant hereby waives all claims in respect thereof against Landlord.

Except for Landlord's willful or grossly negligent conduct, Tenant hereby agrees that Landlord shall not be liable for any injury to Tenant's business or loss of income there from or for damage to the goods, wares, merchandise, or other property of Tenant. Tenant's employees, invitees, customers or any other person in or about the premises: nor shall Landlord be liable for injury to the person of Tenant, Tenant's employees, agents, contractors, or invitees, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air-conditioning, or lighting fixtures, or from any other cause, weather such damage results from conditions arising upon the premises or upon other portions of the building in which the premises are a part, or from any other sources or places. Landlord shall not be liable to Tenant for any damages arising from any act or neglect of any other tenant, if any, of the building in which the premises are located.

15. **Eminent Domain**. If the premises or any part thereof or any estate therein, or any other part of the building materially affecting Lessee's use of the premises, shall be taken by eminent domain, this lease shall terminate on the date when title vests pursuant to such taking. The rent, and any additional rent, shall be apportioned as of the termination date, and any rent paid for any period beyond that date shall be repaid to Lessee. Lessee shall not be entitled to any part of the award for such taking or any payment in lieu thereof, but Lessee may file a claim for any taking of fixtures and improvements owned by Lessee, and for moving expense.

16. **Destruction of Premises**. In the event of a partial destruction of the premises during the term hereof, from any cause, Lessor shall forthwith repair the same, provided that such repairs can be made within sixty (60) days under existing governmental laws and regulations, but such partial destruction shall not terminate this lease, except that Lessee shall be entitled to a proportionate reduction of rent while such repairs are being made, based upon the extent to which the making of such repairs shall interfere with the business of Lessee on the premises. If such repairs cannot be made within said sixty (60) days. Lessor, at his option, may make the same within a reasonable time, this lease continuing in effect with the rent proportionately abated as aforesaid, and in the event that Lessor shall not elect to make such repairs which cannot be made within sixty (60) days, this lease may be terminated at the option of either party. In the event that the building in which the demised premises may be situated is destroyed to an extent of not less than one-third of the replacement costs, thereof. Lessor may elect to terminate this lease whether the demised premises be injured or not. A total destruction of the building in which the premises may be situated shall terminate this lease.

17. **Lessor's Remedies on Default**. If Lessee shall default in the payment when due of any installment of rent herein or in the performance of any other convenant or obligation of Lessee herein, Lessor shall forward written notice, as provided herein, of such default to Lessee, and failure of Lessee to cure such default within Three (3) days after the date of receipt of such notice with respect to a default in the payment of rent or within Thirty (30) days after the date of receipt of such notice with respect to any other default of Lessee (or, if such other default cannot be cured within such Thirty(30) day period, within such reasonable additional time as is necessary to cure such other default, provided that Lessee pursues cure diligently and in good faith), shall thereafter allow Lessor to pursue all remedies provided to Lessor pursuant to state law applicable.

18. **Tax Increase**. In the event there is any increase during any year of the term of this lease in the City, County or State real estate taxes over and above the amount of such taxes assessed for the tax year during which the term of this lease commences, whether because of increased rate or valuation. Lessee shall pay to Lessor upon presentation of paid tax bills an amount equal to N/A % of the increase in taxes upon the year extending beyond the term of the lease, the obligation of Lessee shall be proportionate to the portion of the lease term included in such year.

19. **Common Area Expense**. In the event the demised premises are situated in a shopping center or in commercial building in which there are common areas, Lessee agrees to pay his pro-rata share of maintenance, taxes, and insurance for the common area. (N/A)

20. **Attorney's Fees**. In case suit should be brought for recovery of the premises, or for any sum due hereunder, or because of any act which may arise out of the possession of the premises, by either party, the prevailing party shall be entitled to all costs incurred in connection with such action, including a reasonable attorney's fee.

21. **Notices**. Any notice which either party may or is required to give, shall be given by mailing the same, postage prepaid, to Lessee at the premises, or Lessor at the address shown below, or at such other places as may be designated by the parties from time to time.

22. **Heirs, Assigns, Successors**. This lease is binding upon and insures to the benefit of the heirs, assigns and successors in interest to the parties.

23. **Options to Renew**. Provided that Lessee is not in default in the performance of this lease. Lessee shall have the option to renew the lease for None additional term of N/A years commencing at the expiration of the initial lease term. All of the terms and conditions of the lease shall apply during the renewal term. The option shall be exercised by written notice given to Lessor not less than 90 days prior to the expiration of the initial lease term. If notice is not given in the manner provided herein within the time specified, this option shall expire.

24. **Subordination**. This lease is and shall be subordinated to all existing and future liens and encumbrances against the property.

25. **Estoppels Certificate**. Each party, within (10) days after notice from the other party, shall execute and deliver to the other party a certificate stating that this Lease is unmodified and in full force and effect, or in full force and effect as modified, and stating the modification. The certificate shall also state the amount of minimum monthly rent, the dates to which the rent has been paid in advance, and the amount of any security deposit or prepaid rent, if any, as well as acknowledging that there are not, to that party's knowledge, any uncured defaults on the part of the other party, or specifying such defaults, if any, which are claimed. Failure to deliver such a certificate within the ten (10) day period shall be conclusive upon the party failing to deliver the certificate to the benefit of the party requesting the certificate that this Lease is in full force and effect, that there are no uncured defaults hereunder, and has not been modified except as may be represented by the party requesting the certificate

26. Covenants and conditions. Each provision of this lease performable by Tenant shall be deemed both a covenant and a condition.

27. Choice of Law. The parties hereto agree that the laws of the State of California shall govern this Lease.

Entire Agreement. The foregoing constitutes the entire agreement between the parties and may be modified only by a writing signed by both parties.

Signed this 24th Day of March, 2016

By */s/ James Shi*
Lessor:
E & E Plaza LLC

By */s/ Ming Hsieh*
Lessee:
Fulgent Therapeutics LLC

COMMERCIAL LEASE

This Lease is made and entered into between E & E Plaza LLC**,** herein called Lessor, and Fulgent Therapeutics Inc herein called Lessee.

Lessee hereby offers to lease from Lessor the premises situated in the City of Temple City, County of **Los Angeles,** State of CA, described as 4978 Santa Anita Ave. #104, with approximately 1,260 square feet upon the following TERMS and CONDITIONS:

1. **Term and Rent**. Lessor demises the above premises for a term of three (3) years commencing on April 1, 2015 and terminating on March 31, 2018 or sooner as provided herein at the annual rental of Twenty Two Thousand Three Hundred Seventy Seven Dollars and 60/100 Cents ($22,377.60) payable in equal monthly installments of $1,864.80 in advance on the first day of each month for that month's rent during the term of this lease. All rental payments shall be made to E & E Plaza LLC (Lessor) at the following address: Ideal Management at 625 E. Main Street Alhambra, CA 91801

2. **Late Charge.** In the event Tenant is more than Five (5) days late in paying any installment of rent due under this Lease, Tenant shall pay landlord a late charge equal to 10% of the delinquent installment of rent.

3. **Security Deposit**. Lessee shall deposit with Lessor on the signing of this lease the sum of $1,864.80 as security for the performance of Lessee's obligations under this lease, including without limitation the surrender of possession of the premises to Lessor as herein provided. If Lessor applies any part of the deposit to cure any default of Lessee, Lessee shall on demand deposit with Lessor the amount so applied so that Lessor shall have the full deposit on hand at all times during the term of this lease.

4. **Adjustment to the Rent.** The rent specified herein shall be increased on each Adjustment Date (April 1st) at 3% fixed annually starting 04/01/2016. Lessor agrees to provide to Lessee 3 months free rent which will be applied from 04/01/15 to 06/30/15. Lessee will be responsible to all tenant improvement expenses and costs in unit #104.

5. **Use.** Lessee shall use and occupy the premises for Lab, the premises shall be used for no other purpose. Lessor represents that the premises may lawfully be used for such purpose.

6. **Care and Maintenance of Premises.** Lessee acknowledges that the premises are in good order and repair, unless otherwise indicated herein. Lessee shall, at his own expense and at all times, maintain the premises in good and safe condition, including plate glass, electrical wiring, plumbing and any other system or equipment exclusively used for that premises and shall surrender the same, at termination hereof, in as good condition as received, normal wear and tear excepted. Lessee shall be responsible for all repairs required, except the roof, exterior walls, and structural foundations, which shall be maintained by Lessor.

7. **Alterations.** Lessee shall not, without first obtaining the written consent of Lessor, make any alterations, additions, or improvements, in, to or about the premises.

8. **Ordinances and Statutes**. Lessee shall comply with all statutes, ordinances and requirements of all municipal, state and federal authorities now in force, or which may hereafter be in force, pertaining to the premises, occasioned by or affecting the use thereof by Lessee.

9. **Assignment and Subletting**. Lessee shall not assign this lease or sublet any portion of the premises without prior written consent of the Lessor, which shall not be unreasonably withheld. Any such assignment or subletting without consent shall be void and, Lessor, at his/her option, may terminate this lease.

10. **Utilities**. All applications and connections for necessary utility services on the demised premises shall be made in the name of Lessee only, and Lessee shall be solely liable for utility charges as they become due, including those for electricity, and telephone services.

11. **Entry and Inspection**. Lessee shall permit Lessor or Lessor's agents to enter upon the premises at reasonable times and upon reasonable notice, for the purpose of inspecting the same, and will permit Lessor at any time within sixty (60) days prior to the expiration of this lease, to place upon the premises any usual "To Let" or "For Lease" signs, and permit persons desiring to lease the same to inspect the premises thereafter.

12. **Possession**. If Lessor is unable to deliver possession of the premises at the commencement hereof, Lessor shall not be liable for any damage caused thereby, nor shall this lease be void or voidable, but Lessee shall not be liable for any rent until possession is delivered. Lessee may terminate this lease if possession is not delivered within 30 days of the commencement of the term hereof.

13. **Indemnification of Lessor**. Lessor shall not be liable for any damage or injury to Lessee, or any other person, or to any property, occurring on the demised premises or any part thereof, and Lessee agrees to hold Lessor harmless from any claims for damages, no matter how caused.

14. **Insurance**. Lessee, at his expense, shall maintain plate glass and public liability insurance including bodily injury and property damage insuring Lessee and Lessor with minimum coverage as follows: $1,000,000.00 General Liability Insurance.

    Lessee shall provide Lessor with a Certificate of Insurance showing Lessor as additional insured. The Certificate shall provide for a ten-day written notice to Lessor in the event of Cancellation or material change of coverage. To the maximum extent permitted by insurance policies, which may be owned by Lessor or Lessee, Lessee and Lessor, for the benefit of each other, waive any and all rights of subrogation, which might otherwise exist.

    Tenant shall indemnify and hold Landlord harmless from and against any and all claims arising from Tenant's use or occupancy of the premises or from the conduct of its business or from any activity, work, or things which may be permitted or suffered by tenant in or about the premises including all damages, costs, attorney's fees, expenses and liabilities incurred in the defense of any claim or action or proceeding arising there from. Except for Landlord's willful or grossly negligent conduct, Tenant hereby assumes all risk of damage to property or injury to person in or about the premises from any cause, and Tenant hereby waives all claims in respect thereof against Landlord.

