

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Apollo Medical Holdings, Inc.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): October 16, 2017

APOLLO MEDICAL HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-37392
(Commission File
Number)

46-3837784
(I.R.S. Employer
Identification Number)

700 N. Brand Blvd., Suite 1400, Glendale, CA 91203
(Address of principal executive offices) (zip code)

(818) 396-8050
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 1.01 Entry into a Material Definitive Agreement.

Merger Agreement Amendment No. 2

As previously reported in a Current Report on Form 8-K filed by the Company on December 22, 2017 and April 5, 2017, Apollo Medical Holdings, Inc. (the "Company"), entered into an Agreement and Plan of Merger dated as of December 21, 2016 among the Company, Apollo Acquisition Corp., a wholly-owned subsidiary of the Company ("Merger Sub"), Network Medical Management, Inc. ("NMM"), and Kenneth Sim, M.D. as the Shareholders' Representative (as amended by Amendment No. 1, the "Merger Agreement"), pursuant to which Merger Sub will merge with and into NMM and NMM will continue as the surviving corporation and a wholly-owned subsidiary of the Company (the "Merger"). On October 17, 2017, the Company entered into a second amendment to the Merger Agreement ("Amendment No. 2").

Pursuant to Amendment No. 2, the merger consideration was amended to provide that each outstanding share of NMM common stock will be converted into the right to receive such number of shares of the Company's common stock, \$0.001 par value ("Common Stock"), that would result in the NMM shareholders having a right to receive as merger consideration (i) an aggregate number of shares of Common Stock that represents 82% of the total issued and outstanding shares of Common Stock of the Company immediately following the consummation of the Merger (assuming there are no NMM dissenting shareholder interests as of the effective time of the Merger) and (ii) an aggregate of 2,566,666 shares of Common Stock of the Company. In addition, Amendment No. 2 provides that each NMM shareholder will be entitled to receive such shareholder's pro rata portion of (i) warrants to purchase an aggregate of 850,000 shares of the Company's Common Stock exercisable at \$11.00 per share, and (ii) warrants to purchase an aggregate of 900,000 shares of the Company's Common Stock exercisable at \$10.00 per share.

In addition, under Amendment No. 2 NMM is required to provide a new working capital loan to the Company that will result in additional proceeds to the Company of \$4,000,000. Under Amendment No. 2, the loan will be evidenced by a promissory note in the principal amount of \$9,000,000 that is convertible into shares of Common Stock of the Company at a conversion price of \$10.00 per share, subject to adjustment for stock splits, dividends, recapitalizations and the like (the "Restated NMM Note"). Of the principal amount, (A) \$5,000,000 is required to be used to refinance a \$5,000,000 working capital loan that was previously loaned by NMM to the Company pursuant to a Promissory Note dated January 3, 2017 (the "Original Note") and (B) \$4,000,000 is to be used for working capital. The Restated NMM Note cancels and replaces the Original Note and with the effect that the entire outstanding principal balance of the Original Note, all accrued and unpaid interest thereon, and any applicable fees, costs and charges rolls into and becomes payable pursuant to the terms of the Restated NMM Note. Certain other terms applicable to the Original Note have also been changed, as described below under "Restated NMM Note."

Amendment No. 2 also contains certain other technical and conforming changes, including provisions authorizing the issuance of shares of NMM common stock and options (which options must be exercised or cancelled prior to the closing), and extending the End Date (as defined in the Merger Agreement) to March 31, 2018.

The foregoing description of the Merger Agreement and the amendments thereto does not purport to be complete and is qualified in its entirety by reference to the complete text of the Merger Agreement, Amendment No. 1 and Amendment No. 2, copies of which are attached as Exhibit 99.1 to the Current Report on Form 8-K filed by the Company on December 22, 2016, Exhibit 10.3 to the Current Report on Form 8-K filed by the Company on April 5, 2017 and Exhibit 10.1 hereto, respectively, and are incorporated herein by reference.

The Merger Agreement and the amendments thereto and the above description thereof have been included to provide investors with information regarding the terms of Amendment No. 2 and is not intended to provide any other factual information about NMM or the Company. The representations, warranties and covenants made by NMM and the Company in the Merger Agreement and the amendments thereto were made as of the date thereof in connection with negotiating that contract, are subject to qualifications and limitations agreed to by the parties, and may have been used for the purpose of allocating risk between the parties rather than for the purpose of establishing matters as facts. Such representations, warranties and covenants may also be subject to a contractual standard of materiality different from those generally applicable to shareholders and reports and documents filed with the SEC. Information concerning the subject matter of such representations, warranties and covenants may also change after the date of the Merger Agreement and the amendments thereto, as applicable, which subsequent information may or may not be fully reflected in public disclosures. Accordingly, shareholders should not rely on such representations, warranties and covenants as characterizations of the actual state of facts or circumstances described in the Merger Agreement and the amendments thereto.

Alliance Apex LLC Convertible Note Amendment

As previously reported in a Current Report on Form 8-K filed by the Company on April 5, 2017, the Company issued a Convertible Promissory Note to Alliance Apex, LLC ("Alliance") in the principal amount of \$4,990,000 (the "Alliance Note"). On October 16, 2017, the Company and Alliance entered into an Amendment to Convertible Promissory Note pursuant to which the maturity date was extended from December 31, 2017 to March 31, 2018 (as amended, the "Amended Alliance Note").

