Baker McKenzie FenXun.

Legal Update

September 2026

Countermeasure Litigation in China: What the Wingtech Asset Freeze Means for Multinational Companies

The Wingtech case marks a notable escalation in China's countermeasure litigation landscape. In a civil action brought under *China's Anti-Foreign Sanctions Law* ("**AFSL**"), a PRC court has reportedly frozen RMB 2.14 billion (US$318 million) in equity interests held by offshore Nexperia entities in their Chinese subsidiaries. From a PRC litigation perspective, the case highlights three issues that warrant close monitoring: the potential breadth of defendants in AFSL claims, the role of China-based assets in jurisdiction and forum strategy, and the availability of early-stage asset preservation before detailed merits review.

Contents

1. Case Summary
2. Key Litigation Observations
3. Practical Implications for Multinational Companies

- **Why it matters:** The case shows how AFSL litigation may create practical exposure for multinationals with China-based assets, subsidiaries or business operations, even before the underlying dispute is adjudicated.
- **What companies should watch:** China-based assets may become a strategic pressure point in PRC countermeasure litigation: they may support jurisdictional arguments, influence forum selection, be subject to preservation, and increase litigation leverage against foreign companies, Chinese subsidiaries and potentially individual executives.

Case Summary

Wingtech acquired Dutch chipmaker Nexperia between 2018 and 2020. Its control of Nexperia later came under challenge amid US trade restrictions targeting Wingtech. On September 30 and October 1, 2025, the Dutch government issued a ministerial order and the Enterprise Chamber of the Amsterdam Court of Appeal granted the applications filed by Nexperia's Dutch entities to impose interim measures, restricting Wingtech's control over Nexperia. Wingtech has since been unable to direct or manage Nexperia's European operations.

In May 2026, Wingtech filed a tort action before the Dongguan Intermediate People's Court in Guangdong Province (the "**Dongguan Court**") against three Dutch Nexperia entities and three executives. Wingtech alleges that the defendants implemented or assisted in implementing discriminatory restrictive measures prohibited by the AFSL, causing it substantial losses. It seeks RMB 8 billion (US$1.2 billion) in damages and restoration of control over Nexperia.

The case has not yet proceeded to trial. In late August 2026, the Dongguan Court granted Wingtech's asset preservation application and froze substantially all equity interests held by Nexperia B.V. and ITEC B.V. in Nexperia's key Chinese subsidiaries, up to RMB 2.14 billion (US$318 million). The preservation measures are effective for three years and may be renewed while the proceedings remain pending.

Key Litigation Observations

The case is one of the few reported tort actions brought under AFSL since its enactment in 2021. It also appears to be the first reported case in which a PRC court has frozen a defendant's equity interests in China in connection with an AFSL litigation.

We would like to highlight several key features of PRC civil procedure relevant to multinational companies facing AFSL litigation.

1. **Foreign companies, Chinese subsidiaries and even individual executives may all face AFSL claims**

   AFSL claims are essentially tort claims. Plaintiffs may sue any company or individual alleged to have implemented or assisted with the relevant restrictive measures. In this case, Wingtech has sued three Dutch companies and three Dutch executives. It seeks to hold all six defendants jointly liable for RMB 8 billion (US$1.2 billion) in damages.

At the filing stage, PRC courts generally conduct only a formal docketing review. In practice, the court will usually focus on whether the complaint identifies specific defendants and sets out definite claims. It will not ordinarily conduct a substantive merits review or examine, at that stage, whether the pleaded claims are supported by evidence. Plaintiffs may therefore name operating companies, holding companies, Chinese subsidiaries, and even directors and executives, depending on their alleged roles.

2. **Plaintiffs may have broad forum choices, including courts where a foreign defendant holds assets in China**

Notably, neither Wingtech nor any of the six defendants is domiciled in Dongguan. Under PRC law, a tort claim may generally be brought where the alleged conduct or injury occurred, or where a defendant is domiciled. However, for defendants without domicile in China, PRC civil procedure allows broader jurisdictional connecting factors, including the location of property in China that is available for seizure or preservation. Here, the apparent jurisdictional link in this case is Nexperia B.V.'s equity interest in Dongguan-based Nexperia (China) Ltd.

As a result, when bringing AFSL claims against foreign companies or individuals without domicile in China, plaintiffs may in practice have considerable flexibility in selecting the forum. This means on the other side that foreign defendants may potentially face AFSL litigation in any PRC location where they hold seizable assets, including equity interests in Chinese subsidiaries, real estate, bank deposits or other property. For multinational groups with multiple China-based entities or assets, this may materially expand the range of courts in which AFSL claims could be filed, and may make China-based asset mapping an important part of litigation risk assessment.

3. **Courts may preserve assets in China based on a limited merits review**

PRC law allows plaintiffs to seek asset preservation before filing a claim or at any stage of the proceedings. Courts may freeze equity interests, bank deposits, real estate and other assets, where the basic statutory requirements are met.

When reviewing a preservation application, the court does not conduct a detailed merits assessment. Its inquiry is typically focused on whether enforcement of a future judgment may become difficult without interim measures. In practice, the threshold is relatively low, and preservation is generally available where the plaintiff provides sufficient security, often through litigation preservation liability insurance. The preservation measures may remain in place throughout the proceedings unless they are lifted on reconsideration or the defendant provides acceptable replacement security.

In this case, the court granted preservation before the first hearing. Based on publicly available information, however, it is not yet clear how the court determined the approved preservation amount of RMB 2.14 billion out of Wingtech's RMB 8 billion claim, or whether Wingtech provided sufficient security for the preservation measures. In practice, asset preservation has become a common tool to exert pressure on defendants, and in the context of AFSL claims, we understand that it may also serve as a targeted countermeasure. Although the equity freeze may not affect day-to-day operations, it restricts the defendants' ability to transfer or encumber those interests while the dispute is pending.

Practical Implications for Multinational Companies

For multinational companies, the key lesson from Wingtech is that China-based assets may potentially shape the litigation risk profile in AFSL-related disputes. From a PRC litigation perspective, these assets may influence the choice of defendants, forum selection, the availability of interim relief, and the parties' relative leverage while the case is pending.

Multinationals should treat China-based assets and entities as part of their overall AFSL litigation risk assessment, particularly where foreign sanctions, export-control measures or other restrictive actions may trigger countermeasure claims in China.

Contact us

Vivian Wu
Partner
Beijing
Vivian.Wu@bakermckenziefenxun.com

Yun Chen
Partner
Shanghai
Yun.Chen@bakermckenziefenxun.com

Ying Chen
Counsel
Beijing
ChenYing@fenxunlaw.com

Lanxin Yang
Associate
Beijing
YangLanxin@fenxunlaw.com

Tianyi Xie
Associate
Shanghai
Tianyi.xie@bakermckenziefenxun.com

© 2026 Baker McKenzie FenXun (FTZ) Joint Operation Office. All rights reserved. This client alert/publication/presentation has been prepared for clients and professional associates of Baker & McKenzie FenXun (FTZ) Joint Operation Office. Whilst every effort has been made to ensure accuracy, this publication is not an exhaustive treatment of the area of law discussed and no responsibility for any loss occasioned to any person acting or refraining from action as a result of material in this publication is accepted by Baker & McKenzie FenXun (FTZ) Joint Operation Office.