Except for Landlord's willful or grossly negligent conduct, Tenant hereby agrees that Landlord shall not be liable for any injury to Tenant's business or loss of income there from or for damage to the goods, wares, merchandise, or other property of Tenant. Tenant's employees, invitees, customers or any other person in or about the premises: nor shall Landlord be liable for injury to the person of Tenant, Tenant's employees, agents, contractors, or invitees, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air-conditioning, or lighting fixtures, or from any other cause, weather such damage results from conditions arising upon the premises or upon other portions of the building in which the premises are a part, or from any other sources or places. Landlord shall not be liable to Tenant for any damages arising from any act or neglect of any other tenant, if any, of the building in which the premises are located.

15. **Eminent Domain**. If the premises or any part thereof or any estate therein, or any other part of the building materially affecting Lessee's use of the premises, shall be taken by eminent domain, this lease shall terminate on the date when title vests pursuant to such taking. The rent, and any additional rent, shall be apportioned as of the termination date, and any rent paid for any period beyond that date shall be repaid to Lessee. Lessee shall not be entitled to any part of the award for such taking or any payment in lieu thereof, but Lessee may file a claim for any taking of fixtures and improvements owned by Lessee, and for moving expense.

16. **Destruction of Premises**. In the event of a partial destruction of the premises during the term hereof, from any cause, Lessor shall forthwith repair the same, provided that such repairs can be made within sixty (60) days under existing governmental laws and regulations, but such partial destruction shall not terminate this lease, except that Lessee shall be entitled to a proportionate reduction of rent while such repairs are being made, based upon the extent to which the making of such repairs shall interfere with the business of Lessee on the premises. If such repairs cannot be made within said sixty (60) days, Lessor, at his option, may make the same within a reasonable time, this lease continuing in effect with the rent proportionately abated as aforesaid, and in the event that Lessor shall not elect to make such repairs which cannot be made within sixty (60) days, this lease may be terminated at the option of either party. In the event that the building in which the demised premises may be situated is destroyed to an extent of not less than one-third of the replacement costs, thereof, Lessor may elect to terminate this lease whether the demised premises be injured or not. A total destruction of the building in which the premises may be situated shall terminate this lease.

17. **Lessor's Remedies on Default**. If Lessee shall default in the payment when due of any installment of rent herein or in the performance of any other convenant or obligation of Lessee herein, Lessor shall forward written notice, as provided herein, of such default to Lessee, and failure of Lessee to cure such default within Three (3) days after the date of receipt of such notice with respect to a default in the payment of rent or within Thirty (30) days after the date of receipt of such notice with respect to any other default of Lessee (or, if such other default cannot be cured within such Thirty(30) day period, within such reasonable additional time as is necessary to cure such other default, provided that Lessee pursues cure diligently and in good faith), shall thereafter allow Lessor to pursue all remedies provided to Lessor pursuant to state law applicable.

18. **Tax Increase**. In the event there is any increase during any year of the term of this lease in the City, County or State real estate taxes over and above the amount of such taxes assessed for the tax year during which the term of this lease commences, whether because of increased rate or valuation, Lessee shall pay to Lessor upon presentation of paid tax bills an amount equal to N/A % of the increase in taxes upon the year extending beyond the term of the lease, the obligation of Lessee shall be proportionate to the portion of the lease term included in such year.

19. **Common Area Expense**. In the event the demised premises are situated in a shopping center or in commercial building in which there are common areas, Lessee agrees to pay his pro-rata share of maintenance, taxes, and insurance for the common area. (N/A)

20. **Attorney's Fees**. In case suit should be brought for recovery of the premises, or for any sum due hereunder, or because of any act which may arise out of the possession of the premises, by either party, the prevailing party shall be entitled to all costs incurred in connection with such action, including a reasonable attorney's fee.

21. **Notices**. Any notice which either party may or is required to give, shall be given by mailing the same, postage prepaid, to Lessee at the premises, or Lessor at the address shown below, or at such other places as may be designated by the parties from time to time.

22. **Heirs, Assigns, Successors**. This lease is binding upon and insures to the benefit of the heirs, assigns and successors in interest to the parties.

23. **Options to Renew**. Provided that Lessee is not in default in the performance of this lease, Lessee shall have the option to renew the lease for None additional term of N/A years commencing at the expiration of the initial lease term. All of the terms and conditions of the lease shall apply during the renewal term. The option shall be exercised by written notice given to Lessor not less than 90 days prior to the expiration of the initial lease term. If notice is not given in the manner provided herein within the time specified, this option shall expire.

24. **Subordination**. This lease is and shall be subordinated to all existing and future liens and encumbrances against the property.

25. **Estoppels Certificate**. Each party, within (10) days after notice from the other party, shall execute and deliver to the other party a certificate stating that this Lease is unmodified and in full force and effect, or in full force and effect as modified, and stating the modification. The certificate shall also state the amount of minimum monthly rent, the dates to which the rent has been paid in advance, and the amount of any security deposit or prepaid rent, if any, as well as acknowledging that there are not, to that party's knowledge, any uncured defaults on the part of the other party, or specifying such defaults, if any, which are claimed. Failure to deliver such a certificate within the ten (10) day period shall be conclusive upon the party failing to deliver the certificate to the benefit of the party requesting the certificate that this Lease is in full force and effect, that there are no uncured defaults hereunder, and has not been modified except as may be represented by the party requesting the certificate

26. Covenants and conditions. Each provision of this lease performable by Tenant shall be deemed both a covenant and a condition.

27. Choice of Law. The parties hereto agree that the laws of the State of California shall govern this Lease.

Entire Agreement. The foregoing constitutes the entire agreement between the parties and may be modified only by a writing signed by both parties.

Signed this 14th Day of April, 2015 04/14/2015

By */s/ James Shi*
Lessor:
E & E Plaza LLC

By */s/ Ming Hsieh*
Lessee:
Fulgent Therapeutics Inc

COMMERCIAL LEASE

This Lease is made and entered into between E & E Plaza LLC, herein called Lessor, and Fulgent Therapeutics Inc herein called Lessee.

Lessee hereby offers to lease from Lessor the premises situated in the City of Temple City, County of **Los Angeles**, State of CA, described as 4978 Santa Anita Ave. #105, with approximately 1,200 square feet upon the following TERMS and CONDITIONS:

1. **Term and Rent.** Lessor demises the above premises for a term of three (3) years commencing on April 1, 2015 and terminating on March 31, 2018 or sooner as provided herein at the annual rental of Twenty One Thousand Three Hundred Twelve Dollars ($21,312.00) payable in equal monthly installments of $1,776.00 in advance on the first day of each month for that month's rent during the term of this lease. All rental payments shall be made to E & E Plaza LLC (Lessor) at the following address: Ideal Management at 625 E. Main Street Alhambra, CA 91801

2. **Late Charge.** In the event Tenant is more than Five (5) days late in paying any installment of rent due under this Lease, Tenant shall pay landlord a late charge equal to 10% of the delinquent installment of rent.

3. **Security Deposit.** Lessee shall deposit with Lessor on the signing of this lease the sum of $1,776.00 as security for the performance of Lessee's obligations under this lease, including without limitation the surrender of possession of the premises to Lessor as herein provided. If Lessor applies any part of the deposit to cure any default of Lessee, Lessee shall on demand deposit with Lessor the amount so applied so that Lessor shall have the full deposit on hand at all times during the term of this lease.

4. **Adjustment to the Rent**. The rent specified herein shall be increased on each Adjustment Date (April 1st) at 3% fixed annually starting 04/01/2016. Lessor agrees to provide to Lessee 3 months free rent which will be applied from 04/01/15 to 06/30/15. Lessee will be responsible to all tenant improvement expenses and costs in unit #105.

5. **Use**. Lessee shall use and occupy the premises for Lab. the premises shall be used for no other purpose. Lessor represents that the premises may lawfully be used for such purpose.

6. **Care and Maintenance of Premises**. Lessee acknowledges that the premises are in good order and repair, unless otherwise indicated herein. Lessee shall, at his own expense and at all times, maintain the premises in good and safe condition, including plate glass, electrical wiring, plumbing and any other system or equipment exclusively used for that premises and shall surrender the same, at termination hereof, in as good condition as received, normal wear and tear excepted. Lessee shall be responsible for all repairs required, except the roof, exterior walls, and structural foundations, which shall be maintained by Lessor.

7. **Alterations**. Lessee shall not, without first obtaining the written consent of Lessor, make any alterations, additions, or improvements, in, to or about the premises.

8. **Ordinances and Statutes**. Lessee shall comply with all statutes, ordinances and requirements of all municipal, state and federal authorities now in force, or which may hereafter be in force, pertaining to the premises, occasioned by or affecting the use thereof by Lessee.

9. **Assignment and Subletting**. Lessee shall not assign this lease or sublet any portion of the premises without prior written consent of the Lessor, which shall not be unreasonably withheld. Any such assignment or subletting without consent shall be void and, Lessor, at his/her option, may terminate this lease.

10. **Utilities**. All applications and connections for necessary utility services on the demised premises shall be made in the name of Lessee only, and Lessee shall be solely liable for utility charges as they become due, including those for electricity, and telephone services.

11. **Entry and Inspection**. Lessee shall permit Lessor or Lessor's agents to enter upon the premises at reasonable times and upon reasonable notice, for the purpose of inspecting the same, and will permit Lessor at any time within sixty (60) days prior to the expiration of this lease, to place upon the premises any usual "To Let" or "For Lease" signs, and permit persons desiring to lease the same to inspect the premises thereafter.

12. **Possession**. If Lessor is unable to deliver possession of the premises at the commencement hereof, Lessor shall not be liable for any damage caused thereby, nor shall this lease be void or voidable, but Lessee shall not be liable for any rent until possession is delivered. Lessee may terminate this lease if possession is not delivered within 30 days of the commencement of the term hereof.

13. **Indemnification of Lessor**. Lessor shall not be liable for any damage or injury to Lessee, or any other person, or to any property, occurring on the demised premises or any part thereof, and Lessee agrees to hold Lessor harmless from any claims for damages, no matter how caused.

14. **Insurance**. Lessee, at his expense, shall maintain plate glass and public liability insurance including bodily injury and property damage insuring Lessee and Lessor with minimum coverage as follows: $1,000,000.00 General Liability Insurance.

    Lessee shall provide Lessor with a Certificate of Insurance showing Lessor as additional insured. The Certificate shall provide for a ten-day written notice to Lessor in the event of Cancellation or material change of coverage. To the maximum extent permitted by insurance policies, which may be owned by Lessor or Lessee, Lessee and Lessor, for the benefit of each other, waive any and all rights of subrogation, which might otherwise exist.

    Tenant shall indemnify and hold Landlord harmless from and against any and all claims arising from Tenant's use or occupancy of the premises or from the conduct of its business or from any activity, work, or things which may be permitted or suffered by tenant in or about the premises including all damages, costs, attorney's fees, expenses and liabilities incurred in the defense of any claim or action or proceeding arising there from. Except for Landlord's willful or grossly negligent conduct, Tenant hereby assumes all risk of damage to property or injury to person in or about the premises from any cause, and Tenant hereby waives all claims in respect thereof against Landlord.

Except for Landlord's willful or grossly negligent conduct. Tenant hereby agrees that Landlord shall not be liable for any injury to Tenant's business or loss of income there from or for damage to the goods, wares, merchandise, or other property of Tenant. Tenant's employees, invitees, customers or any other person in or about the premises: nor shall Landlord be liable for injury to the person of Tenant, Tenant's employees, agents, contractors, or invitees, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air-conditioning, or lighting fixtures, or from any other cause, weather such damage results from conditions arising upon the premises or upon other portions of the building in which the premises are a part, or from any other sources or places. Landlord shall not be liable to Tenant for any damages arising from any act or neglect of any other tenant, if any, of the building in which the premises are located.