The foregoing description of the Amended Alliance Note does not purport to be complete and is qualified in its entirety by reference to the complete text of the Amended Alliance Note, as amended, a copy of which is filed herewith as Exhibit 10.2 and which is incorporated herein by reference.

Restated NMM Note

As disclosed above and as previously reported in a Current Report on Form 8-K filed by the Company on April 5, 2017, the Company previously entered into a working capital loan with NMM in the amount of \$5,000,000 as evidenced by the Original Note, which, in connection with Amendment No. 2, was on October 17, 2017 subsequently restated by the Restated NMM Note. The Original Note has been restated to include, among others, (i) an additional \$4,000,000 to be used for working capital, (ii) an extension of the maturity date to the earlier of (A) March 31, 2019 or (B) 12 months after the date the Merger Agreement is terminated, (iii) the increase in the principal amount of the Restated NMM Note to \$13,990,000 if the Company fails to pay the Amended Alliance Note and NMM either pays all amounts owed under the Amended Alliance Note or enters into another agreement with Alliance (such that in either case the Amended Alliance Note is cancelled) and (iv) a conversion feature allowing the Restated NMM Note to be converted into shares of Company Common Stock at \$10.00 per share, subject to adjustment for stock splits, dividends, recapitalizations and the like, with such conversion, if exercised in accordance with the terms of the Restated NMM Note, becoming effective on the maturity date.

The securities above were offered and sold pursuant to an exemption from the registration requirements under Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act") and Rule 506 of Regulation D promulgated thereunder since, among other things, the transactions did not involve a public offering.

The foregoing description of the Restated NMM Note does not purport to be complete and is qualified in its entirety by reference to the complete text of the Restated NMM Note, a copy of which is filed herewith as Exhibit 10.3 and which is incorporated herein by reference.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth in Item 1.01 is incorporated by reference into this Item 2.03.

Item 3.02 Unregistered Sales of Equity Securities.

The information set forth in Item 1.01 is incorporated by reference into this Item 3.02.

Forward-Looking Statements

This Current Report on Form 8-K may contain forward-looking statements, including information about management's view of future expectations, plans and prospects for the Company. In particular, words such as "predicts," "believes," "expects," "intends," "seeks," "estimates," "plans," "anticipates," and "is projected to" and similar conditional expressions and future or conditional verbs such as "will," "may," "might," "should," "would" and "could" are intended to identify forward-looking statements. In addition, our representatives may from time to time make oral forward-looking statements. Any such statements, other than those of historical fact, are forward-looking statements. Such statements are based on the current expectations and certain assumptions of the Company's management. Such statements are subject to a variety of known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Company, which could cause the actual results, performance or achievements of the Company and its subsidiaries to be materially different than those that may be expressed or implied in such statements or anticipated on the basis of historical trends. Unknown or unpredictable factors also could have material adverse effects on the Company's future results. The Company cannot guarantee future results, levels of activity, performance or achievements. Accordingly, you should not place undue reliance on these forward-looking statements. The forward-looking statements included herein are made only as of the date hereof. The Company undertakes no obligation to update or revise these forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statement was made, except as required by law, and also undertakes no obligation to update or correct information prepared by third parties that are not paid for by the Company. You should not place undue reliance on any forward-looking statement and should consider the uncertainties and risks discussed under Item 1A. "Risk Factors" of the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2017 and in any of the Company's other subsequent Securities and Exchange Commission ("SEC") filings.

Important Additional Information and Where to Find it

This 8-K does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any proxy, vote or approval. In connection with the proposed transaction, the Company has filed with the SEC a pre-effective registration statement on Form S-4 that will include a joint proxy statement of the Company and NMM that also constitutes a prospectus of the Company. The definitive joint proxy statement/prospectus will be delivered to stockholders of the Company and shareholders of NMM. INVESTORS ARE URGED TO READ THE DEFINITIVE JOINT PROXY STATEMENT/PROSPECTUS AND OTHER RELEVANT DOCUMENTS THAT WILL BE FILED WITH THE SEC WHEN THEY BECOME AVAILABLE. THESE ITEMS WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION.

Investors will be able to obtain free copies of the registration statement and the definitive joint proxy statement/prospectus (when finalized and effective) and other relevant documents filed by the Company with the SEC through the website maintained by the SEC at www.sec.gov. Copies of the documents filed by the Company with the SEC will also be available free of charge on the Company's website at www.apollomed.net.

Participants in the Solicitation

The Company and its directors and executive officers may be deemed to be participants in the solicitation of proxies from the Company's stockholders in respect of the proposed transaction. Information regarding the Company's directors and executive officers, and additional information regarding the interests of such potential participants will be included in the definitive joint proxy statement/prospectus contained in the above-referenced registration statement on Form S-4 (as may be amended) filed with the SEC. These documents will be available free of charge on the SEC's website and from the Company using the sources indicated above.

