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# Winding Up or Arbitration? Fresh Guidance from the Singapore High Court

*Aryan (SEA) Pte Ltd v Pure  
Group (Singapore) Pte Ltd*  
[2025] SGHC 99

9 June 2025

**LEGAL  
UPDATE**

# In this Update

In the recent decision of *Aryan (SEA) Pte Ltd v Pure Group (Singapore) Pte Ltd* [2025] SGHC 99, the High Court granted an injunction restraining a creditor from filing a winding-up application, holding that the debtor was demonstrably solvent and had raised a *prima facie* dispute falling within the scope of an arbitration clause.

This update discusses the Court's decision.

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## INTRODUCTION

In *Aryan (SEA) Pte Ltd v Pure Group (Singapore) Pte Ltd* [2025] SGHC 99 (“**Aryan v Pure**”), the issue before the General Division of the High Court was whether to set aside a statutory demand and grant an injunction to restrain a creditor from presenting a winding-up application. The Court granted the injunction, finding that the debtor had raised substantial cross-claims falling within an arbitration clause, and that given the debtor’s ready ability to pay the debt, the insolvency process was not needed in this case.

The decision is a useful reminder that creditors should be cautious about invoking insolvency proceedings against a demonstrably solvent debtor where there is an arbitration agreement in place.

## BACKGROUND

Aryan (SEA) Pte Ltd (“**Aryan**”) engaged Pure Group (Singapore) Pte Ltd (“**Pure**”) to provide project management services under an agreement (“**Agreement**”). Pure issued 3 invoices totalling S\$307,807.87 which Pure asserted were issued under the Agreement. Aryan paid S\$127,099.67, which it later claimed had been paid by mistake. The remaining S\$180,708.20 was left unpaid.

On 22 July 2024, Pure served a statutory demand on Aryan for the 3 invoices. Aryan denied liability, asserting bona fide and substantial cross-claims that Pure had breached the Agreement, and applied to set aside the statutory demand and restrain Pure from presenting a winding-up application.

Aryan contended that since the Agreement contained an arbitration clause, a genuine *prima facie* dispute within its scope would bar a winding-up application. Aryan also adduced evidence that it was a going concern and had more than sufficient resources to meet the claim, having more than S\$2.37 million in its bank account as of 8 August 2024.

In resisting the application, Pure raised 3 main arguments:

- (a) first, the *prima facie* standard of review in *AnAn Group (Singapore) Pte Ltd v VTB Bank (Public Joint Stock Co)* [2020] 1 SLR 1158 (“**AnAn v VTB**”) should not apply in light of the Privy Council’s decision in *Sian Participation Corp (in liquidation) v Halimeda International Ltd* [2024] 3 WLR 937 (“**Sian**”), where the Privy Council applied the triable issues standard;
- (b) secondly, there was no valid arbitration agreement covering the dispute and hence the triable issues standard should apply; and
- (c) thirdly, there was neither a triable issue nor a *prima facie* dispute falling within the scope of the arbitration agreement, because: (i) the

invoices largely related to manpower supply which was allegedly outside the scope of the Agreement; and (ii) Aryan had not provided evidence or particulars of its cross-claims against Pure.

While the application was pending, on 2 April 2025, Aryan commenced arbitration proceedings under the Arbitration Act 2001.

## THE HIGH COURT'S DECISION

The Court allowed Aryan's application for an injunction to restrain Pure from filing a winding-up application.

First, the Court reaffirmed that the Court of Appeal's decision in *AnAn v VTB* remains binding authority in Singapore. The Court observed that it was not open to the Court to depart from *AnAn v VTB* but that Pure was entitled, however, to invite an appellate Court to revisit the applicability of *Sian* in Singapore.

Under the *prima facie* standard set out in *AnAn v VTB*, winding-up proceedings will be stayed or dismissed as long as: (a) there is a valid arbitration agreement between the parties; and (b) the dispute falls within the scope of the arbitration agreement, provided that the dispute is not being raised by the debtor in abuse of the court's process.

