

Himalaya Capital Management LLC

Item 1 – Cover Page

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301 E. Colorado Blvd, Suite 301
Pasadena, CA 91101-1919
Telephone: (626) 689-7539
Facsimile: (626) 584-0182

www.himalayacapital.com



This brochure provides information about the qualifications and business practices of Himalaya Capital Management LLC ("Himalaya Management"). If you have any questions about the contents of this brochure, please contact us at (626) 689-7539.

The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities authority. Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about Himalaya Management also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

There are no material changes since the last annual update of this brochure, which was dated March 31, 2014.

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Item 4 - Advisory Business

Himalaya Management is a Delaware limited liability company founded in 1997. Li Lu (the “Portfolio Manager”) controls and is the principal owner of Himalaya Management.

Himalaya Management provides investment management services solely to one private investment fund, Himalaya Capital Investors, L.P., a Delaware limited partnership formerly known as LL Investment Partners, L.P. (“HCI”).

HCI is structured as a limited partnership. The general partner of HCI is LL Group, LLC, a Delaware limited liability company (the “GP”) which is under common control with Himalaya Management. Himalaya Management manages HCI’s investments in accordance with HCI’s stated investment objectives, as set forth in the HCI limited partnership agreement. The investment management services provided by Himalaya Management to HCI include control over all of HCI’s investment decisions and execution of discretionary trades on behalf of HCI in a manner consistent with HCI’s investment strategies.

Third-party investors in HCI are admitted as limited partners of HCI (“Limited Partners”). Limited Partners are not clients of Himalaya Management, and Himalaya Management does not provide any individualized advisory services to any Limited Partner.

Himalaya Management does not hold itself out as specializing in a particular type of advisory service.

Himalaya Management does not participate in wrap fee programs.

As of December 31, 2014, Himalaya Management had approximately \$2,396,300,000 in client assets under management (rounded to the nearest \$100,000), all of which are managed on a discretionary basis.

Item 5 - Fees and Compensation

A. Himalaya Management is compensated for its advisory services only through performance-based fees (discussed in Item 6) paid by HCI to Himalaya Management directly or to the GP. Please refer to Item 6 for a detailed description of our performance-based fees and the related conflicts of interest such performance-based fees may raise for Himalaya Management.

B. HCI does not pay management fees to Himalaya Management, but the expense reimbursement discussed below is deducted by us from HCI's account, in accordance with the HCI limited partnership agreement.

C. Under the HCI limited partnership agreement, HCI currently reimburses Himalaya Management's actual expenses incurred in connection with HCI's operation up to a cap on overhead expenses of 0.375% of HCI's average net asset value for the year in which the expenses are incurred, subject to certain offsets, reductions, reallocations and adjustments. In addition to Himalaya Management's expenses described above and the performance-based fees described in Item 6 below, HCI bears all reasonable out-of-pocket costs and expenses (other than Himalaya Management's general overhead expenses) incurred in connection with the operation or business of HCI, including: all investment expenses (including brokerage commissions, expenses related to the purchase and sale of illiquid securities, clearing and settlement charges, custodial fees, bank service fees and interest expenses), expenses incurred in connection with the offering and sale of the limited partnership interests and any extraordinary expenses related to HCI.

D. Neither Himalaya Management nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

Item 6 - Performance-Based Fees and Side-By-Side Management

The GP receives an incentive allocation equal to 25% of the net appreciation (whether realized or unrealized) in each Limited Partner's interest in HCI after recovery of prior losses and a 6% per annum (compounded annually) preferred return to such Limited Partner, subject to certain offsets, reductions, reallocations and adjustments under the HCI limited partnership agreement.

The receipt by the GP of incentive allocations is intended to align Himalaya Management's interests with those of HCI and the Limited Partners, and to provide Himalaya Management with a greater incentive to manage assets well. The nature of performance-based fees, however, may create potential conflicts of interest between Himalaya Management and its supervised persons, on the one hand, and HCI and the Limited Partners, on the other hand. For example, a performance-based fee arrangement may create an incentive for Himalaya Management to make investments on behalf of HCI that are riskier, more speculative or exhibit more volatility than would be the case in the absence of a performance-based fee. Furthermore, because the incentive allocation charged with respect to HCI may be based in part on unrealized gains, Himalaya Management may also have an incentive to seek a higher valuation of HCI's investments, especially of securities with no readily ascertainable market values.