15. **Eminent Domain**. If the premises or any part thereof or any estate therein, or any other part of the building materially affecting Lessee's use of the premises, shall be taken by eminent domain, this lease shall terminate on the date when title vests pursuant to such taking. The rent, and any additional rent, shall be apportioned as of the termination date, and any rent paid for any period beyond that date shall be repaid to Lessee. Lessee shall not be entitled to any part of the award for such taking or any payment in lieu thereof, but Lessee may file a claim for any taking of fixtures and improvements owned by Lessee, and for moving expense.

16. **Destruction of Premises**. In the event of a partial destruction of the premises during the term hereof, from any cause, Lessor shall forthwith repair the same, provided that such repairs can be made within sixty (60) days under existing governmental laws and regulations, but such partial destruction shall not terminate this lease, except that Lessee shall be entitled to a proportionate reduction of rent while such repairs are being made, based upon the extent to which the making of such repairs shall interfere with the business of Lessee on the premises. If such repairs cannot be made within said sixty (60) days, Lessor, at his option, may make the same within a reasonable time, this lease continuing in effect with the rent proportionately abated as aforesaid, and in the event that Lessor shall not elect to make such repairs which cannot be made within sixty (60) days, this lease may be terminated at the option of either party. In the event that the building in which the demised premises may be situated is destroyed to an extent of not less than one-third of the replacement costs, thereof, Lessor may elect to terminate this lease whether the demised premises be injured or not. A total destruction of the building in which the premises may be situated shall terminate this lease.

17. **Lessor's Remedies on Default**. If Lessee shall default in the payment when due of any installment of rent herein or in the performance of any other convenant or obligation of Lessee herein, Lessor shall forward written notice, as provided herein, of such default to Lessee, and failure of Lessee to cure such default within Three (3) days after the date of receipt of such notice with respect to a default in the payment of rent or within Thirty (30) days after the date of receipt of such notice with respect to any other default of Lessee (or, if such other default cannot be cured within such Thirty(30) day period, within such reasonable additional time as is necessary to cure such other default, provided that Lessee pursues cure diligently and in good faith), shall thereafter allow Lessor to pursue all remedies provided to Lessor pursuant to state law applicable.

18. **Tax Increase**. In the event there is any increase during any year of the term of this lease in the City, County or State real estate taxes over and above the amount of such taxes assessed for the tax year during which the term of this lease commences, whether because of increased rate or valuation, Lessee shall pay to Lessor upon presentation of paid tax bills an amount equal to N/A % of the increase in taxes upon the year extending beyond the term of the lease, the obligation of Lessee shall be proportionate to the portion of the lease term included in such year.

19. **Common Area Expense**. In the event the demised premises are situated in a shopping center or in commercial building in which there are common areas, Lessee agrees to pay his pro-rata share of maintenance, taxes, and insurance for the common area. (N/A)

20. **Attorney's Fees**. In case suit should be brought for recovery of the premises, or for any sum due hereunder, or because of any act which may arise out of the possession of the premises, by either party, the prevailing party shall be entitled to all costs incurred in connection with such action, including a reasonable attorney's fee.

21. **Notices**. Any notice which either party may or is required to give, shall be given by mailing the same, postage prepaid, to Lessee at the premises, or Lessor at the address shown below, or at such other places as may be designated by the parties from time to time.

22. **Heirs, Assigns, Successors**. This lease is binding upon and insures to the benefit of the heirs, assigns and successors in interest to the parties.

23. **Options to Renew**. Provided that Lessee is not in default in the performance of this lease, Lessee shall have the option to renew the lease for None additional term of N/A years commencing at the expiration of the initial lease term. All of the terms and conditions of the lease shall apply during the renewal term. The option shall be exercised by written notice given to Lessor not less than 90 days prior to the expiration of the initial lease term. If notice is not given in the manner provided herein within the time specified, this option shall expire.

24. **Subordination**. This lease is and shall be subordinated to all existing and future liens and encumbrances against the property.

25. **Estoppels Certificate**. Each party, within (10) days after notice from the other party, shall execute and deliver to the other party a certificate stating that this Lease is unmodified and in full force and effect, or in full force and effect as modified, and stating the modification. The certificate shall also state the amount of minimum monthly rent, the dates to which the rent has been paid in advance, and the amount of any security deposit or prepaid rent, if any, as well as acknowledging that there are not, to that party's knowledge, any uncured defaults on the part of the other party, or specifying such defaults, if any, which are claimed. Failure to deliver such a certificate within the ten (10) day period shall be conclusive upon the party failing to deliver the certificate to the benefit of the party requesting the certificate that this Lease is in full force and effect, that there are no uncured defaults hereunder, and has not been modified except as may be represented by the party requesting the certificate

26. Covenants and conditions. Each provision of this lease performable by Tenant shall be deemed both a covenant and a condition.

27. Choice of Law. The parties hereto agree that the laws of the State of California shall govern this Lease.

Entire Agreement. The foregoing constitutes the entire agreement between the parties and may be modified only by a writing signed by both parties.

Signed this 14th Day of April, 2015 04/14/2015

By */s/ James Shi*
Lessor:
E & E Plaza LLC

By */s/ Ming Hsieh*
Lessee:
Fulgent Therapeutics Inc

COMMERCIAL LEASE

This Lease is made and entered into between E & E Plaza, LLC**,** herein called Lessor, and Fulgent Therapeutics, LLC**.** herein called Lessee.

Lessee hereby offers to lease from Lessor the premises situated in the City of Temple City, County of **Los Angeles**, State of California, described as 4978 Santa Anita Ave. #201, Temple City, CA 91780, with approximately 1,002 square feet upon the following TERMS and CONDITIONS:

1. **Term and Rent.** Lessor demises the above premises for a term of Two (2) years, commencing on August 1, 2016 and terminating on July 31, 2018 or sooner as provided herein at the annual rental of Nineteen Thousand Two Hundred Thirty- Eight Dollars and 40 Cents (19,238.40) payable in equal monthly installments of $1,603.20 in advance on the first day of each month for that month's rent during the term of this lease. All rental payments shall be made to Lessor, at the following address:

Ideal Property at 625 East Main Street Alhambra CA 91801

Late Charge. In the event Tenant is more than Five (5) days late in paying any installment of rent due under this Lease, Tenant shall pay landlord a late charge equal to 10% of the delinquent installment of rent

2. **Security Deposit**. Lessee shall deposit with Lessor on the signing of this lease the sum of **One Thousand Six Hundred Three Dollars and 20 Cents** ($1,603.20) as security for the performance of Lessee's obligations under this lease, including without limitation the surrender of possession of the premises to Lessor as herein provided. If Lessor applies any part of the deposit to cure any default of Lessee, Lessee shall on demand deposit with Lessor the amount so applied so that Lessor shall have the full deposit on hand at all times during the term of this lease.

3. **Adjustment to the Rent.** The minimum monthly rent specified herein shall be increased $1.75/s.f. on 08/01/2017. Lessee will be responsible for all Tenant Improvement expenses and costs in unit 201.

4. **Use.** Lessee shall use and occupy the premises for Lab. The premises shall be used for no other purpose. Lessor represents that the premises may lawfully be used for such purpose.

5. **Care and Maintenance of Premises**. Lessee acknowledges that the premises are generally in good order and repair, unless otherwise indicated herein. Lessee shall, at his own expenses and at all times, maintain the premises in good and safe condition, including plate glass, flooring, painting, interior walls, electrical wiring & lights, plumbing, HVAC system and any other system or equipment exclusively used for that premises and shall surrender the same, at termination hereof, in as good condition as received, normal wear and tear excepted. Lessee shall be responsible for all repairs required, except the roof, exterior walls, and structural foundations, which shall be maintained and repaired by Lessor.

6. **Alterations**. Lessee shall not, without first obtaining the written consent of Lessor, make any alterations, additions, or improvements, in, to or about the premises.

7. **Ordinances and Statutes**. Lessee shall comply with all statutes, ordinances and requirements of all municipal, state and federal authorities now in force, or which may hereafter be in force, pertaining to the premises, occasioned by or affecting the use thereof by Lessee.

8. **Assignment and Subletting**. Lessee shall not assign this lease or sublet any portion of the premises without prior written consent of the Lessor, which shall not be unreasonably withheld. Any such assignment or subletting without consent shall be void and, Lessor, at his/her option, may terminate this lease.

9. **Utilities**. All applications and connections for necessary utility services on the demised premises shall be made in the name of Lessee only, and Lessee shall be solely liable for utility charges as they become due, including but not limited, those for electricity, and telephone services. Lessor shall be responsible for water, trash and gardening service.

10. **Entry and Inspection**. Lessee shall permit Lessor or Lessor's agents to enter upon the premises at reasonable times and upon reasonable notice, for the purpose of inspecting the same, and will permit Lessor at any time within **sixty (60) days** prior to the expiration of this lease, to place upon the premises any usual "To Let" or "For Lease" signs, and permit persons desiring to lease the same to inspect the premises thereafter.

11. **Possession**. **If** Lessor is unable to deliver possession of the premises at the commencement hereof, Lessor shall not be liable for any damage caused thereby, nor shall this lease be void or voidable, but Lessee shall not be liable for any rent until possession is delivered. Lessee may terminate this lease if possession is not delivered within 30 days of the commencement of the term hereof.

12. **Indemnification of Lessor**. Lessor shall not be liable for any damage or injury to Lessee, or any other person, or to any property, occurring on the demised premises or any part thereof, and Lessee agrees to hold Lessor harmless from any claims for damages, no matter how caused.

13. **Insurance**. Lessee, at his expense, shall maintain plate glass and public liability insurance including bodily injury and property damage insuring Lessee and Lessor with minimum coverage as follows:

    $1,000,000 for general liabilities

    Lessee shall provide Lessor with a Certificate of Insurance showing Lessor as additional insured. The Certificate shall provide for a ten-day written notice to Lessor in the event of Cancellation or material change of coverage. To the maximum extent permitted by insurance policies, which may be owned by Lessor or Lessee, Lessee and Lessor, for the benefit of each other, waive any and all rights of subrogation, which might otherwise exist.

Tenant shall indemnify and hold Landlord harmless from and against any and all claims arising from Tenant's use or occupancy of the premises or from the conduct of its business or from any activity, work, or things which may be permitted or suffered by tenant in or about the premises including all damages, costs, attorney's fees, expenses and liabilities incurred in the defense of any claim or action or proceeding arising there from. Except for Landlord's willful or grossly negligent conduct, Tenant hereby assumes all risk of damage to property or injury to person in or about the premises from any cause, and Tenant hereby waives all claims in respect thereof against Landlord.

Except for Landlord's willful or grossly negligent conduct, Tenant hereby agrees that Landlord shall not be liable for any injury to Tenant's business or loss of income there from or for damage to the goods, wares, merchandise, or other property of Tenant. Tenant's employees, invitees, customers or any other person in or about the premises: nor shall Landlord be liable for injury to the person of Tenant, Tenant's employees, agents, contractors, or invitees, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air-conditioning, or lighting fixtures, or from any other cause, weather such damage results from conditions arising upon the premises or upon other portions of the building in which the premises are a part, or from any other sources or places. Landlord shall not be liable to Tenant for any damages arising from any act or neglect of any other tenant, if any, of the building in which the premises are located.