For information about the Company's relationships and transactions with NMM, please see the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2017, the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2017, the Company's definitive Proxy Statement for the Annual Meeting of Stockholders held in September 2017, and any of the Company's SEC filings filed since the Annual Report. The Company's filings with the SEC, including the Annual Report, the Proxy Statement and the Quarterly Report, are available at the SEC's website at www.sec.gov. Copies of certain of the Company's agreements with these related parties are publicly available as exhibits to the Company's public filings with the SEC and accessible at the SEC's website.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
<u>10.1</u>	<u>Amendment No. 2 to Agreement and Plan of Merger, dated as of October 17, 2017, among Apollo Medical Holdings, Inc., Apollo Acquisition Corp., Network Medical Management, Inc., and Kenneth Sim, M.D. in his capacity as the Shareholders' Representative</u>
<u>10.2</u>	<u>Amendment to Convertible Promissory Note, dated as of October 16, 2017, between Apollo Medical Holdings, Inc. and Alliance Apex LLC</u>
<u>10.3</u>	<u>Amended and Restated Convertible Promissory Note, dated as of October 17, 2017, between Apollo Medical Holdings, Inc. and Network Medical Management, Inc.</u>

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

APOLLO MEDICAL HOLDINGS, INC.

Dated: October 20, 2017

By: /s/ Warren Hosseinion

Name: Warren Hosseinion

Title: Chief Executive Officer

AMENDMENT NO. 2 TO AGREEMENT AND PLAN OF MERGER

This Amendment No. 2 to Agreement and Plan of Merger (this “Amendment”) is made and entered into as of October 17, 2017 by and among Apollo Medical Holdings, Inc., a Delaware corporation (“Parent”), Apollo Acquisition Corp., a California corporation (“Merger Sub”), Network Medical Management, Inc., a California corporation (the “Company”), and Kenneth Sim, M.D. (the “Shareholders’ Representative”). Parent, Merger Sub, the Company and the Shareholders’ Representative shall sometimes be referred to herein collectively as the “Parties” and individually as a “Party.” Capitalized terms used herein have the meanings ascribed to them in Article XIII of the Merger Agreement.

WHEREAS, Parent, the Company, Merger Sub and the Shareholders’ Representative are parties to the Agreement and Plan of Merger dated as of December 21, 2016, as amended on March 30, 2017 (the “Merger Agreement”);

WHEREAS, Section 12.6 of the Merger Agreement provides that the Merger Agreement may be amended by a written amendment signed by all of the Parties thereto; and

WHEREAS, the Parties desire to amend the Merger Agreement as set forth below;

NOW, THEREFORE, in consideration of the premises and the mutual promises contained herein and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Amendment to Section 1.5(b). Section 1.5(b) of the Merger Agreement is hereby deleted in its entirety.

2. Amendment to Section 2.1(b)(ii). Section 2.1(b)(ii) of the Merger Agreement is hereby amended and restated as follows:

“(ii) Subject to Sections 2.1(b)(i) and 2.8, each Company Share issued and outstanding immediately prior to the Effective Time shall be converted into the right to receive such number of fully paid and nonassessable Parent Shares that would result in the Shareholders having a right to receive (I) an aggregate number of Parent Shares immediately following the Effective Time that represents eighty-two percent (82%) of the total issued and outstanding Parent Shares immediately following the Effective Time, assuming there are no Dissenting Shareholder Interests as of the Effective Time (the “Exchange Ratio”), plus (II) an aggregate of two million five hundred sixty-six thousand six hundred sixty-six (2,566,666) Parent Shares (the “Additional Parent Shares”), assuming there are no Dissenting Shareholder Interests as of the Effective Time. In addition, each Shareholder shall be entitled to receive such Shareholder’s Pro Rata Portion of the aggregate of eight hundred fifty thousand (850,000) warrants of Parent exercisable at eleven dollars (\$11.00) per share and the aggregate of nine hundred thousand (900,000) warrants of Parent exercisable at ten dollars (\$10.00) per share. Notwithstanding the foregoing, and for the avoidance of doubt, for purposes of calculating the Exchange Ratio, the aggregate number of Parent Shares held by the Shareholders immediately following the Effective Time shall exclude (i) any Parent Shares owned by the Shareholders immediately prior to the Effective Time, (ii) the Additional Parent Shares and (iii) any Parent Shares issuable to the Shareholders pursuant to the exercise of the Parent Warrants and/or the Closing Warrant Payment. Notwithstanding the foregoing, and for the avoidance of doubt, for purposes of calculating the Exchange Ratio, the total number of issued and outstanding Parent Shares immediately following the Effective Time shall exclude four hundred ninety-nine thousand (499,000) Parent Shares issued or issuable pursuant to the Securities Purchase Agreement dated as of March 30, 2017, between Parent and Alliance Apex, LLC (the “Purchase Agreement”). All such Company Shares, when so converted, shall no longer be outstanding and shall automatically be cancelled and shall cease to exist, and each holder of a certificate that immediately prior to the Effective Time represented any such Company Shares (each, a “Certificate”) and each holder of Company Shares held in book-entry form shall, in each case, cease to have any rights with respect thereto, except the right to receive such Shareholder’s Pro Rata Portion of the Merger Consideration and any cash in lieu of fractional Parent Shares to be issued or paid in consideration therefor, and any rights to which holders of Company Shares become entitled in accordance with Section 3.16.”