Himalaya Management seeks to mitigate these potential conflicts of interests in a number of ways. First, the Portfolio Manager is invested in HCI to a significant degree relative to his net worth; therefore, any gains or losses to HCI will affect him directly and materially. Second, the HCI limited partnership agreement generally requires (i) publicly traded securities held by HCI to be valued based upon the closing price on the securities market at which such securities are primarily traded, (ii) securities that are not publicly traded to be valued reasonably, except that such value shall not exceed HCI's cost in acquiring such securities until such securities have been sold or become publicly traded on an established securities market, and (iii) a 5% liquidity discount to be applied to the fair value of illiquid securities or thinly traded publicly traded securities unless HCI's entire position in such securities could easily or rapidly be sold, in the case of illiquid securities, for at least HCI's cost, and, in the case of thinly traded publicly traded securities, for at least the then prevailing marketing price. These valuation mechanisms are designed to, among other things, undervalue HCI's investment portfolio for purposes of calculating incentive allocations.

Himalaya Management does not represent that the amount of the incentive allocation, or the manner of calculating the incentive allocation, is consistent with the performance-based fees charged by other investment advisers under the same or similar circumstances. The incentive allocation may be higher or lower than the performance-based fees charged by other investment advisers for the same or similar services.

Item 7 - Types of Clients

HCI currently is Himalaya Management's only client. We have no present plans to provide investment advisory services to any additional clients, but we reserve the right to do so in the future.

HCI is open to new investors or additional investments by existing Limited Partners from time to time. The minimum subscription by new investors in HCI is \$5,000,000 in the case of individuals and \$25,000,000 in the case of institutions, unless otherwise permitted by the GP in its sole discretion. Each Limited Partner is required to be an "accredited investor" within the meaning of Rule 501 promulgated under the Securities Act of 1933. Each Limited Partner is also required to be a "qualified purchaser" as defined in Section 2(a) of the Investment Company Act of 1940.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

Himalaya Management seeks to achieve capital appreciation for HCI over a very long period of time while minimizing the risk of permanent capital impairment by investing in all ways in securities of all kinds all over the world. We pursue this objective for HCI by investing mostly, but not exclusively, in securities that we have identified as having market prices well below intrinsic value. We currently focus for HCI on securities in or related to Asia, particularly Greater China (which includes Mainland China, Hong Kong, Singapore and Taiwan), India, South Korea and Japan. However, we are not limited with respect to the types of investment strategies we may employ or the markets or instruments in which HCI may invest. Over time and as markets change, we will seek to take advantage of opportunities whenever and wherever they may arise.

Intrinsic Value and Long-Term Investing. Himalaya Management is committed to identifying and investing in securities that are trading at a deep discount to their “intrinsic value.” We believe that purchasing securities at deep discounts provides a necessary margin of safety for HCI while maximizing potential profitability.

In choosing individual securities for HCI, Himalaya Management ignores short-term volatility and instead focuses on long-term potential for capital appreciation (often in the five-to-ten year range, or even longer). We largely avoid “shorting” and generally do not engage in short-term trading on behalf of HCI in order to protect short-term performance. Instead, we rely on discounted valuations to reduce the risk of overall portfolio loss over the long term.

Himalaya Management believes this strategy will produce better returns for HCI over the long term than it would be able to achieve with a strategy of going both long and short to smooth out volatility and improve short-term returns. To accomplish such long-term appreciation, we expect significant volatility in the interim. Occasional, and sometimes long lasting, declines in reported net asset value, computed on the basis of quoted market prices of the securities held, will be nearly inevitable.

Himalaya Management believes a widely diversified portfolio managed by otherwise reasonably competent managers who are less informed about their investments is far more risky than a concentrated portfolio managed by the same managers in which every position is well researched and well understood. Therefore, in order to reduce real portfolio risk, the Limited Partners of HCI must be willing to accept temporary and even prolonged volatility. We focus principally on the chances of permanent loss of capital instead of on mere changes in market quotations and period-to-period performance.

