



**IN THE MATTER OF THE COMPANIES ACT CAP 106**  
**AND**  
**IN THE MATTER OF THE COMPANIES (POWERS OF THE REGISTRAR)**  
**REGULATIONS 2016**  
**APPLICATION CAUSE NO.36742 OF 2025**  
**IN THE MATTER OF CARGOWELL INTERNATIONAL LIMITED**  
**OPOLOT JOHN ROBERT :..... APPLICANT**  
**VERSUS**  
**1. JIAN LIFENG**  
**2. CARGOWELL INTERNATIONAL LIMITED**  
**3. EVERWELL LOGISTICS LIMITED:.....RESPONDENTS**  
**RULING**

**Before: Daniel Nasasira - Assistant Registrar of Companies**

**A. Representation**

1. Counsel Omongole Richard, Jemimah Mwesigwa and Andrew Mugisha from Omongole & Co. Advocates represented the Applicant while Counsel Bernard Olok from M/S from Kampala Tax Advisory Center-Legal Department represented the Respondents.

**B. Petitioners case**

2. The Applicant filed this Application seeking various orders including investigation of the mismanagement of Cargowell International Ltd, declaration that the affairs of the company were being carried out in an oppressive manner and rectification of the register by expunging documents illegally/irregularly passed.
3. The Applicant is a majority shareholder, national content protector, and original director/secretary in the Second Respondent company owning fifty-five (55%) of the

shares and is also a director in the third Respondent owning thirty (30%) of the shares.

4. The second Respondent company was incorporated on the 21<sup>st</sup> day of October 2019 whilst the third Respondent company was incorporated on the 18<sup>th</sup> day of October of the same year.
5. The Applicant contends that on 5<sup>th</sup> day of November 2019, he opened up Company bank accounts UGX 9030016779872 and USD 9030016779880 at Stanbic Bank Uganda Forest Mall Lugogo branch as a sole signatory.
6. On the 11<sup>th</sup> day of December 2019, the Applicant and the first Respondent resolved that the first Respondent becomes the sole signatory to the account given that the Applicant was handling technical operations.
7. The Applicant contends that the first Respondent consequently changed the payment mode to business online and gave himself access to online banking services and passwords.
8. In 2022, the first Applicant Company decided to participate in Oil and Gas business which brought about alteration of the Memorandum of Association of Cargowell International Ltd to reflect fifty-five (55%) of the shares being held by the Applicant while forty-five (45%) of the shares being held by the first Respondent.
9. The Applicant contends that Cargowell International Ltd acquired various assets on credit which were fully paid up but the first Respondent fraudulently refused to register the said assets in the Company names.
10. The Applicant alleges that the first Respondent is using company vehicles for personal use and has concealed information concerning a company acquisition of ten (10) acres of land in Namanve.
11. Around December 2022 , the company received an offer letter to borrow under discount invoicing worth USD 1,280,277 from Stanbic Bank Uganda where the Applicant and first Respondent were guarantors for the loan.
12. The Applicant asserts that on December 12<sup>th</sup>, 2022, the first Respondent unilaterally established two bank accounts, UGX9030021370028 and USD90300213699, with

Stanbic Bank Uganda in the Company's name, without the Applicant's consent or approval, and alleges that the first Respondent has utilized these accounts to misappropriate Company funds.

13. The Applicant also contends that the first Respondent mismanaged and manipulated the financial accounts of Cargowell International Limited by using his directorship position to intentionally withdraw money, creating soft loans between Cargowell and Everwell Logistics Limited which had the effect of creating a false appearance of negative balance and debts in the account.
14. Since 2023, the third Respondent Company secured significant contracts from COSL and other contractors involved in the Kingfisher and Tilenga Projects and secured loans of USD 1,020,000, USD 700,000 with both the Applicant and first Respondent as authorized signatories so as to ensure the successful running of the contracts without any hurdles.
15. In 2024, the Applicant refused to sign the annual financial statement of Cargowell international Limited and Everwell Logistics Limited for the year ending 30<sup>th</sup> June 2023 as they under declared the financial position of the Company.
16. The Applicant further contends that he realized a machination by the first Respondent involving loans and liabilities as a way to evade taxes falsely claiming indebtedness by the company which largely affected operations of the company.
17. The Applicant avers that between the years of 2021 to 2022, profits which were made from Cargowell International Limited were diverted to Everwell Logistics Limited to import spare parts and containers.
18. The Applicant further contends that the first Respondent attempted to undervalue his shares and proposed only five (5%) as dividends.
19. The Applicant further contends that the first Respondent obstructed all board meetings, severed communications, and sought an unsuccessful buyout of the Applicant.
20. On July 29<sup>th</sup>, 2024, the final catalyst for filing this petition occurred when the Applicant was unlawfully removed as director/secretary from the Company,

deprived of director emoluments from that date to the present, while Cargowell International Limited continued operations using the Applicant's details to register for the renewal of the 2025 Customs Agency Operation License without his knowledge or consent.