3. Amendment to Section 2.3. Section 2.3 of the Merger Agreement is hereby amended and restated as follows:

"2.3 Merger Consideration. Subject to the terms and conditions of this Agreement, the aggregate consideration to be paid by Parent shall be the Merger Consideration. The "Merger Consideration" is an amount equal to the total of:

- ninety percent (90%) of the aggregate number of Parent Shares the Shareholders are entitled to receive pursuant to Section 2.1(b)(ii) (the "Closing Share Payment"), plus
- eight hundred fifty thousand (850,000) warrants of Parent exercisable at eleven dollars (\$11.00) per share, plus nine hundred thousand (900,000) warrants of Parent exercisable at ten dollars (\$10.00) per share (collectively, the "Closing Warrant Payment," and together with the Closing Share Payment, the "Closing Payment"), which warrants shall be in substantially the same form as the Series B Parent Warrants, plus
- the remainder, if any, from the holdback shares (initially, ten percent (10%) of the aggregate number of Parent Shares the Shareholders are entitled to receive pursuant to Section 2.1(b)(ii) (the "Holdback Shares"))."

4. Amendment to Section 3.2(ii). Section 3.2(ii) of the Merger Agreement is hereby amended and restated as follows:

"(ii) except as set forth in Schedule 3.2 attached and except as authorized by the Company Board for issuances, deliveries and/or sales prior to the Closing of common stock of the Company or options to purchase common stock of the Company which options must be exercised or cancelled prior to, and cannot be outstanding at, the Closing, issue, deliver, sell, authorize, pledge or otherwise encumber any shares of capital stock, stock options or any securities convertible into shares of capital stock or other equity, or subscriptions, rights, warrants or options to acquire any shares of capital stock or other equity or any securities convertible into shares of capital stock or other equity, or enter into other agreements or commitments of any character obligating the Company to issue any such shares or convertible securities;"

5. Amendment to Section 3.2(x). Section 3.2(x) of the Merger Agreement is hereby amended and restated as follows:

“(x) except as authorized by the Company Board for issuances, deliveries and/or sales prior to the Closing of common stock of the Company or options to purchase common stock of the Company which options must be exercised or cancelled prior to, and cannot be outstanding at, the Closing, change its authorized capital structure or authorize for issuance, issue, sell, grant, pledge or dispose of, or agree or commit to issue, sell, grant, pledge or dispose of (whether through the issuance or granting of options, warrants, commitments, subscriptions, rights to purchase or otherwise) any stock of any class of the Company or any other securities or equity equivalents;”

6. Amendment to Section 3.13. Section 3.13 of the Merger Agreement is hereby amended to add the following new sentence at the end of such Section:

“For the avoidance of doubt, notwithstanding anything to the contrary in this Agreement, any other agreement, or the governing documents of Parent, the Parties hereby acknowledge and agree that in no event prior to Closing (or earlier termination of this Agreement in accordance with the terms hereof) shall Company take any action to cause a dividend or distribution of or take any other action with respect to the Series A preferred stock and Series B preferred stock of Parent held by Company (the “Preferred Stock”), and the Preferred Stock shall continue to be held by Company until and through the Effective Time such that the value of the Preferred Stock shall thereby effectively be relinquished at the Effective Time, if and only if the Closing occurs and the Agreement has not been terminated, by Company and the Shareholders in exchange for the Merger Consideration.”

7. Amendment to Section 3.14. Section 3.14 of the Merger Agreement is hereby amended and restated as follows:

"3.14 Working Capital Loans. The Company shall provide a working capital loan to Parent in the principal amount of Nine Million Dollars (\$9,000,000), which shall be evidenced by a promissory note in substantially the form of Exhibit F attached hereto and shall be convertible into Parent Shares in accordance with the terms thereof (the "Convertible Note"). Of such amount, (A) Five Million Dollars (\$5,000,000) was previously disbursed to Parent pursuant to a working capital loan evidenced by that certain Promissory Note dated January 3, 2017 (the "Original Note") and (B) Four Million Dollars (\$4,000,000) will be used for working capital and shall be funded by wire of immediately available funds to an account designated by Parent on October 17, 2017. Upon its execution, (i) the Convertible Note shall amend, restate and replace the Original Note, which shall thereupon be canceled together with the note previously executed by the Company and payable to the Shareholders' Representative on behalf of the Shareholders in the principal amount of the Original Note and (ii) the entire outstanding principal balance of the Original Note, all accrued and unpaid interest thereon, and all other applicable fees, costs and charges, if any, shall be rolled into and become payable pursuant to the terms of the Convertible Note. For the avoidance of doubt, notwithstanding anything to the contrary in this Agreement, any other agreement, or the governing documents of Parent, the Parties hereby acknowledge and agree that in no event prior to Closing (or earlier termination of this Agreement in accordance with the terms hereof) shall Company take any action to cause a dividend or distribution of or take any other action with respect to the Convertible Note, and the Convertible Note shall continue to be held by Company until and through the Effective Time such that the value of the Convertible Note shall thereby effectively be relinquished at the Effective Time, if and only if the Closing occurs and the Agreement has not been terminated, by Company and the Shareholders in exchange for the Merger Consideration."