14. **Eminent Domain**. If the premises or any part thereof or any estate therein, or any other part of the building materially affecting Lessee's use of the premises, shall be taken by eminent domain, this lease shall terminate on the date when title vests pursuant to such taking. The rent, and any additional rent, shall be apportioned as of the termination date, and any rent paid for any period beyond that date shall be repaid to Lessee. Lessee shall not be entitled to any part of the award for such taking or any payment in lieu thereof, but Lessee may file a claim for any taking of fixtures and improvements owned by Lessee, and for moving expense.

15. **Destruction of Premises**. In the event of a partial destruction of the premises during the term hereof, from any cause, Lessor shall forthwith repair the same, provided that such repairs can be made **within sixty (60) days** under existing governmental laws and regulations, but such partial destruction shall not terminate this lease, except that Lessee shall be entitled to a proportionate reduction of rent while such repairs are being made, based upon the extent to which the making of such repairs shall interfere with the business of Lessee on the premises. If such repairs cannot be made within said sixty (60) days, Lessor, at his option, may make the same within a reasonable time, this lease continuing in effect with the rent proportionately abated as aforesaid, and in the event that Lessor shall not elect to make such repairs which cannot be made **within sixty (60) days**, this lease may be terminated at the option of either party. In the event that the building in which the demised premises may be situated is destroyed to an extent of not less than one-third of the replacement costs, thereof, Lessor may elect to terminate this lease whether the demised premises be injured or not. A total destruction of the building in which the premises may be situated shall terminate this lease.

16. **Lessor's Remedies on Default**. If Lessee shall default in the payment when due of any installment of rent herein or in the performance of any other convenant or obligation of Lessee herein, Lessor shall forward written notice, as provided herein, of such default to Lessee, and failure of Lessee to cure such default **within Three (3) days** after the date of receipt of such notice with respect to a default in

the payment of rent or **within Thirty (30) days** after the date of receipt of such notice with respect to any other default of Lessee (or, if such other default cannot be cured **within such Thirty(30) day** period, within such reasonable additional time as is necessary to cure such other default, provided that Lessee pursues cure diligently and in good faith), shall thereafter allow Lessor to pursue all remedies provided to Lessor pursuant to state law applicable.

17. **Tax Increase**. In the event there is any increase during any year of the term of this lease in the City, County or State real estate taxes over and above the amount of such taxes assessed for the tax year during which the term of this lease commences, whether because of increased rate or valuation, Lessee shall pay to Lessor upon presentation of paid tax bills an amount equal to **0%** of the increase in taxes upon the year extending beyond the term of the lease, the obligation of Lessee shall be proportionate to the portion of the lease term included in such year.

18. **Common Area Expense**. In the event the demised premises are situated in a shopping center or in commercial building in which there are common areas, Lessee agrees to pay his pro-rata share of maintenance, taxes, and insurance for the common area. (N/A)

19. **Attorney's Fees**. In case suit should be brought for recovery of the premises, or for any sum due hereunder, or because of any act which may arise out of the possession of the premises, by either party, the prevailing party shall be entitled to all costs incurred in connection with such action, including a reasonable attorney's fee.

20. **Notices**. Any notice which either party may or is required to give, shall be given by mailing the same, postage prepaid, to Lessee at the premises, or Lessor at the address shown below, or at such other places as may be designated by the parties from time to time.

21. **Heirs, Assigns, Successors**. This lease is binding upon and insures to the benefit of the heirs, assigns and successors in interest to the parties.

22. **Options to Renew**. Provided that Lessee is not in default in the performance of this lease, Lessee shall have the option to renew the lease for additional None years commencing at the expiration of the initial lease term. All of the terms and conditions of the lease shall apply during the renewal term. The option shall be exercised by written notice given to Lessor not **less than** N/A **days** prior to the expiration of the initial lease term. If notice is not given in the manner provided herein within the time specified, this option shall expire.

23. **Subordination**. This lease is and shall be subordinated to all existing and future liens and encumbrances against the property.

24. **Estoppels Certificate**. Each party, **within (10) days** after notice from the other party, shall execute and deliver to the other party a certificate stating that this Lease is unmodified and in full force and effect, or in full force and effect as modified, and stating the modification. The certificate shall also state the amount of minimum monthly rent, the dates to which the rent has been paid in advance, and the amount of any security deposit or prepaid rent, if any, as well as acknowledging that there are not,

to that party's knowledge, any uncured defaults on the part of the other party, or specifying such defaults, if any, which are claimed. Failure to deliver such a certificate **within the ten (10) day** period shall be conclusive upon the party failing to deliver the certificate to the benefit of the party requesting the certificate that this Lease is in full force and effect, that there are no uncured defaults hereunder, and has not been modified except as may be represented by the party requesting the certificate

25. **Covenants and conditions**. Each provision of this lease performable by Tenant shall be deemed both a covenant and a condition.

26. **Choice of Law**. The parties hereto agree that the laws of the State of California shall govern this Lease.

Entire Agreement. The foregoing constitutes the entire agreement between the parties and may be modified only by a writing signed by both parties.

Signed this 28th Day of July, 2016

By *__/s/ Ming Hsieh__*
Lessee: Fulgent Therapeutics, LLC
Title: Manager

By *__/s/ James Shi__*
Lessor: E & E Plaza, LLC
Title: Property Manager

COMMERCIAL LEASE

This Lease is made and entered into between E & E PLAZA, LLC, herein called Lessor, and Fulgent Therapeutics, LLC herein called Lessee.

Lessee hereby offers to lease from Lessor the premises situated in the City of Temple City County of **Los Angeles,** State of California, described as 4978 Santa Anita Ave. #202A & 202B, Temple City, CA 91780, with approximately 729 square feet upon the following TERMS and CONDITIONS:

1. **Term and Rent.** Lessor demises the above premises for a term of Two (2) years, commencing on May 1, 2016 and terminating on April 30, 2018 or sooner as provided herein at the annual rental of Fifteen Thousand Three Hundred Nine Dollars (15,309.00) payable in equal monthly installments of $1,275.75 in advance on the first day of each month for that month's rent, during the term of this lease. All rental payments shall be made to Lessor, at the following address:

Ideal Property at 625 East Main Street Alhambra CA 91801

Late Charge. In the event Tenant is more than Five (5) days late in paying any installment of rent due under this Lease, Tenant shall pay landlord a late charge equal to 10% of the delinquent installment of rent

2. **Security Deposit**. Lessee shall deposit with Lessor on the signing of this lease the sum of **Nine Hundred Eleven Dollars and 25/100 Cents** ($911.25) which is transferred from existing lease as security for the performance of Lessee's obligations under this lease, including without limitation the surrender of possession of the premises to Lessor as herein provided. If Lessor applies any part of the deposit to cure any default of Lessee, Lessee shall on demand deposit with Lessor the amount so applied so that Lessor shall have the full deposit on hand at all times during the term of this lease.

3. **Adjustment to the Rent.** The minimum monthly rent specified herein shall be adjusted as following:

05/01/2016 – 04/30/2017 $1,275.75/month ($1.75/sq.ft.)
05/01/2017 – 04/30/2018 $1,312.20/month ($1.80/sq.ft.)

4. **Use**. Lessee shall use and occupy the premises for General Office & Lab. The premises shall be used for no other purpose. Lessor represents that the premises may lawfully be used for such purpose.

5. **Care and Maintenance of Premises**. Lessee acknowledges that the premises are generally in good order and repair, unless otherwise indicated herein. Lessee shall, at his own expenses and at all times, maintain the premises in good and safe condition, including plate glass, flooring, painting, interior walls, electrical wiring & lights, plumbing, HVAC system and any other system or equipment exclusively used for that premises and shall surrender the same, at termination hereof, in as good condition as received, normal wear and tear excepted. Lessee shall be responsible for all repairs required, except the roof, exterior walls, and structural foundations, which shall be maintained and repaired by Lessor.

6. **Alterations**. Lessee shall not, without first obtaining the written consent of Lessor, make any alterations, additions, or improvements, in, to or about the premises.

7. **Ordinances and Statutes**. Lessee shall comply with all statutes, ordinances and requirements of all municipal, state and federal authorities now in force, or which may hereafter be in force, pertaining to the premises, occasioned by or affecting the use thereof by Lessee.

8. **Assignment and Subletting**. Lessee shall not assign this lease or sublet any portion of the premises without prior written consent of the Lessor, which shall not be unreasonably withheld. Any such assignment or subletting without consent shall be void and, Lessor, at his/her option, may terminate this lease.

9. **Utilities**. All applications and connections for necessary utility services on the demised premises shall be made in the name of Lessee only, and Lessee shall be solely liable for utility charges as they become due, including but not limited, those for electricity, and telephone services. Lessor shall be responsible for water, trash and gardening service.

10. **Entry and Inspection**. Lessee shall permit Lessor or Lessor's agents to enter upon the premises at reasonable times and upon reasonable notice, for the purpose of inspecting the same, and will permit Lessor at any time within **sixty (60) days** prior to the expiration of this lease, to place upon the premises any usual "To Let" or "For Lease" signs, and permit persons desiring to lease the same to inspect the premises thereafter.

11. **Possession**. Lessee has been in this possession for 3 years already and this lease is a renew one.

12. **Indemnification of Lessor**. Lessor shall not be liable for any damage or injury to Lessee, or any other person, or to any property, occurring on the demised premises or any part thereof, and Lessee agrees to hold Lessor harmless from any claims for damages, no matter how caused.

13. **Insurance**. Lessee, at his expense, shall maintain plate glass and public liability insurance including bodily injury and property damage insuring Lessee and Lessor with minimum coverage as follows:

    $500,000 for general liabilities.

    Lessee shall provide Lessor with a Certificate of Insurance showing Lessor as additional insured, The Certificate shall provide for a ten-day written notice to Lessor in the event of Cancellation or material change of coverage. To the maximum extent permitted by insurance policies, which may be owned by Lessor or Lessee, Lessee and Lessor, for the benefit of each other, waive any and all rights of subrogation, which might otherwise exist.

Tenant shall indemnify and hold Landlord harmless from and against any and all claims arising from Tenant's use or occupancy of the premises or from the conduct of its business or from any activity, work, or things which may be permitted or suffered by tenant in or about the premises including all damages, costs, attorney's fees, expenses and liabilities incurred in the defense of any claim or action or proceeding arising there from. Except for Landlord's willful or grossly negligent conduct, Tenant hereby assumes all risk of damage to property or injury to person in or about the premises from any cause, and Tenant hereby waives all claims in respect thereof against Landlord.

Except for Landlord's willful or grossly negligent conduct, Tenant hereby agrees that Landlord shall not be liable for any injury to Tenant's business or loss of income there from or for damage to the goods, wares, merchandise, or other property of Tenant. Tenant's employees, invitees, customers or any other person in or about the premises: nor shall Landlord be liable for injury to the person of Tenant, Tenant's employees, agents, contractors, or invitees, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air-conditioning, or lighting fixtures, or from any other cause, weather such damage results from conditions arising upon the premises or upon other portions of the building in which the premises are a part, or from any other sources or places. Landlord shall not be liable to Tenant for any damages arising from any act or neglect of any other tenant, if any, of the building in which the premises are located.

