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UPDATE

July 17, 2026 11:04 AM GMT

China AI Foundation Model | Asia Pacific

Moonshot K3: What's Our View

MORGAN STANLEY ASIA LIMITED+

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GREATER CHINA IT SERVICES AND SOFTWARE
Asia Pacific
Industry View **In-Line**

Key Takeaways

- K3 has received positive feedback globally, signaling an all-round catch-up of Chinese LLMs with US leaders in model size, performance, and pricing.
- K3, the largest open-weight Chinese LLM so far, may suggest the scaling law still holds. Its high pricing is also positive to LLM market dynamics.
- We do not view K3 as an overnight miracle but rather as the result of cumulative progress across China's AI model industry. GLM-5.2, released in June, was already outstanding.
- We expect more Chinese LLMs with larger sizes, higher pricing, and better performance, with strong global competitiveness.

On July 17, Moonshot released K3, a 2.8T open-weight LLM specialized in long-horizon tasks, knowledge work, and reasoning, with full weights to be released before July 27. K3 uses original algorithm innovations—Kimi Delta Attention and Attention Residual—to improve compute efficiency. In Artificial Analysis ranking, K3 ranks no. 3 globally, only behind two top US LLMs. In Arena.ai's coding leaderboard, K3 ranks no.1 globally. Its API price is the highest among leading Chinese LLMs, narrowing the gap with US leaders. With 2.8T parameters, it is also the largest open-weight Chinese LLM so far.

Exhibit 1: China frontier LLM comparison

AI lab	Alibaba	MiniMax	Z.ai	Moonshot	DeepSeek	Xiaomi
Model	**Qwen3.7-Max**	**M3**	**GLM-5.2**	**K3**	**V4-Pro**	**MiMoV2.5Pro**
Release date	May-26	Jun-26	Jun-26	Jul-26	Apr-26	Apr-26
License	Proprietary	Open Weight	Open Weight	Open Weight	Open Weight	Open Weight
Total parameter (B)	n.a	428	754	2800	1600	1000
Context window (K)	1000	1000	1000	1000	1000	1000
API price (Rmb/mn tokens)						
Input (uncached)	12.00	3.15	8.00	20.00	3.00	3.00
Input (cached read)	2.40	0.63	2.00	2.00	0.02	0.03
Output	36.00	12.60	28.00	100.00	6.00	6.00
AA Intelligence Index	46	44	51	57	44	42

Source: Company, Artificial Analysis, Morgan Stanley Research

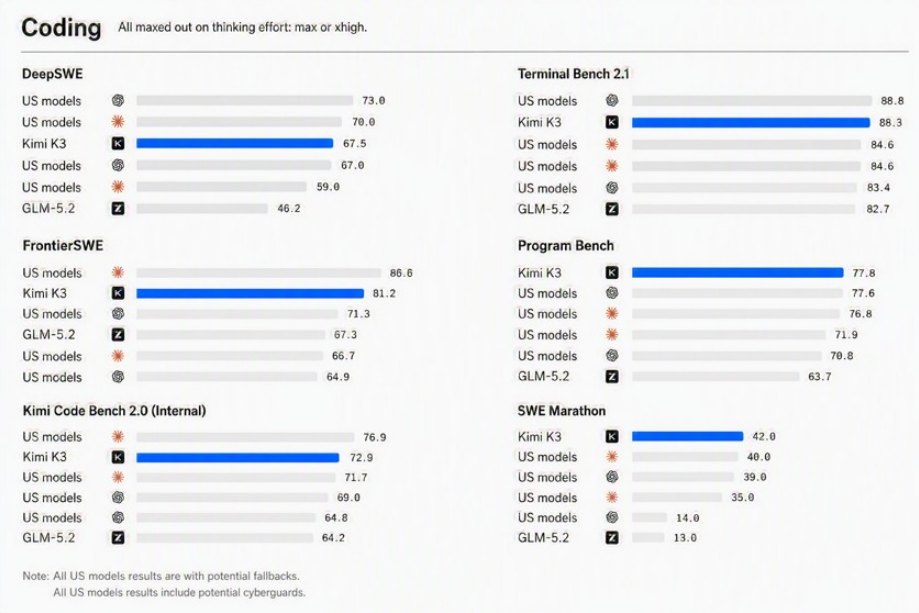
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K3 in Benchmark Comparison

Exhibit 2: K3 comparison in coding benchmarks



Source: Moonshot, Morgan Stanley Research

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Equal-weight/Hold	1577	43%	390	42%	25%	769	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	544	15%	89	10%	16%	204	12%
Total	3,668		933			1731	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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MiniMax (0100.HK)	O (02/20/2026)	HK$216.00
Lydia Lin		
Beisen Holding Limited (9669.HK)	O (06/23/2025)	HK$3.30
Chinasoft International Ltd (0354.HK)	U (05/04/2026)	HK$2.96
Glodon Co. Ltd. (002410.SZ)	E (08/23/2023)	Rmb8.51
Hundsun Technologies Inc. (600570.SS)	U (04/07/2025)	Rmb20.06
Longshine Technology Group Co Ltd (300682.SZ)	U (09/17/2025)	Rmb9.42
Meitu Inc (1357.HK)	O (10/01/2024)	HK$3.96
Yang Liu		
Beijing Kingsoft Office Software Inc (688111.SS)	U (08/26/2024)	Rmb223.50
Kingdee International Software Group (0268.HK)	E (03/19/2025)	HK$6.70
Kingsoft Cloud Holdings (KC.O)	O (07/07/2026)	US$10.06
Kingsoft Corp Ltd (3888.HK)	E (07/21/2025)	HK$23.72
Sangfor Technologies Inc (300454.SZ)	E (07/05/2024)	Rmb107.48
Tuya Inc. (TUYA.N)	O (11/29/2023)	US$1.75
Wangsu Science & Technology (300017.SZ)	U (11/12/2024)	Rmb13.23
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