8 . Amendment to Section 3.15. Section 3.15 of the Merger Agreement is hereby amended to delete the words "less the amount of the Working Capital Loan Amount."

9. Amendment to Section 8.1. Section 8.1 of the Merger Agreement is hereby amended and restated as follows:

"8.1 Survival. All representations and warranties and the covenants and agreements (to the extent such covenant or agreement contemplates or requires performance prior to the Closing) of each of the Parties shall terminate and expire on, and shall cease to have any further force or effect following, the date which is two (2) years from the Closing Date (the "Expiration Date"); provided, however, that if at any time prior to the Expiration Date, an Indemnified Party has duly delivered to the applicable Indemnifying Parties a Claim Notice (satisfying the requirements set forth in Sections 8.4 and 8.5), then the specific indemnification claim asserted in such Claim Notice shall survive the Expiration Date until such time as such claim is resolved. Each covenant and agreement requiring performance at or after the Closing, will, in each case, expressly survive Closing in accordance with its terms, and if no term is specified, then such covenants and agreements shall survive indefinitely following the Effective Time."

10 . Amendment to Section 9.1(b)(i). Section 9.1(b)(i) of the Merger Agreement is hereby amended by replacing "August 31, 2017" with "March 31, 2018."

11. Amendment to Section 13.1. Section 13.1 of the Merger Agreement is hereby amended as follows:

- a. The term "the Convertible Note" is added to the definition of "Transaction Documents" and replaces the term "the Working Capital Note" in such definition;

b. The following definition is added to Section 13.1, inserted in alphabetical order: "" Convertible Note" has the meaning set forth in Section 3.14"; and

c. The definitions "Shareholder Note" and "Working Capital Note" are deleted.

12. Amendment to Exhibits. The title of Exhibit F of the Merger Agreement is hereby amended to be "Convertible Note."

13. Effect of Amendment. Except as expressly set forth in this Amendment, the Merger Agreement remains in full force and effect.

14. Governing Law; Exclusive Jurisdiction. All disputes, claims or controversies arising out of or relating to this Amendment shall be construed in accordance with and governed by the internal laws of the State of California without giving effect to any choice or conflict of law provision or rule (whether of the State of California or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of California.

15. Execution of Amendment; Counterparts; Electronic Signature. This Amendment may be executed in multiple counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument. The exchange of copies of this Amendment and signature pages by facsimile transmission, by electronic mail in portable document format form or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, or by combination of such means, shall constitute effective execution and delivery of this Amendment as to the Parties and may be used in lieu of the original Amendment for all purposes.

16. Modification. This Amendment may not be amended except by a written amendment signed by all of the Parties hereto.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment No. 2 to Agreement and Plan of Merger to be duly executed on its behalf as of the day and year first above written.

PARENT:

Apollo Medical Holdings, Inc., a Delaware corporation

By: /s/ Warren Hosseinion
Name: Warren Hosseinion
Title: Chief Executive Officer

MERGER SUB:

Apollo Acquisition Corp., a California corporation

By: /s/ Warren Hosseinion
Name: Warren Hosseinion
Title: Chief Executive Officer

THE COMPANY:

Network Medical Management, Inc., a California corporation

By: /s/ Thomas Lam
Name: Thomas Lam
Title: Chief Executive Officer

SHAREHOLDERS' REPRESENTATIVE:

/s/ Kenneth Sim
Kenneth Sim, M.D.

AMENDMENT TO CONVERTIBLE PROMISSORY NOTE

This Amendment to Convertible Promissory Note (this "Amendment") is made and entered into as of October 16, 2017, by and between Apollo Medical Holdings, Inc., a Delaware corporation ("AMH"), and Alliance Apex LLC, a California limited liability company ("Alliance Apex").

WHEREAS, Alliance Apex extended a loan to AMH in the original principal amount of Four Million Nine Hundred Ninety Thousand Dollars (\$4,990,000), as evidenced by a certain Convertible Promissory Note dated March 30, 2017, between AMH and Alliance Apex (the "Note"). Unless otherwise defined herein, capitalized terms used herein have the meanings ascribed to them in the Note.

WHEREAS, the Parties desire to amend the Note by extending the Maturity Date thereof as set forth below.

NOW, THEREFORE, in consideration of the premises and the mutual promises contained herein and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Extension of Maturity Date. The reference to "December 31, 2017" in the definition of "Maturity Date" in the opening paragraph of the Note is hereby deleted and replaced with "March 31, 2018".

2. Effect of Amendment. Except as expressly set forth in this Amendment, the Note remains in full force and effect.

3. Execution of Amendment; Counterparts; Electronic Signature. This Amendment may be executed in multiple counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument. The exchange of copies of this Amendment and signature pages by facsimile transmission, by electronic mail in portable document format form or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, or by combination of such means, shall constitute effective execution and delivery of this Amendment as to the parties hereto and may be used in lieu of the original Amendment for all purposes.

4. Modification. This Amendment may not be amended except by a written amendment signed by all of the parties hereto.

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment to be duly executed on its behalf as of the day and year first above written.

"AMH":

APOLLO MEDICAL HOLDINGS, INC.