14. **Eminent Domain**. If the premises or any part thereof or any estate therein, or any other part of the building materially affecting Lessee's use of the premises, shall be taken by eminent domain, this lease shall terminate on the date when title vests pursuant to such taking. The rent, and any additional rent, shall be apportioned as of the termination date, and any rent paid for any period beyond that date shall be repaid to Lessee. Lessee shall not be entitled to any part of the award for such taking or any payment in lieu thereof, but Lessee may file a claim for any taking of fixtures and improvements owned by Lessee, and for moving expense.

15. **Destruction of Premises**. In the event of a partial destruction of the premises during the term hereof, from any cause, Lessor shall forthwith repair the same, provided that such repairs can be made **within sixty (60) days** under existing governmental laws and regulations, but such partial destruction shall not terminate this lease, except that Lessee shall be entitled to a proportionate reduction of rent while such repairs are being made, based upon the extent to which the making of such repairs shall interfere with the business of Lessee on the premises. If such repairs cannot be made within said sixty (60) days, Lessor, at his option, may make the same within a reasonable time, this lease continuing in effect with the rent proportionately abated as aforesaid, and in the event that Lessor shall not elect to make such repairs which cannot be made **within sixty (60) days,** this lease may be terminated at the option of either party. In the event that the building in which the demised premises may be situated is destroyed to an extent of not less than one-third of the replacement costs, thereof, Lessor may elect to terminate this lease whether the demised premises be injured or not. A total destruction of the building in which the premises may be situated shall terminate this lease.

16. **Lessor's Remedies on Default**. If Lessee shall default in the payment when due of any installment of rent herein or in the performance of any other convenant or obligation of Lessee herein, Lessor shall forward written notice, as provided herein, of such default to Lessee, and failure of Lessee to cure such default **within Three (3) days** after the date of receipt of such notice with respect to a default in the payment of rent or **within Thirty (30) days** after the date of receipt of such notice with respect to any other default of Lessee (or, if such other default cannot be cured **within such Thirty(30) day** period, within such reasonable additional time as is necessary to cure such other default, provided that Lessee pursues cure diligently and in good faith), shall thereafter allow Lessor to pursue all remedies provided to Lessor pursuant to state law applicable.

17. **Tax Increase**. In the event there is any increase during any year of the term of this lease in the City, County or State real estate taxes over and above the amount of such taxes assessed for the tax year during which the term of this lease commences, whether because of increased rate or valuation, Lessee shall pay to Lessor upon presentation of paid tax bills an amount equal to 0% of the increase in taxes upon the year extending beyond the term of the lease, the obligation of Lessee shall be proportionate to the portion of the lease term included in such year.

18. **Common Area Expense**. In the event the demised premises are situated in a shopping center or in commercial building in which there are common areas, Lessee agrees to pay his pro-rata share of maintenance, taxes, and insurance for the common area. (N/A)

19. **Attorney's Fees**. In case suit should be brought for recovery of the premises, or for any sum due hereunder, or because of any act which may arise out of the possession of the premises, by either party, the prevailing party shall be entitled to all costs incurred in connection with such action, including a reasonable attorney's fee.

20. **Notices**. Any notice which either party may or is required to give, shall be given by mailing the same, postage prepaid, to Lessee at the premises, or Lessor at the address shown below, or at such other places as may be designated by the parties from time to time.

21. **Heirs, Assigns, Successors**. This lease is binding upon and insures to the benefit of the heirs, assigns and successors in interest to the parties.

22. **Options to Renew**. Provided that Lessee is not in default in the performance of this lease, Lessee shall have the option to renew the lease for additional Three (3) years commencing at the expiration of the initial lease term. All of the terms and conditions of the lease shall apply during the renewal term. The option shall be exercised by written notice given to Lessor not **less than 60 days** prior to the expiration of the initial lease term. If notice is not given in the manner provided herein within the time specified, this option shall expire. The option period rent will be increased 5% annually starting 05/01/2018.

23. **Subordination**. This lease is and shall be subordinated to all existing and future liens and encumbrances against the property.

24. **Estoppels Certificate**. Each party, **within (10) days** after notice from the other party, shall execute and deliver to the other party a certificate stating that this Lease is unmodified and in full force and effect, or in full force and effect as modified, and stating the modification. The certificate shall also state the amount of minimum monthly rent, the dates to which the rent has been paid in advance, and the amount of any security deposit or prepaid rent, if any, as well as acknowledging that there are not, to that party's knowledge, any uncured defaults on the part of the other party, or specifying such defaults, if any, which are claimed. Failure to deliver such a certificate **within the ten (10) day** period shall be conclusive upon the party failing to deliver the certificate to the benefit of the party requesting the certificate that this Lease is in full force and effect, that there are no uncured defaults hereunder, and has not been modified except as may be represented by the party requesting the certificate

25. **Covenants and conditions**. Each provision of this lease performable by Tenant shall be deemed both a covenant and a condition.

26. **Choice of Law**. The parties hereto agree that the laws of the State of California shall govern this Lease.

Entire Agreement. The foregoing constitutes the entire agreement between the parties and may be modified only by a writing signed by both parties.

Signed this 28th Day of April, 2016

By */s/ Ming Hsieh*
Lessee: Fulgent Therapeuticals, LLC
Title: Manager

By */s/ James Shi*
Lessor: E & E Plaza, LLC
Title: Property Manager

COMMERCIAL LEASE

This Lease is made and entered into between E & E PLAZA, LLC, herein called Lessor, and Fulgent Therapeutics, LLC herein called Lessee.

Lessee hereby offers to lease from Lessor the premises situated in the City of Temple City County of **Los Angeles**, State of California, described as 4978 Santa Anita Ave. #203, Temple City, CA 91780, with approximately 2,500 square feet upon the following TERMS and CONDITIONS:

1. **Term and Rent.** Lessor demises the above premises for a term of Two (2) years, commencing on May 1, 2016 and terminating on April 30, 2018 or sooner as provided herein at the annual rental of Fifty Two Thousand Five Hundred Dollars (52,500.00) payable in equal monthly installments of $4,375.00 in advance on the first day of each month for that month's rent, during the term of this lease. All rental payments shall be made to Lessor, at the following address:

Ideal Property at 625 East Main Street Alhambra CA 91801

Late Charge. In the event Tenant is more than Five (5) days late in paying any installment of rent due under this Lease, Tenant shall pay landlord a late charge equal to 10% of the delinquent installment of rent

2. **Security Deposit**. Lessee shall deposit with Lessor on the signing of this lease the sum of **Thirty Nine Hundred Ninety Six Dollars** ($3,996.00**)** which is transferred from existing lease as security for the performance of Lessee's obligations under this lease, including without limitation the surrender of possession of the premises to Lessor as herein provided. If Lessor applies any part of the deposit to cure any default of Lessee, Lessee shall on demand deposit with Lessor the amount so applied so that Lessor shall have the full deposit on hand at all times during the term of this lease.

3. **Adjustment to the Rent.** The minimum monthly rent specified herein shall be adjusted as following:

05/01/2016 - 04/30/2017	**$4,375.00/month ($1.75/sq.ft.)**
05/01/2017 - 04/30/2018	**$4,500.00/month ($1.80/sq.ft.)**

4. **Use.** Lessee shall use and occupy the premises for General Office & Lab. The premises shall be used for no other purpose. Lessor represents that the premises may lawfully be used for such purpose.

5. **Care and Maintenance of Premises.** Lessee acknowledges that the premises are generally in good order and repair, unless otherwise indicated herein. Lessee shall, at his own expenses and at all times, maintain the premises in good and safe condition, including plate glass, flooring, painting, interior walls, electrical wiring & lights, plumbing, HVAC system and any other system or equipment exclusively used for that premises and shall surrender the same, at termination hereof, in as good condition as received, normal wear and tear excepted. Lessee shall be responsible for all repairs required, except the roof, exterior walls, and structural foundations, which shall be maintained and repaired by Lessor.

6. **Alterations.** Lessee shall not, without first obtaining the written consent of Lessor, make any alterations, additions, or improvements, in, to or about the premises.

7. **Ordinances and Statutes.** Lessee shall comply with all statutes, ordinances and requirements of all municipal, state and federal authorities now in force, or which may hereafter be in force, pertaining to the premises, occasioned by or affecting the use thereof by Lessee.

8. **Assignment and Subletting.** Lessee shall not assign this lease or sublet any portion of the premises without prior written consent of the Lessor, which shall not be unreasonably withheld. Any such assignment or subletting without consent shall be void and, Lessor, at his/her option, may terminate this lease.

9. **Utilities.** All applications and connections for necessary utility services on the demised premises shall be made in the name of Lessee only, and Lessee shall be solely liable for utility charges as they become due, including but not limited, those for electricity, and telephone services. Lessor shall be responsible for water, trash and gardening service.

10. **Entry and Inspection.** Lessee shall permit Lessor or Lessor's agents to enter upon the premises at reasonable times and upon reasonable notice, for the purpose of inspecting the same, and will permit Lessor at any time within **sixty (60) days** prior to the expiration of this lease, to place upon the premises any usual "To Let" or "For Lease" signs, and permit persons desiring to lease the same to inspect the premises thereafter.

11. **Possession.** Lessee has been in this possession for 3 years already and this lease is a renew one.

12. **Indemnification of Lessor.** Lessor shall not be liable for any damage or injury to Lessee, or any other person, or to any property, occurring on the demised premises or any part thereof, and Lessee agrees to hold Lessor harmless from any claims for damages, no matter how caused.

13. **Insurance.** Lessee, at his expense, shall maintain plate glass and public liability insurance including bodily injury and property damage insuring Lessee and Lessor with minimum coverage as follows:

    $1,000,000 for general liabilities.

    Lessee shall provide Lessor with a Certificate of Insurance showing Lessor as additional insured. The Certificate shall provide for a ten-day written notice to Lessor in the event of Cancellation or material change of coverage. To the maximum extent permitted by insurance policies, which may be owned by Lessor or Lessee, Lessee and Lessor, for the benefit of each other, waive any and all rights of subrogation, which might otherwise exist.

Tenant shall indemnify and hold Landlord harmless from and against any and all claims arising from Tenant's use or occupancy of the premises or from the conduct of its business or from any activity, work, or things which may be permitted or suffered by tenant in or about the premises including all damages, costs, attorney's fees, expenses and liabilities incurred in the defense of any claim or action or proceeding arising there from. Except for Landlord's willful or grossly negligent conduct, Tenant hereby assumes all risk of damage to property or injury to person in or about the premises from any cause, and Tenant hereby waives all claims in respect thereof against Landlord.

Except for Landlord's willful or grossly negligent conduct, Tenant hereby agrees that Landlord shall not be liable for any injury to Tenant's business or loss of income there from or for damage to the goods, wares, merchandise, or other property of Tenant. Tenant's employees, invitees, customers or any other person in or about the premises: nor shall Landlord be liable for injury to the person of Tenant, Tenant's employees, agents, contractors, or invitees, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air-conditioning, or lighting fixtures, or from any other cause, weather such damage results from conditions arising upon the premises or upon other portions of the building in which the premises are a part, or from any other sources or places. Landlord shall not be liable to Tenant for any damages arising from any act or neglect of any other tenant, if any, of the building in which the premises are located.

14. **Eminent Domain.** If the premises or any part thereof or any estate therein, or any other part of the building materially affecting Lessee's use of the premises, shall be taken by eminent domain, this lease shall terminate on the date when title vests pursuant to such taking. The rent, and any additional rent, shall be apportioned as of the termination date, and any rent paid for any period beyond that date shall be repaid to Lessee. Lessee shall not be entitled to any part of the award for such taking or any payment in lieu thereof, but Lessee may file a claim for any taking of fixtures and improvements owned by Lessee, and for moving expense.