Tax considerations also motivate Himalaya Management’s commitment to making long-term investments on behalf of HCI. Long-term investing is expected to allow Limited Partners to take advantage of lower capital gains tax rates and defer tax payments. Although we expect to be sensitive to these tax considerations, there may be occasions when it will be in the best interests of HCI and the Limited Partners to sell, rather than hold, a security. On these

occasions, we will cause HCI to sell such securities even though the tax consequences may be disadvantageous.

Active Management. In monitoring HCI's investments, Himalaya Management will seek to know the management teams of HCI's portfolio companies and will seek to participate in management, where appropriate.

Types of Investments. With regard to style of investment and expected time horizon, HCI functions primarily as a long-term equity fund. Himalaya Management will seek for HCI to invest mostly in securities that are at least thinly traded in the public market, but up to 40% of HCI's total net asset value may be invested in private companies that fall within HCI's investment philosophy. In certain circumstances, we may decide it is advisable for HCI to take a controlling position in a company, or to buy a company outright, either alone or as part of an acquisition group. HCI will not guarantee or otherwise make itself liable for any of the debts of any of the companies with securities in HCI's portfolio. Additionally, HCI may invest in governmental or municipal obligations, or it may maintain cash or cash-equivalent funds, including direct or indirect demand deposits, certificates of deposit, time deposits, money market instruments or similar investments.

Leverage. Himalaya Management may cause HCI to borrow at any time using margin accounts or other forms of secured or unsecured debt. Ordinarily, debt will be non-existent, small or moderate, but it may be expanded to up to 50% of HCI's net asset value (and thus 33.3% of invested assets) when we are confident in the wisdom of so expanding the use of debt.

Risks. The material risks associated with Himalaya Management's investment strategy for HCI include the following:

- general investment and trading risks, including the risk of loss of capital;
- risks associated with investments in undervalued securities;
- risks associated with investments in illiquid investments or thinly traded investments;
- competition from established investment funds, many of which have much greater capital resources than HCI;
- risks associated with maintaining a concentrated portfolio, which can magnify losses suffered by HCI in the event any particular investment made by HCI declines in value;
- volatility risk;
- limited visibility into HCI's holdings;

- limited ability of Limited Partners to withdraw from HCI;
- risks associated with non-controlling, minority investments;
- risks associated with investments in small cap public equities, which often involve higher risks than investments in larger, more stable companies;
- risks associated with Himalaya Management's possession of material nonpublic information, including restrictions on the ability of HCI to trade in the securities of an issuer with respect to which it has such information;
- risks associated with investments in foreign securities;
- currency exchange risks;
- asset allocation risks;
- risks associated with fraudulent conduct by HCI's portfolio companies;
- risks associated with HCI taking significant positions in the securities of a public company;
- risks associated with private investments in public entities;
- risks associated with any use of leverage by HCI, including the magnification of losses as a result of such use of leverage;
- risks associated with the use of leverage by HCI's portfolio companies, including any inability by a portfolio company to generate adequate cash flow to meet debt service;
- risks associated with any investment made by HCI in junior securities, debt securities and options;
- risks associated with any hedging activities by HCI; and
- risks associated with changes in interest rates.

The private placement memorandum of HCI contains a more detailed discussion of the material risks involved with an investment in HCI, which should be reviewed by each Limited Partner to understand thoroughly the risks of an investment in HCI.

Investing in securities involves risk of loss that HCI and the Limited Partners should be prepared to bear.

Item 9 - Disciplinary Information

Neither Himalaya Management nor any supervised person has been involved in any legal or disciplinary event that is material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Item 10 - Other Financial Industry Activities and Affiliations

A. Neither Himalaya Management nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

B. Neither Himalaya Management nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

C. The Portfolio Manager controls Himalaya Management as well as the GP. The Portfolio Manager also owns a substantial majority of the equity interests in the GP. As previously discussed in further detail in Item 6 above, conflicts of interest between Himalaya Management and HCI may arise due to the GP's receipt of incentive allocations from HCI. The manner in which we address these potential conflicts is discussed in further detail in Item 6 above.