By: /s/ Warren Hosseinion
Warren Hosseinion, M.D.
Chief Executive Officer

"Alliance Apex":

ALLIANCE APEX, LLC

By: /s/ Linda Dong
Linda Dong
Manager

AMENDED AND RESTATED CONVERTIBLE PROMISSORY NOTE

\$9,000,000

October 17, 2017

This AMENDED AND RESTATED CONVERTIBLE PROMISSORY NOTE (this "Note") is dated as of the date written above and is made by APOLLO MEDICAL HOLDINGS, INC., a Delaware corporation ("AMH"), in favor and for the benefit of NETWORK MEDICAL MANAGEMENT, INC., a California corporation ("NMM"), with reference to the following recitals:

Recitals:

A. AMH, Apollo Acquisition Corp., a California corporation and wholly owned subsidiary of AMH ("Merger Sub"), NMM and Kenneth Sim, M.D. as the Shareholders' Representative, have entered into an Agreement and Plan of Merger dated December 21, 2016 (as amended, the "Merger Agreement"), pursuant to which Merger Sub will merge with and into NMM, with NMM continuing as the surviving corporation, upon the terms and subject to the conditions set forth therein. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Merger Agreement.

B. Pursuant to Section 3.14 of the Merger Agreement, NMM extended a working capital loan to AMH, as evidenced by that certain Promissory Note dated January 3, 2017, in the original principal amount of \$5 million (the "Original Note").

C. Due to AMH's working capital needs, AMH has requested NMM, and NMM has agreed, to increase such working capital loan by an additional principal amount of \$4 million, which when added to the \$5 million principal amount evidenced by the Original Note, comprises the aggregate principal amount evidenced by this Note. Upon its execution, (i) this Note shall amend, restate and replace the Original Note, which shall thereupon be canceled, and (ii) the entire outstanding principal balance of the Original Note, all accrued and unpaid interest thereon, and all other applicable fees, costs and charges, if any, shall be rolled into and become payable pursuant to the terms of this Note.

D. For the avoidance of doubt, it is acknowledged that the principal amount of \$5 million has already been disbursed by NMM to AMH under the Original Note, and that only the remaining undisbursed principal balance of this Note (i.e., \$4 million) will be disbursed to AMH under this Note.

NOW, THEREFORE, for full and adequate consideration and value given to AMH by NMM, the receipt and sufficiency of which are hereby acknowledged, AMH and NMM hereby covenants and agrees as follows:

1. Incorporation of Recitals. All of the Recitals set forth above are hereby incorporated by this reference into, and shall be deemed to be a part of, this Note.

2 . Obligation to Pay. AMH hereby promises to pay to the order of NMM, at 1668 South Garfield, Third Floor, Alhambra, California 91801, or at such other address as NMM may from time-to-time designate in writing, the principal sum of Nine Million Dollars (\$9,000,000) (sometimes referred to herein as the "Convertible Loan Amount"), plus interest on the unpaid principal thereof from time-to-time outstanding, accruing from and after the date hereof, at a rate which is at all times equal to the "Prime Rate" plus one percent (1%). As used herein, the "Prime Rate" shall mean the prime rate of interest for commercial customers, as publicly or privately announced from time to time by Bank of America. Any change in the Prime Rate that is made during any month during the term of this Note shall be reflected in the interest charged under this Note on the first day of the month immediately following the date of such change. All payments of principal and/or interest hereon shall be payable in lawful money of the United States of America and in immediately available funds. Interest hereon shall be calculated on the basis of the actual number of days elapsed in a 360-day year.

3 . Accretion of Alliance Apex Loan. Reference is made to (i) a certain Convertible Promissory Note dated March 30, 2017 (the "Alliance Apex Note"), evidencing a loan made by Alliance Apex LLC, a California limited liability company ("Alliance Apex"), to AMH in the original principal amount of Four Million Nine Hundred Ninety Thousand Dollars (\$4,990,000) (the "Alliance Apex Loan Amount"); and (ii) a certain Guaranty dated March 30, 2017, executed by NMM (the "NMM Guaranty"), pursuant to which NMM guaranteed to Alliance Apex the repayment in full of all amounts due and payable under the Alliance Apex Note. In the event AMH fails to repay the Alliance Apex Note in full when due (the "Alliance Apex Note Due Date"), NMM acknowledges, agrees and undertakes (regardless of whether demand has been made under the NMM Guaranty by Alliance Apex) to pay to Alliance Apex all amounts owed by AMH to Alliance Apex under the Alliance Apex Note or enter into another agreement with Alliance Apex, in either case such that the Alliance Apex Note shall be cancelled and ApolloMed shall have no further obligation thereunder as of such Alliance Apex Note Due Date. Upon NMM's payment to Alliance Apex or entering into another agreement with Alliance Apex as set forth above, (i) the Convertible Loan Amount under this Note shall be increased to Thirteen Million Nine Hundred Ninety Thousand Dollars (\$13,990,000) in the aggregate, and all references in this Note to the Convertible Loan Amount shall mean that increased amount; and (ii) the entire outstanding principal balance of the Alliance Apex Note, all accrued and unpaid interest thereon, and all other applicable fees, costs and charges under the Alliance Apex Note, if any, shall be evidenced by, and become payable on the "Maturity Date" (defined below) or earlier pursuant to the terms of, this Note.