15. **Destruction of Premises.** In the event of a partial destruction of the premises during the term hereof, from any cause, Lessor shall forthwith repair the same, provided that such repairs can be made **within sixty (60) days** under existing governmental laws and regulations, but such partial destruction shall not terminate this lease, except that Lessee shall be entitled to a proportionate reduction of rent while such repairs are being made, based upon the extent to which the making of such repairs shall interfere with the business of Lessee on the premises. If such repairs cannot be made within said sixty (60) days, Lessor, at his option, may make the same within a reasonable time, this lease continuing in effect with the rent proportionately abated as aforesaid, and in the event that Lessor shall not elect to make such repairs which cannot be made **within sixty (60) days,** this lease may be terminated at the option of either party. In the event that the building in which the demised premises may be situated is destroyed to an extent of not less than one-third of the replacement costs, thereof, Lessor may elect to terminate this lease whether the demised premises be injured or not. A total destruction of the building in which the premises may be situated shall terminate this lease.

16. **Lessor's Remedies on Default.** If Lessee shall default in the payment when due of any installment of rent herein or in the performance of any other convenant or obligation of Lessee herein, Lessor shall forward written notice, as provided herein, of such default to Lessee, and failure of Lessee to cure such default **within Three (3) days** after the date of receipt of such notice with respect to a default in forward written notice, as provided herein, of such default to Lessee, and failure of Lessee to cure such default **within Three (3) days** after the date of receipt of such notice with respect to a default in the payment of rent or **within Thirty (30) days** after the date of receipt of such notice with respect to any other default of Lessee (or, if such other default cannot be cured **within such Thirty(30) day** period, within such reasonable additional time as is necessary to cure such other default, provided that Lessee pursues cure diligently and in good faith), shall thereafter allow Lessor to pursue all remedies provided to Lessor pursuant to state law applicable.

17. **Tax Increase.** In the event there is any increase during any year of the term of this lease in the City, County or State real estate taxes over and above the amount of such taxes assessed for the tax year during which the term of this lease commences, whether because of increased rate or valuation, Lessee shall pay to Lessor upon presentation of paid tax bills an amount equal to **0%** of the increase in taxes upon the year extending beyond the term of the lease, the obligation of Lessee shall be proportionate to the portion of the lease term included in such year.

18. **Common Area Expense**. In the event the demised premises are situated in a shopping center or in commercial building in which there are common areas, Lessee agrees to pay his pro-rata share of maintenance, taxes, and insurance for the common area. (N/A)

19. **Attorney's Fees**. In case suit should be brought for recovery of the premises, or for any sum due hereunder, or because of any act which may arise out of the possession of the premises, by either party, the prevailing party shall be entitled to all costs incurred in connection with such action, including a reasonable attorney's fee.

20. **Notices.** Any notice which either party may or is required to give, shall be given by mailing the same, postage prepaid, to Lessee at the premises, or Lessor at the address shown below, or at such other places as may be designated by the parties from time to time.

21. **Heirs, Assigns, Successors.** This lease is binding upon and insures to the benefit of the heirs, assigns and successors in interest to the parties.

22. **Options to Renew.** Provided that Lessee is not in default in the performance of this lease, Lessee shall have the option to renew the lease for additional Three (3) years commencing at the expiration of the initial lease term. All of the terms and conditions of the lease shall apply during the renewal term. The option shall be exercised by written notice given to Lessor not **less than 60 days** prior to the expiration of the initial lease term. If notice is not given in the manner provided herein within the time specified, this option shall expire. The option period rent will be increased 5% annually starting 05/01/2018.

23. **Subordination.** This lease is and shall be subordinated to all existing and future liens and encumbrances against the property.

24. **Estoppels Certificate.** Each party, **within (10) days** after notice from the other party, shall execute and deliver to the other party a certificate stating that this Lease is unmodified and in full force and the amount of any security deposit or prepaid rent, if any, as well as acknowledging that there are not, to that party's knowledge, any uncured defaults on the part of the other party, or specifying such defaults, if any, which are claimed. Failure to deliver such a certificate **within the ten (10) day** period shall be conclusive upon the party failing to deliver the certificate to the benefit of the party requesting the certificate that this Lease is in full force and effect, that there are no uncured defaults hereunder, and has not been modified except as may be represented by the party requesting the certificate

25. **Covenants and conditions**. Each provision of this lease performable by Tenant shall be deemed both a covenant and a condition.

26. **Choice of Law**. The parties hereto agree that the laws of the State of California shall govern this Lease.

Entire Agreement. The foregoing constitutes the entire agreement between the parties and may be modified only by a writing signed by both parties.

Signed this 28th Day of April, 2016

By */s/ Ming Hsieh*
Lessee: Fulgent Therapeuticals, LLC

Title: Manager

By */s/ James Shi*
Lessor: E & E Plaza, LLC

Title: Property Manager

COMMERCIAL LEASE

This Lease is made and entered into between E & E PLAZA, LLC, herein called Lessor, and Fulgent Therapeutics, LLC herein called Lessee.

Lessee hereby offers to lease from Lessor the premises situated in the City of Temple City County of **Los Angeles,** State of California, described as 4978 Santa Anita Ave. #204, Temple City, CA 91780,with approximately 1,118 square feet upon the following TERMS and CONDITIONS:

1. **Term and Rent**. Lessor demises the above premises for a term of Two (2) years, commencing on May 1, 2016 and terminating on April 30, 2018 or sooner as provided herein at the annual rental of Twenty Three Thousand Four Hundred Seventy Eight Dollars (23,478.00) payable in equal monthly installments of $1,956.50 in advance on the first day of each month for that month's rent, during the term of this lease. All rental payments shall be made to Lessor, at the following address:

Ideal Property at 625 East Main Street Alhambra CA 91801

Late Charge. In the event Tenant is more than Five (5) days late in paying any installment of rent due under this Lease, Tenant shall pay landlord a late charge equal to 10% of the delinquent installment of rent

2. **Security Deposit**. Lessee shall deposit with Lessor on the signing of this lease the sum of **Two Thousand Eight Hundred Seventy Three Dollars and 28/100 Cents** ($2,873.28) which is transferred from existing lease as security for the performance of Lessee's obligations under this lease, including without limitation the surrender of possession of the premises to Lessor as herein provided. If Lessor applies any part of the deposit to cure any default of Lessee, Lessee shall on demand deposit with Lessor the amount so applied so that Lessor shall have the full deposit on hand at all times during the term of this lease.

3. **Adjustment to the Rent.** The minimum monthly rent specified herein shall be adjusted as following:

05/01/2016 - 04/30/2017	**$1,956.50/month ($1.75/sq.ft.)**
05/01/2017 - 04/30/2018	**$2,012.40/month ($1.80/sq.ft.)**

4. **Use**. Lessee shall use and occupy the premises for General Office & Lab. The premises shall be used for no other purpose. Lessor represents that the premises may lawfully be used for such purpose.

maintain the premises in good and safe condition, including plate glass, flooring, painting, interior walls, electrical wiring & lights, plumbing, HVAC system and any other system or equipment exclusively used for that premises and shall surrender the same, at termination hereof, in as good condition as received, normal wear and tear excepted. Lessee shall be responsible for all repairs required, except the roof, exterior walls, and structural foundations, which shall be maintained and repaired by Lessor.

6. **Alterations**. Lessee shall not, without first obtaining the written consent of Lessor, make any alterations, additions, or improvements, in, to or about the premises.

7. **Ordinances and Statutes**. Lessee shall comply with all statutes, ordinances and requirements of all municipal, state and federal authorities now in force, or which may hereafter be in force, pertaining to the premises, occasioned by or affecting the use thereof by Lessee.

8. **Assignment and Subletting**. Lessee shall not assign this lease or sublet any portion of the premises without prior written consent of the Lessor, which shall not be unreasonably withheld. Any such assignment or subletting without consent shall be void and, Lessor, at his/her option, may terminate this lease.

9. **Utilities**. All applications and connections for necessary utility services on the demised premises shall be made in the name of Lessee only, and Lessee shall be solely liable for utility charges as they become due, including but not limited, those for electricity, and telephone services. Lessor shall be responsible for water, trash and gardening service.

10. **Entry and Inspection**. Lessee shall permit Lessor or Lessor's agents to enter upon the premises at reasonable times and upon reasonable notice, for the purpose of inspecting the same, and will permit Lessor at any time within **sixty (60) days** prior to the expiration of this lease, to place upon the premises any usual "To Let" or "For Lease" signs, and permit persons desiring to lease the same to inspect the premises thereafter.

11. **Possession**. Lessee has been in this possession for 3 years already and this lease is a renew one.

12. **Indemnification of Lessor**. Lessor shall not be liable for any damage or injury to Lessee, or any other person, or to any property, occurring on the demised premises or any part thereof, and Lessee agrees to hold Lessor harmless from any claims for damages, no matter how caused.

13. **Insurance**. Lessee, at his expense, shall maintain plate glass and public liability insurance including bodily injury and property damage insuring Lessee and Lessor with minimum coverage as follows:

    $1,000,000 for general liabilities.

Lessee shall provide Lessor with a Certificate of Insurance showing Lessor as additional insured. The Certificate shall provide for a ten-day written notice to Lessor in the event of Cancellation or material change of coverage. To the maximum extent permitted by insurance policies, which may be owned by Lessor or Lessee, Lessee and Lessor, for the benefit of each other, waive any and all rights of subrogation, which might otherwise exist.

Tenant shall indemnify and hold Landlord harmless from and against any and all claims arising from Tenant's use or occupancy of the premises or from the conduct of its business or from any activity, work, or things which may be permitted or suffered by tenant in or about the premises including all damages, costs, attorney's fees, expenses and liabilities incurred in the defense of any claim or action or proceeding arising there from. Except for Landlord's willful or grossly negligent conduct, Tenant hereby assumes all risk of damage to property or injury to person in or about the premises from any cause, and Tenant hereby waives all claims in respect thereof against Landlord.

Except for Landlord's willful or grossly negligent conduct, Tenant hereby agrees that Landlord shall not be liable for any injury to Tenant's business or loss of income there from or for damage to the goods, wares, merchandise, or other property of Tenant. Tenant's employees, invitees, customers or any other person in or about the premises: nor shall Landlord be liable for injury to the person of Tenant, Tenant's employees, agents, contractors, or invitees, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air-conditioning, or lighting fixtures, or from any other cause, weather such damage results from conditions arising upon the premises or upon other portions of the building in which the premises are a part, or from any other sources or places. Landlord shall not be liable to Tenant for any damages arising from any act or neglect of any other tenant, if any, of the building in which the premises are located.

14. **Eminent Domain**. If the premises or any part thereof or any estate therein, or any other part of the building materially affecting Lessee's use of the premises, shall be taken by eminent domain, this lease shall terminate on the date when title vests pursuant to such taking. The rent, and any additional rent, shall be apportioned as of the termination date, and any rent paid for any period beyond that date shall be repaid to Lessee. Lessee shall not be entitled to any part of the award for such taking or any payment in lieu thereof, but Lessee may file a claim for any taking of fixtures and improvements owned by Lessee, and for moving expense.