Additionally, because the Portfolio Manager and other representatives of Himalaya Management may serve on the board of a portfolio company in which HCI invests, conflicts of interest may arise involving HCI's portfolio companies. We will identify any conflicts that exist between the interests of Himalaya Management and HCI. This examination will include a review of the relationship between Himalaya Management and its related persons, on the one hand, and HCI's portfolio companies and the affiliates of such companies, on the other hand, to determine if the portfolio company or its affiliates have a conflicting relationship with Himalaya Management or a Limited Partner. In order to reduce potential conflicts of interest, the HCI limited partnership agreement requires director fees received by the Portfolio Manager for serving on the board of an HCI portfolio company (net of taxes) to either be assigned to HCI or be applied as an offset against expenses otherwise payable by HCI.

D. Himalaya Management does not recommend or select other investment advisers for its clients and receive compensation from those advisers that creates a material conflict of interest or have other business relationships with those advisers that create a material conflict of interest.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

A. Himalaya Management has adopted a formal Compliance Manual and Code of Ethics (the “Code of Ethics”) pursuant to Rule 204A-1 promulgated under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). The Code of Ethics includes the following:

- provisions designed to enable us to comply with applicable law, including (i) the Advisers Act, (ii) the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and (iii) the Investment Company Act of 1940, as amended;
- prohibitions on trading on behalf of HCI’s account in the securities of an issuer when one of our employees possesses material non-public information about such issuer;
- other restrictions on improper personal trading, including requirements that employees submit regular reports regarding their personal holdings to the chief compliance officer of Himalaya;
- provisions governing the allocation of trades across multiple accounts, if applicable;
- provisions governing brokerage practices and use of soft dollars;
- provisions governing principal and agency cross transactions;
- provisions governing use of advertising and promotional materials;
- provisions governing conflicts of interests; and
- recordkeeping requirements.

Himalaya Management employees are required to certify their compliance with the Code of Ethics on an annual basis.

Investors in HCI and prospective investors may request a copy of Himalaya Management’s Code of Ethics by contacting us at the address or phone number listed on the cover page of this brochure.

B. Neither Himalaya Management nor any related person recommends to HCI, or buys or sells for HCI’s account, securities in which we or any related person has a material financial interest (other than any indirect financial interest arising from our or such related person’s investment in HCI).

C. Himalaya Management generally restricts itself and its related persons from investing in securities issued by a company in which HCI has a position or a company in which we are contemplating an investment.

In connection with their service on the board of directors of a portfolio company of HCI, the Portfolio Manager and other Himalaya Management representatives may be granted restricted stock, stock options or other interests in such portfolio company pursuant to such portfolio company's board compensation practices. The terms and conditions of such grants often include restrictions on the ability of the grantee to dispose of the securities while he or she remains on such portfolio company's board of directors. Accordingly, there may be situations where we make trading decisions on behalf of HCI with respect to a portfolio company when one or more of our related persons owns securities in the portfolio company. We do not believe that such holdings will materially influence our investment decisions on behalf of HCI.

D. Himalaya Management does not buy or sell securities for HCI at or about the same time that it or a related person buys or sells the same securities for its or such related person's own account.

Item 12 - Brokerage Practices

A. Himalaya Management selects broker-dealers to execute HCI's security transactions on the basis of best execution at the most reasonable price. Relevant factors in the determination of best execution at the most reasonable price include commission rate or discount applied, ability to locate liquidity and minimize market impact, confidentiality considerations and the broker's financial strength and responsiveness. We generally use only self-generated research and seldom use external research. Accordingly, we do not select brokers on account of research, statistical or other information services provided by the broker.

Himalaya Management participates in a program with a brokerage firm through which we receive credits that can be applied solely against Bloomberg access fees. The amount of such credits depend primarily upon the amount of securities transactions we direct to such firm. However, because HCI ordinarily trades infrequently, we often do not qualify for, and do not expect to receive, significant credits from such firm. If we were to receive and use such credits, they will be used exclusively for the benefit of HCI.