4. Payments. Principal and interest shall be due and payable, without offset or deduction, on the dates and in the manner set forth below:

a . Principal. Unless converted pursuant to the terms hereof, the entire outstanding principal amount under this Note shall be due and payable in full on the Maturity Date.

b . Interest. AMH shall pay to NMM successive quarterly installments comprising all accrued and unpaid interest on the principal balance hereof from time-to-time outstanding at the Prime Rate plus one percent (1%), commencing on the first day of the first month immediately following the execution of this Note, and continuing on the same day of each third (3rd) succeeding month thereafter until the Maturity Date.

c. Maturity Date. The "Maturity Date" shall mean the date that is the earlier of (i) March 31, 2019; or (ii) the date that is twelve (12) months after the date the Merger Agreement is terminated for any reason pursuant to the terms thereof, at which time (but subject to the exercise of the NMM Conversion Option below), all of the following, without duplication, shall be due and payable in full (collectively, the "Payoff Amount"): (A) the entire principal balance hereof, all accrued interest thereon, and all other applicable fees, costs and charges hereunder, if any, plus (B) all accrued interest under the Original Note up to and including the date of cancellation thereof, and all other applicable fees, costs and charges thereunder, if any (collectively, the "Original Note Pre-Cancellation Accrued Interest and Costs"), plus (C) all accrued interest under the Alliance Apex Note up to and including the date of cancellation thereof, and all other applicable fees, costs and charges thereunder, if any (collectively, the "Alliance Apex Note Pre-Cancellation Accrued Interest and Costs").

d. All payments shall be in lawful money of the United States payable to NMM at its address set forth above, or at such other place as NMM may designate from time-to-time in writing.

5. Conversion.

a. Notwithstanding anything to the contrary set forth in this Note, by written notice (the "Conversion Notice") delivered by NMM to AMH within ten (10) business days prior to the Maturity Date (the "Conversion Notice Period"), NMM shall have the right (but not the obligation) in its sole discretion to convert (the "NMM Conversion Option") the Convertible Loan Amount into shares of AMH's common stock (the "Common Stock"), at a conversion price of Ten Dollars and No Cents (\$10.00) per share, subject to adjustment for stock splits, stock dividends, reclassifications and other similar recapitalization transactions that occur after the date of this Note (the "Conversion"). If exercised by NMM, the Conversion shall occur on the Maturity Date.

b. For the avoidance of doubt, (i) notwithstanding the Conversion of the Convertible Loan Amount as set forth herein, all accrued and unpaid interest under this Note, and all other applicable fees, costs and charges hereunder, if any, plus without duplication (A) the Original Note Pre-Cancellation Accrued Interest and Costs, plus (B) the Alliance Apex Note Pre-Cancellation Accrued Interest and Costs, shall in all events be due and payable in full on the Maturity Date; and (ii) if NMM has not exercised the NMM Conversion Option as set forth herein, then the Payoff Amount shall immediately be due and payable in full by AMH to NMM on the Maturity Date.

6. No Prepayments. The indebtedness evidenced by this Note may not be prepaid in whole or in part at any time.

7. Events of Default. Each of the following events shall constitute an event of default hereunder ("Event of Default"):

a. AMH shall fail to pay an installment of interest or principal on this Note on or before the 10th day after written notice of AMH's failure to pay is provided by NMM to AMH;

b. If, pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors (a "Bankruptcy Law"), AMH shall (i) commence a voluntary case or proceeding, (ii) consent to the entry of an order for relief against it in an involuntary case, (iii) consent to the appointment of a trustee, receiver, assignee, liquidator or similar official, (iv) make an assignment of the benefit of its creditors, or (v) admit in writing its inability to pay its debts as they become due; and/or

c. If a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (i) is for relief against AMH in an involuntary case, (ii) appoints a trustee, receiver, assignee, liquidator or similar official for AMH or substantially all of AMH's properties, or (iii) orders the liquidation of AMH, and in each case the order of decree is not dismissed within 180 days.

8 . Acceleration. At the option of NMM, the Payoff Amount shall become immediately due and payable upon the occurrence of any Event of Default, in which event, NMM may at its option declare the Payoff Amount to be immediately due and payable in cash, and NMM may proceed to exercise any rights or remedies that it may have under this Note or such other rights and remedies which NMM may have at law, equity or otherwise. For the avoidance of doubt, notwithstanding anything to the contrary in this Note, the parties hereby acknowledge and agree that in no event prior to Closing (or earlier termination of the Merger Agreement in accordance with the terms thereof) shall NMM take any action to cause a dividend or distribution of or take any other action with respect to this Note.

9. Costs of Collection. In the event of any default hereunder, in addition to principal, interest and late charges, NMM shall be entitled to collect all costs of collection, including but not limited to, reasonable attorneys' fees incurred in connection with any of NMM's reasonable collection efforts, whether or not suit on this Note is filed, and any and all such costs and expenses shall be payable on demand.