15. **Destruction of Premises**. In the event of a partial destruction of the premises during the term hereof, from any cause, Lessor shall forthwith repair the same, provided that such repairs can be made **within sixty (60) days** under existing governmental laws and regulations, but such partial destruction shall not terminate this lease, except that Lessee shall be entitled to a proportionate reduction of rent while such repairs are being made, based upon the extent to which the making of such repairs shall interfere with the business of Lessee on the premises. If such repairs cannot be made within said sixty (60) days, Lessor, at his option, may make the same within a reasonable time, this lease continuing in effect with the rent proportionately abated as aforesaid, and in the event that Lessor shall not elect to make such repairs which cannot be made **within sixty (60) days,** this lease may be terminated at the option of either party. In the event that the building in which the demised premises may be situated is destroyed to an extent of not less than one-third of the replacement costs, thereof, Lessor may elect to terminate this lease whether the demised premises be injured or not. A total destruction of the building in which the premises may be situated shall terminate this lease.

16. **Lessor's Remedies on Default**. If Lessee shall default in the payment when due of any installment of rent herein or in the performance of any other convenant or obligation of Lessee herein, Lessor shall forward written notice, as provided herein, of such default to Lessee, and failure of Lessee to cure such default **within Three (3) days** after the date of receipt of such notice with respect to a default in

forward written notice, as provided herein, of such default to Lessee, and failure of Lessee to cure such default **within Three (3) days** after the date of receipt of such notice with respect to a default in the payment of rent or **within Thirty (30) days** after the date of receipt of such notice with respect to any other default of Lessee (or, if such other default cannot be cured **within such Thirty(30) day** period, within such reasonable additional time as is necessary to cure such other default, provided that Lessee pursues cure diligently and in good faith), shall thereafter allow Lessor to pursue all remedies provided to Lessor pursuant to state law applicable.

17. **Tax Increase**. In the event there is any increase during any year of the term of this lease in the City, County or State real estate taxes over and above the amount of such taxes assessed for the tax year during which the term of this lease commences, whether because of increased rate or valuation, Lessee shall pay to Lessor upon presentation of paid tax bills an amount equal to **0%** of the increase in taxes upon the year extending beyond the term of the lease, the obligation of Lessee shall be proportionate to the portion of the lease term included in such year.

18. **Common Area Expense**. In the event the demised premises are situated in a shopping center or in commercial building in which there are common areas, Lessee agrees to pay his pro-rata share of maintenance, taxes, and insurance for the common area. (N/A)

19. **Attorney's Fees**. In case suit should be brought for recovery of the premises, or for any sum due hereunder, or because of any act which may arise out of the possession of the premises, by either party, the prevailing party shall be entitled to all costs incurred in connection with such action, including a reasonable attorney's fee.

20. **Notices**. Any notice which either party may or is required to give, shall be given by mailing the same, postage prepaid, to Lessee at the premises, or Lessor at the address shown below, or at such other places as may be designated by the parties from time to time.

21. **Heirs, Assigns, Successors**. This lease is binding upon and insures to the benefit of the heirs, assigns and successors in interest to the parties.

22. **Options to Renew**. Provided that Lessee is not in default in the performance of this lease, Lessee shall have the option to renew the lease for additional Three (3) years commencing at the expiration of the initial lease term. All of the terms and conditions of the lease shall apply during the renewal term. The option shall be exercised by written notice given to Lessor not **less than 60 days** prior to the expiration of the initial lease term, If notice is not given in the manner provided herein within the time specified, this option shall expire. The option period rent will be increased 5% annually starting 05/01/2018.

23. **Subordination**. This lease is and shall be subordinated to all existing and future liens and encumbrances against the property.

24. **Estoppels Certificate**. Each party, **within (10) days** after notice from the other party, shall execute and deliver to the other party a certificate stating that this Lease is unmodified and in full force and the amount of any security deposit or prepaid rent, if any, as well as acknowledging that there are not, to that party's knowledge, any uncured defaults on the part of the other party, or specifying such defaults, if any, which are claimed. Failure to deliver such a certificate **within the ten (10) day** period shall be conclusive upon the party failing to deliver the certificate to the benefit of the party requesting the certificate that this Lease is in full force and effect, that there are no uncured defaults hereunder, and has not been modified except as may be represented by the party requesting the certificate

25. **Covenants and conditions**. Each provision of this lease performable by Tenant shall be deemed both a covenant and a condition.

26. **Choice of Law**. The parties hereto agree that the laws of the State of California shall govern this Lease.

Entire Agreement. The foregoing constitutes the entire agreement between the parties and may be modified only by a writing signed by both parties.

Signed this 28th Day of April, 2016

By */s/ Ming Hsieh*	By */s/ James Shi*
Lessee: Fulgent Therapeuticals, LLC	Lessor: E & E Plaza, LLC
Title: Manager	Title: Property Manager

COMMERCIAL LEASE

This Lease is made and entered into between E & E PLAZA, LLC, herein called Lessor, and Fulgent Therapeutics, LLC herein called Lessee.

Lessee hereby offers to lease from Lessor the premises situated in the City of Temple City County of **Los Angeles**, State of California, described as 4978 Santa Anita Ave. #205, Temple City, CA 91780, with approximately 1,988 square feet upon the following TERMS and CONDITIONS:

1. **Term and Rent.** Lessor demises the above premises for a term of Two (2) years, commencing on May 1, 2016 and terminating on April 30, 2018 or sooner as provided herein at the annual rental of Forty One Thousand Seven Hundred Forty Eight Dollars (41,748.00) payable in equal monthly installments of $3,479.00 in advance on the first day of each month for that month's rent, during the term of this lease. All rental payments shall be made to Lessor, at the following address:

Ideal Property at 625 East Main Street Alhambra CA 91801

Late Charge. In the event Tenant is more than Five (5) days late in paying any installment of rent due under this Lease, Tenant shall pay landlord a late charge equal to 10% of the delinquent installment of rent

2. **Security Deposit.** Lessee shall deposit with Lessor on the signing of this lease the sum of **Four Thousand Four Hundred Fifteen Dollars and 04/100 Cents** ($4,415.04) which is transferred from existing lease as security for the performance of Lessee's obligations under this lease, including without limitation the surrender of possession of the premises to Lessor as herein provided. If Lessor applies any part of the deposit to cure any default of Lessee, Lessee shall on demand deposit with Lessor the amount so applied so that Lessor shall have the full deposit on hand at all times during the term of this lease.

3. **Adjustment to the Rent.** The minimum monthly rent specified herein shall be adjusted as following:

05/01/2016 – 04/30/2017	**$3,479.00/month ($1.75/sq.ft.)**
05/01/2017 – 04/30/2018	**$3,578.40/month ($1.80/sq.ft.)**

4. **Use**. Lessee shall use and occupy the premises for General Office & Lab. The premises shall be used for no other purpose. Lessor represents that the premises may lawfully be used for such purpose.

5. **Care and Maintenance of Premises**. Lessee acknowledges that the premises are generally in good order and repair, unless otherwise indicated herein. Lessee shall, at his own expenses and at all times, maintain the premises in good and safe condition, including plate glass, flooring, painting, interior walls, electrical wiring & lights, plumbing, HVAC system and any other system or equipment exclusively used for that premises and shall surrender the same, at termination hereof, in as good condition as received, normal wear and tear excepted. Lessee shall be responsible for all repairs required, except the roof, exterior walls, and structural foundations, which shall be maintained and repaired by Lessor.

6. **Alterations**. Lessee shall not, without first obtaining the written consent of Lessor, make any alterations, additions, or improvements, in, to or about the premises.

7. **Ordinances and Statutes**. Lessee shall comply with all statutes, ordinances and requirements of all municipal, state and federal authorities now in force, or which may hereafter be in force, pertaining to the premises, occasioned by or affecting the use thereof by Lessee.

8. **Assignment and Subletting**. Lessee shall not assign this lease or sublet any portion of the premises without prior written consent of the Lessor, which shall not be unreasonably withheld. Any such assignment or subletting without consent shall be void and, Lessor, at his/her option, may terminate this lease.

9. **Utilities**. All applications and connections for necessary utility services on the demised premises shall be made in the name of Lessee only, and Lessee shall be solely liable for utility charges as they become due, including but not limited, those for electricity, and telephone services. Lessor shall be responsible for water, trash and gardening service.

10. **Entry and Inspection**. Lessee shall permit Lessor or Lessor's agents to enter upon the premises at reasonable times and upon reasonable notice, for the purpose of inspecting the same, and will permit Lessor at any time within **sixty (60) days** prior to the expiration of this lease, to place upon the premises any usual "To Let" or "For Lease" signs, and permit persons desiring to lease the same to inspect the premises thereafter.

11. **Possession**. Lessee has been in this possession for 3 years already and this lease is a renew one.

12. **Indemnification of Lessor**. Lessor shall not be liable for any damage or injury to Lessee, or any other person, or to any property, occurring on the demised premises or any part thereof, and Lessee agrees to hold Lessor harmless from any claims for damages, no matter how caused.

13. **Insurance**. Lessee, at his expense, shall maintain plate glass and public liability insurance including bodily injury and property damage insuring Lessee and Lessor with minimum coverage as follows:

    $1,000,000 for general liabilities.

    Lessee shall provide Lessor with a Certificate of Insurance showing Lessor as additional insured. The Certificate shall provide for a ten-day written notice to Lessor in the event of Cancellation or material change of coverage. To the maximum extent permitted by insurance policies, which may be owned by Lessor or Lessee, Lessee and Lessor, for the benefit of each other, waive any and all rights of subrogation, which might otherwise exist.

Tenant shall indemnify and hold Landlord harmless from and against any and all claims arising from Tenant's use or occupancy of the premises or from the conduct of its business or from any activity, work, or things which may be permitted or suffered by tenant in or about the premises including all damages, costs, attorney's fees, expenses and liabilities incurred in the defense of any claim or action or proceeding arising there from. Except for Landlord's willful or grossly negligent conduct, Tenant hereby assumes all risk of damage to property or injury to person in or about the premises from any cause, and Tenant hereby waives all claims in respect thereof against Landlord.

Except for Landlord's willful or grossly negligent conduct, Tenant hereby agrees that Landlord shall not be liable for any injury to Tenant's business or loss of income there from or for damage to the goods, wares, merchandise, or other property of Tenant. Tenant's employees, invitees, customers or any other person in or about the premises: nor shall Landlord be liable for injury to the person of Tenant. Tenant's employees, agents, contractors, or invitees, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air-conditioning, or lighting fixtures, or from any other cause, weather such damage results from conditions arising upon the premises or upon other portions of the building in which the premises are a part, or from any other sources or places. Landlord shall not be liable to Tenant for any damages arising from any act or neglect of any other tenant, if any, of the building in which the premises are located.

14. **Eminent Domain**. If the premises or any part thereof or any estate therein, or any other part of the building materially affecting Lessee's use of the premises, shall be taken by eminent domain, this lease shall terminate on the date when title vests pursuant to such taking. The rent, and any additional rent, shall be apportioned as of the termination date, and any rent paid for any period beyond that date shall be repaid to Lessee. Lessee shall not be entitled to any part of the award for such taking or any payment in lieu thereof, but Lessee may file a claim for any taking of fixtures and improvements owned by Lessee, and for moving expense.