Investors should understand that if we were to receive research services or credits to pay for research services from a broker-dealer, we would not have to produce or pay for such research, products or services. Therefore, we could, in theory, have an incentive to select or recommend a broker-dealer based upon our interest in receiving the research or other products or services rather than HCI's interests in receiving the most favorable execution. Because this incentive would result in a conflict of interest for Himalaya Management, we will monitor and mitigate such conflict as follows:

- if we were ever to use soft-dollars, we would do so only to pay for eligible services to the extent permitted under applicable law, including under Section 28(e) of the Exchange Act; and
- we will periodically evaluate the usefulness of the services we receive from each broker-dealer in relation to the amount of commissions directed to such broker-dealer.

B. In the event that Himalaya Management is engaged in a transaction in securities on behalf of two or more accounts that it may advise simultaneously, we will aggregate the transactions. In the event that securities to fill both accounts' orders are unavailable, a conflict may arise between the accounts with respect to the allocation of trades. At present, this situation is not possible because Himalaya Management has only one client, HCI. In addition, Himalaya Management has adopted policies and procedures to provide equal and fair treatment among multiple accounts that it may advise and to prevent one account from receiving preferential treatment over another.

Item 13 - Review of Accounts

Himalaya Management monitors HCI's investments on an on-going basis, especially in connection with developments at HCI's portfolio companies, changes in market conditions, emerging trends, industry developments and opportunities to dispose of such investments. Because of such on-going monitoring, we do not conduct a formal periodic review of HCI's account at specific fixed intervals.

We provide to the Limited Partners of HCI, (i) on a semiannual basis, a semiannual report describing HCI's investment activities, and (ii) on an annual basis, audited financial statements for HCI. We may, at our discretion, provide certain Limited Partners more frequent reports or other reports than those described above, including to enable such Limited Partners to comply with legal or regulatory constraints or in response to the specific needs of such Limited Partners.

Item 14 - Client Referrals and Other Compensation

A. Himalaya Management does not receive any economic benefit from anyone other than HCI and the Limited Partners for providing investment advice or other advisory services to HCI.

B. Neither Himalaya Management nor any of our related persons compensates any person who is not a supervised person of Himalaya Management for referrals of potential investors to HCI.

Item 15 - Custody

As Himalaya Management is affiliated with the GP, which, in turn, has authority to dispose of funds and securities held by HCI, Himalaya Management may be deemed to have custody of client assets (i.e., the assets of HCI) under Rule 206(4)-2 under the Advisers Act. Himalaya Management has procedures in place to maintain all assets of HCI that are not exempt under Rule 206(4)-2 under the Advisers Act at a qualified custodian who provides account statements to HCI on a regular basis. Additionally, HCI is audited annually by an independent public accountant and distributes its audited financial statements prepared in accordance with generally accepted accounting principles to the Limited Partners within 120 days after the end of HCI's fiscal year.

Item 16 - Investment Discretion

Himalaya Management, as delegated by the GP, has full discretionary trading authority over HCI's account. Our investment discretion is exercised in a manner consistent with the stated investment objectives and guidelines outlined in HCI's private placement memorandum and limited partnership agreement.

Item 17 - Voting Client Securities

Because Himalaya Management has, or will accept, authority to vote securities held by HCI, we have adopted policies and procedures that we believe are reasonably designed to comply with the requirements of the Advisers Act. These policies and procedures reflect our commitment to vote such securities in the best interests of HCI.

Under these policies and procedures, we vote proxies in a manner we believe to be in the best interests of HCI, taking into account relevant factors, including: (i) the impact on the value of the securities owned by HCI and the returns on those securities; (ii) alignment of a portfolio company management's interest with HCI's interest, including establishing appropriate incentives for management; (iii) the ongoing relationship between HCI and its portfolio companies, including the continued or increased availability of information about such portfolio investments; (iv) industry business and practices; and (v) any applicable requirements in the HCI limited partnership agreement or other governing documents. We review each proposal submitted for a vote on a case-by-case basis to determine whether it is in the best interest of HCI. In some instances, we may determine that it is in HCI's best interest to "abstain" from voting or not to vote at all, and will do so accordingly.

Item 18 - Financial Information

A. Himalaya Management does not require or solicit prepayment of fees six months or more in advance.

B. Himalaya Management is not aware of any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

C. Himalaya Management has not been the subject of any bankruptcy petition at any time during the past ten years.

Item 19 - Requirements for State-Registered Investment Advisors

Item 19 is not applicable.