1 0 . No Waiver. No failure on the part of NMM or other holder hereof to exercise any right or remedy hereunder, whether before or after the happening of a default, shall constitute a waiver thereof, and no waiver of any past default shall constitute waiver of any future default or of any other default. No failure to accelerate the debt evidenced hereby by reason of default hereunder, or acceptance of a past due installment, or indulgence granted from time to time shall be construed to be a waiver of the right to insist upon prompt payment thereafter or to impose late charges retroactively or prospectively, or shall be deemed to be a novation of this Note or as a reinstatement of the debt evidenced hereby or a waiver of such right of acceleration or any other right, or be construed so as to preclude the exercise of any right which NMM may have, whether by the laws of the State governing this Note, by agreement or otherwise; and AMH and each endorser or guarantor hereby expressly waives the benefit of any statute or rule of law or equity which would produce a result contrary to or in conflict with the foregoing.

1 1 . Waiver by AMH. AMH, and each endorser or guarantor of this Note hereby (i) waives presentment, demand, protest and notice of presentment, notice of protest and notice of dishonor of this debt and each and every other notice of any kind respecting this Note, (ii) agrees that NMM, at any time or times, without notice to such party or such party's consent, may grant extensions of time, without limit as to the number or the aggregate period of such extensions, for the payment of any principal and/or interest due hereon; and (iii) to the extent not prohibited by law, waives the benefit of any law or rule of law intended for its advantage or protection as an obligor hereunder or in whole or in part, on account of any facts or circumstances other than full and complete payment of all amounts due hereunder.

12. Usury Laws. It is the intent of the parties to comply with the usury law of the State of California (the "Applicable Usury Law"). Accordingly, to the extent NMM is not exempt from the Applicable Usury Law, it is agreed that notwithstanding any provisions to the contrary in this Note, in no event shall this Note or such documents require the payment or permit the collection of interest in excess of the maximum interest rate permitted by the Applicable Usury Law (the "Maximum Interest Rate"), then in any such event (i) the provisions of this paragraph shall govern and control, (ii) neither AMH nor any entity now or hereafter liable for the payment hereof shall be obligated to pay the amount of such interest to the extent that it is in excess of the Maximum Interest Rate, (iii) any such excess which may have been collected shall be either applied as a credit against the then unpaid principal amount hereof or refunded to AMH, at NMM's option, and (iv) the effective rate of interest shall be automatically reduced to the Maximum Interest Rate.

13. Choice of Law. This Note shall be interpreted and enforced in accordance with the laws of the State of California, and shall be deemed to have been executed and delivered in the State of California.

14. Time is of the Essence. Time is of the essence in the performance of each and every obligation under this Note to be performed by AMH.

15. Written Modifications. This Note may amended only by an agreement in writing signed by the parties against whom enforcement of any waiver, change, modification or discharge is sought.

16. Successors and Assigns. This Note shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and assigns.

17. Agreement to Perform Necessary Acts. Each party agrees to perform any further acts and execute and deliver any further documents which may be reasonably necessary or otherwise reasonably required to carry out the provisions of this Note.

18. Validity. If for any reason any clause or provision of this Note, or the application of any such clause or provision in a particular context or to a particular situation, circumstance or person, should be held unenforceable, invalid or in violation of law by any court or other tribunal, then the application of such clause or provision in contexts or to situations, circumstances or persons other than that in or to which it is held unenforceable, invalid or in violation of law shall not be affected thereby, and the remaining clauses and provisions hereof shall nevertheless remain in full force and effect.

19. No Reciprocation. The parties hereby acknowledge and agree that financial accommodations extended to AMH by NMM hereunder neither require nor are in any way contingent upon the admission, recommendation, referral or any other arrangement for the provision of any item or service offered by NMM or any of its affiliates, to any of AMH's contractors, partners, employees or agents.

20. Notices. All notices to be given pursuant to this Note will be sufficient if given by personal service, or by guaranteed overnight delivery service, or by postage prepaid mailing by certified or registered mail with return receipt requested, to the parties as set forth below, or to such other address as a party may request by notice given pursuant to this Section. Any time period provided in the giving of any notice hereunder shall commence upon the date of personal service, the next business day after depositing such notice with a guaranteed overnight delivery service, or three (3) days after mailing such notice by certified or registered mail, return receipt requested. However, any failure to give notice in accordance with the terms of this Section will not invalidate such notice if such notice was in fact in writing and actually received by the party to whom it was directed.

If to AMH:

Apollo Medical Holdings, Inc.
700 North Brand Avenue, Suite 1400
Glendale, California 91203
Attention: Warren Hosseinion, M.D.

If to NMM:

Network Medical Management, Inc.
1668 S. Garfield Avenue, 2nd Fl.
Alhambra, CA 91801
Attention: Kenneth Sim, M.D.

21. Entire Agreement. This Note constitutes the full and complete agreement and understanding between the parties hereto and shall supersede any and all prior written and oral agreements concerning the subject matter contained herein.

[Signatures continued on next page]

IN WITNESS WHEREOF, AMH has caused this Note to be duly executed as of the date first written above.

AMH:

APOLLO MEDICAL HOLDINGS, INC.

By: /s/ Warren Hosseinion
Name: Warren Hosseinion
Title: Chief Executive Officer

AGREED TO AND ACKNOWLEDGED BY NMM:

NETWORK MEDICAL MANAGEMENT, INC.

By: /s/ Thomas Lam
Name: Thomas Lam
Title: Chief Executive Officer