In contrast, under the triable issues standard set out in *Sian* ([a decision we had previously commented on](#)), the test is whether the debt is disputed on genuine and substantial grounds, and this test applies regardless of whether the debt on which the application is based is subject to an arbitration agreement or an exclusive jurisdiction clause.

Secondly, the Court held that although the arbitration clause in the Agreement was ambiguously drafted, a valid arbitration agreement existed. The Court further found that the dispute concerning payment for the supply of tools and manpower fell within the scope of the arbitration clause as the work formed part of progressing the project in the Agreement toward completion.

Thirdly, having found that the dispute fell within the scope of a valid arbitration agreement, the Court stated that it was bound to apply the *prima facie* standard in *AnAn v VTB*. The Court emphasised that under this standard, the Court was required to refrain from evaluating the merits of the parties' claims and merely had to consider if Aryan putting forth its cross-claims amounted to an abuse of process.

While acknowledging Pure's argument that Aryan was refusing to pay an obvious debt and instead putting Pure to the time and expense of arbitration, the Court nonetheless found that Aryan's conduct fell short of the "very high bar" for abuse of process.

Notably, the Court observed that unlike the situation in *AnAn v VTB* where there were “legitimate concerns” in relation to the alleged debtor’s solvency, Aryan could be described as “flush with cash” and was clearly solvent. The Court noted that accordingly, there were no third parties who could be harmed by an insolvent company continuing to trade while arbitration was pursued.

## COMMENTARY

This decision contributes to a growing line of cases examining how Singapore courts approach the interplay between arbitration agreements and insolvency proceedings.

In particular, this decision reinforces how the Singapore Courts will not permit the insolvency regime to be used to sidestep valid arbitration agreements, particularly where: (a) a *prima facie* dispute exists within the scope of a valid arbitration clause; (b) the debtor is solvent; and (c) the creditor cannot show that the debtor’s conduct amounts to an abuse of process. The Court’s emphasis that it was “not able” to evaluate the merits of the underlying claims underscores the limits of judicial intervention under the *prima facie* standard. Unless and until this is revisited at the appellate level, the *prima facie* standard in *AnAn v VTB* continues to apply.

This decision should be read alongside the Court of Appeal’s recent decision in *Sapura Fabrication Sdn Bhd and others v GAS and another appeal* [2025] SGCA 13 (“**Sapura Fabrication**”). In *Sapura Fabrication*, [a decision that we discussed in an earlier client update](#), the Court of Appeal clarified that the perceived “pro-arbitration” stance taken by the Singapore Courts in *AnAn v VTB* was taken in a context where policy considerations in the insolvency regime were not strictly engaged. Where the policy concerns in both arbitration and insolvency regimes are engaged (such as in *Sapura Fabrication*), the Court of Appeal will balance competing considerations, granting stays or carve-outs only where arbitration can proceed without undermining the broader objectives of the insolvency regime.

Together, these decisions underscore that arbitration and insolvency proceedings can coexist, but careful attention must be paid to the underlying context. For instance, a solvent debtor disputing a debt falling within a valid arbitration agreement (as was the case in *Aryan v Pure*) will be treated differently from debtor company engaged in restructuring proceedings where it is in the public interest for insolvency proceedings to conclude without delay to advance the collective interests of the general body of creditors (as was the case in *Sapura Fabrication*).

In light of these developments, creditors should:

- (a) Assess the strength of any arbitration clause and whether the debt falls within the scope of the clause before issuing statutory demands.

- (b) Consider if there are legitimate concerns about the solvency of the debtor or the debtor's ability to meet the debt. If the debtor is potentially insolvent and raises a *prima facie* but not triable dispute, the Court can grant a stay (as opposed to a dismissal) of the winding-up proceedings. The Court can then grant the creditor liberty to apply to Court to proceed with the winding up, if for example, it can be shown that the debtor-company has no genuine desire to arbitrate the dispute, and is taking active steps to stifle the arbitration.
- (c) Explore options to expedite debt recovery (such as those suggested by the Court in this decision) such as agreeing to appoint an arbitrator able to conclude any arbitration within a reasonable time or agreeing to waive the arbitration agreement to proceed under the express track set out under Order 46A of the Rules of Court 2021.

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