15. **Destruction of Premises.** In the event of a partial destruction of the premises during the term hereof, from any cause, Lessor shall forthwith repair the same, provided that such repairs can be made **within sixty (60) days** under existing governmental laws and regulations, but such partial destruction shall not terminate this lease, except that Lessee shall be entitled to a proportionate reduction of rent while such repairs are being made, based upon the extent to which the making of such repairs shall interfere with the business of Lessee on the premises. If such repairs cannot be made within said sixty (60) days, Lessor, at his option, may make the same within a reasonable time, this lease continuing in effect with the rent proportionately abated as aforesaid, and in the event that Lessor shall not elect to make such repairs which cannot be made **within sixty (60) days,** this lease may be terminated at the option of either party. In the event that the building in which the demised premises may be situated is destroyed to an extent of not less than one-third of the replacement costs, thereof, Lessor may elect to terminate this lease whether the demised premises be injured or not. A total destruction of the building in which the premises may be situated shall terminate this lease.

16. **Lessor's Remedies on Default**. If Lessee shall default in the payment when due of any installment of rent herein or in the performance of any other convenant or obligation of Lessee herein, Lessor shall forward written notice, as provided herein, of such default to Lessee, and failure of Lessee to cure such default **within Three (3) days** after the date of receipt of such notice with respect to a default in the payment of rent or **within Thirty (30) days** after the date of receipt of such notice with respect to any other default of Lessee (or, if such other default cannot be cured **within such Thirty(30) day** period, within such reasonable additional time as is necessary to cure such other default, provided that Lessee pursues cure diligently and in good faith), shall thereafter allow Lessor to pursue all remedies provided to Lessor pursuant to state law applicable.

17. **Tax Increase.** In the event there is any increase during any year of the term of this lease in the City, County or State real estate taxes over and above the amount of such taxes assessed for the tax year during which the term of this lease commences, whether because of increased rate or valuation, Lessee shall pay to Lessor upon presentation of paid tax bills an amount equal to 0% of the increase in taxes upon the year extending beyond the term of the lease, the obligation of Lessee shall be proportionate to the portion of the lease term included in such year.

18. **Common Area Expense.** In the event the demised premises are situated in a shopping center or in commercial building in which there are common areas, Lessee agrees to pay his pro-rata share of maintenance, taxes, and insurance for the common area. (N/A)

19. **Attorney's Fees.** In case suit should be brought for recovery of the premises, or for any sum due hereunder, or because of any act which may arise out of the possession of the premises, by either party, the prevailing party shall be entitled to all costs incurred in connection with such action, including a reasonable attorney's fee.

20. **Notices.** Any notice which either party may or is required to give, shall be given by mailing the same, postage prepaid, to Lessee at the premises, or Lessor at the address shown below, or at such other places as may be designated by the parties from time to time.

21. **Heirs, Assigns, Successors.** This lease is binding upon and insures to the benefit of the heirs, assigns and successors in interest to the parties.

22. **Options to Renew.** Provided that Lessee is not in default in the performance of this lease, Lessee shall have the option to renew the lease for additional Three (3) years commencing at the expiration of the initial lease term. All of the terms and conditions of the lease shall apply during the renewal term. The option shall be exercised by written notice given to Lessor not **less than 60 days** prior to the expiration of the initial lease term. If notice is not given in the manner provided herein within the time specified, this option shall expire. The option period rent will be increased 5% annually starting 05/01/2018.

23. **Subordination.** This lease is and shall be subordinated to all existing and future liens and encumbrances against the property.

24. **Estoppels Certificate.** Each party, **within (10) days** after notice from the other party, shall execute and deliver to the other party a certificate stating that this Lease is unmodified and in full force and effect, or in full force and effect as modified, and stating the modification. The certificate shall also state the amount of minimum monthly rent, the dates to which the rent has been paid in advance, and the amount of any security deposit or prepaid rent, if any, as well as acknowledging that there are not, to that party's knowledge, any uncured defaults on the part of the other party, or specifying such defaults, if any, which are claimed. Failure to deliver such a certificate **within the ten (10) day** period shall be conclusive upon the party failing to deliver the certificate to the benefit of the party requesting the certificate that this Lease is in full force and effect, that there are no uncured defaults hereunder, and has not been modified except as may be represented by the party requesting the certificate

25. **Covenants and conditions.** Each provision of this lease performable by Tenant shall be deemed both a covenant and a condition.

26. **Choice of Law.** The parties hereto agree that the laws of the State of California shall govern this Lease.

Entire Agreement. The foregoing constitutes the entire agreement between the parties and may be modified only by a writing signed by both parties.

Signed this 28th Day of April, 2016

By */s/ Ming Hsieh*
Lessee: Fulgent Therapeuticals, LLC
Title: Manager

By */s/ James Shi*
Lessor: E & E Plaza, LLC
Title: Property Manager

Exhibit 21.1

SUBSIDIARIES OF FULGENT GENETICS, INC.

As of immediately following completion of the Reorganization

(as defined in the registration statement to which this list of subsidiaries is filed as an exhibit)

Name of Subsidiary	State or Other Jurisdiction of Incorporation or Organization
Fulgent Therapeutics LLC	California

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Registration Statement on Form S-1 of our report dated June 9, 2016 relating to the financial statement of Fulgent Genetics, Inc. appearing in the Prospectus, which is part of this Registration Statement.

We also consent to the reference to us under the heading “Experts” in such Prospectus.

/s/ Deloitte & Touche LLP
Los Angeles, California
September 2, 2016

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Registration Statement on Form S-1 of our report dated June 9, 2016 relating to the financial statements of Fulgent Therapeutics LLC appearing in the Prospectus, which is part of this Registration Statement.

We also consent to the reference to us under the heading “Experts” in such Prospectus.

/s/ Deloitte & Touche LLP
Los Angeles, California
September 2, 2016

Exhibit 99.1

Consent to be Named as a Director Nominee

Fulgent Diagnostics, Inc., a Delaware corporation (the "Company"), has confidentially submitted a draft registration statement on Form S-1 with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), in connection with the initial public offering of its common stock. In connection therewith, I hereby consent, pursuant to Rule 438 of the Securities Act, to being named as a nominee to the board of directors of the Company in such registration statement and any amendments and supplements thereto, and to the filing of this consent as an exhibit to such registration statement and any amendments and supplements thereto.

Dated: May 20, 2016

/s/ John Bolger
John Bolger

Exhibit 99.2

Consent to be Named as a Director Nominee

Fulgent Diagnostics, Inc., a Delaware corporation (the "Company"), has confidentially submitted a draft registration statement on Form S-1 with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), in connection with the initial public offering of its common stock. In connection therewith, I hereby consent, pursuant to Rule 438 of the Securities Act, to being named as a nominee to the board of directors of the Company in such registration statement and any amendments and supplements thereto, and to the filing of this consent as an exhibit to such registration statement and any amendments and supplements thereto.

Dated: May 23, 2016

/s/ Yun Yen

Yun Yen

Exhibit 99.3

Consent to be Named as a Director Nominee

Fulgent Diagnostics, Inc., a Delaware corporation (the "Company"), has confidentially submitted a draft registration statement on Form S-1 with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), in connection with the initial public offering of its common stock. In connection therewith, I hereby consent, pursuant to Rule 438 of the Securities Act, to being named as a nominee to the board of directors of the Company in such registration statement and any amendments and supplements thereto, and to the filing of this consent as an exhibit to such registration statement and any amendments and supplements thereto.

Dated: July 26, 2016

/s/ James J. Mulay (Mulé)
James J. Mulay (Mulé)

MORRISON | FOERSTER

12531 HIGH BLUFF DRIVE
SAN DIEGO, CALIFORNIA
92130-2040

TELEPHONE: 858.720.5100
FACSIMILE: 858.720.5125

WWW.MOFO.COM

MORRISON & FOERSTER LLP

BEIJING, BERLIN, BRUSSELS, DENVER,
HONG KONG, LONDON, LOS ANGELES,
NEW YORK, NORTHERN VIRGINIA,
PALO ALTO, SACRAMENTO, SAN DIEGO,
SAN FRANCISCO, SHANGHAI, SINGAPORE,
TOKYO, WASHINGTON, D.C.

September 2, 2016

Via EDGAR and Overnight Delivery

United States Securities and Exchange Commission
Division of Corporate Finance
100 F Street, N.E.
Washington, D.C. 20549

Attention: John Reynolds, Assistant Director
Joel Parker, Senior Assistant Chief Accountant
Ruairi Regan, Staff Attorney
Brigitte Lippmann, Staff Attorney
Myra Moosariparabil, Staff Accountant

Re: Fulgent Genetics, Inc.
Draft Registration Statement on Form S-1
Submitted July 15, 2016
CIK No. 0001674930

Dear Mr. Reynolds:

On behalf of our client, Fulgent Genetics, Inc. (the "Registrant"), this letter responds to the comments received from the staff (the "Staff") of the Securities and Exchange Commission (the "Commission") in the Staff's letter to the Registrant dated August 26, 2016, with respect to the draft registration statement on Form S-1 confidentially submitted by the Registrant to the Commission on August 17, 2016 (such submission, "Confidential Submission No. 3," and such registration statement, the "Registration Statement"). For convenience, the numbers of the responses and the headings set forth below correspond to the numbered comments and headings in the Staff's letter, and the text of each of the Staff's comments appears in bold and italicized type and the Registrant's response appears immediately after each comment in regular type. Capitalized terms used and not defined herein have the meanings given to them in the Registration Statement.

If the Staff would like marked copies of the Registration Statement as publicly filed with the Commission on the date hereof (the "Public Filing") marked against Confidential Submission No. 3, please so advise and we would be happy to provide them. All page-number references contained in the responses below correspond to the page numbers in the Public Filing of the Registration Statement.

General

1. ***We note your response to comment 4; however, we also note that Fulgent LLC will be your wholly owned subsidiary pursuant to the reorganization and that you will be a holding company with no material assets other than 100% of the equity interests in Fulgent LLC. Therefore, please provide us with a detailed analysis describing the facts that you relied on for the Section 4(a)(2) exemption in connection with the Pharma Split-Off, including the number of offerees, the nature of the investors and the information you provided to the offerees.***

Response:

In response to the Staff's comment, the Registrant has amended its disclosure on page II-4 of the Public Filing of the Registration Statement to describe the facts relied upon for the Section 4(a)(2) exemption in connection with the Pharma Split-Off.

Summary Consolidated Financial and Other Data

Consolidated Balance Sheet Data, page 11

2. ***Please tell us why you have not recorded a pro forma balance sheet adjustment for the distribution of approximately $4.6 million to Mr. Hsieh as a return of capital contribution.***

Response:

In response to the Staff's comment, the Registrant has amended its disclosure on page 11, as well as on pages 50-51 (Capitalization) and 52-53 (Dilution), of the Public Filing of the Registration Statement to provide pro forma adjustments for the distribution of approximately $4.6 million to Mr. Hsieh as a return of capital contribution.

* * * * * * *

We appreciate your time and attention to the responses to the Staff's comments set forth in this letter and the Public Filing of the Registration Statement filed on the date hereof. We would be happy to answer any questions you may have in connection with the same and/or provide you with any additional information. Please direct any such questions or requests to me at (858) 720-5141 (telephone) or sstanton@mofo.com (electronic mail). Please also direct any further comments via electronic mail to me, Sara Terheggen (sterheggen@mofo.com), Lisa Abbot (labbot@mofo.com) and Paul Kim (paulkim@fulgentgenetics.com).

Very truly yours,

/s/ Scott M. Stanton
Scott M. Stanton

cc: Sara L. Terheggen, Esq., Morrison & Foerster LLP
Lisa H. Abbot, Esq., Morrison & Foerster LLP
Ming Hsieh, President and Chief Executive Officer, Fulgent Genetics, Inc.
Paul Kim, Chief Financial Officer, Fulgent Genetics, Inc.