21. On October 2024, the first Respondent and his lawyer allegedly forged a resolution making a call on shares at a premium and appointed Nawagi Stella as Company Secretary. Around the same period, the first Respondent allegedly diverted funds generated by Cargowell International Limited in Uganda to his Company Shanghai Cargowell International Trade Co. Ltd.
22. In November 2024, the newly appointed Company Secretary issued calls on shares at a premium of UGX 44,327,960, from the original issuance price of 10,000 Ugandan shillings, resulting in the dilution of his shares in Cargowell International Limited. This action was a deliberate strategy to unlawfully exclude him from the company to which he had contributed both directly and indirectly since its incorporation.

### *C. Respondents Case*

23. In response to the Application, the Respondents filed a statutory declaration sworn by Jiang Lifeng, a director/member in the second and third Respondents.
24. The first Respondent avers that the allegations made by the Applicant are baseless and that the Respondents shall raise a preliminary objection that the application is frivolous and vexatious and should be dismissed.
25. The first Respondent contends that the Applicant, in conjunction with his lawyers started acting unlawfully by demanding ransom payment benefits from the second Respondent, threatening to deport the first Respondent and sabotaging the interests of the second and third Respondents with suppliers and other regulators.
26. The first Respondent contends that the Applicant authorized the first Respondent to transact company matters as the Applicant pursued further studies sponsored by the second Respondent Company.
27. The first Respondent further contends that the Applicant is neither a majority shareholder, Director nor secretary in the second Respondent Company because his

contract as Director expired and he was terminated lawfully as a Company Secretary which termination has never been challenged in a labor court.

28. The first Respondent contends that the Applicant has no right to dividends because he is not a paid up shareholder and the dividends were not declared by the Second Respondent.
29. The first Respondent contends that the appointment of the Company Secretary and the call up on shares was done in accordance with the law.
30. The first Respondent avers that the Applicant declined to attend the Annual General meeting lawfully convened which was in breach of his shareholder obligations.
31. The first Respondent further contends that he is the principal signatory to the company accounts and can operate the second Respondent accounts without any approval from the Applicant.
32. In respect to the mentioned motor vehicles, the first Respondent confirmed in his statutory declaration that these were acquired using credit facilities obtained by the second Respondent company.

**D. Issues**

33. Once all pleadings were on file, I instructed both Counsel to present written submissions and issued schedules to that effect. I meticulously examined the arguments from both sides before reaching this decision. Three issues are relevant for the resolution of this dispute;
  - a) Whether the removal of the Applicant as a director was lawful?*
  - b) Whether the affairs of the company were being carried out in a manner oppressive to the Applicant ?*
  - c) What remedies are available in the circumstances?*

### E. Determination

#### a) Issue 1: Whether the removal of the Applicant as a Company Director was lawful?

34. It is trite that jurisdiction is a creature of statute and no Court or tribunal can confer upon itself jurisdiction and where a court that has no jurisdiction entertains a matter any proceedings arising therefrom are a nullity. (*See Baku Raphael & Anor V AG SCCA No.1 of 2005 cited with approval in National Medical Stores V Penguins Ltd HCCS No. 29 of 2010*). The learned Justice Musa Ssekaana in Company Cause No.13 of 2020 **Bryan Xsabo Strategy Consultants (Uganda) Limited & 2 Ors V Great Lakes Energy Company N.V** found that, *'the exercise of power by the Registrar of Companies contemplates the adjudication of rival claims... they decide both questions of fact as well as of law and determine a variety of applications, claims, controversies and disputes.'* It follows from this authority that the Registrar of Companies possesses jurisdiction to entertain and adjudicate over questions of both fact and law.

35. The Registrar of Companies statutory jurisdiction relates to the exercise of two distinct powers, firstly is the power to hear and determine complaints by an oppressed member under Section 243 of the Companies Act Cap 106, and secondly is the power to rectify a company's register and expunge documents that constitute an error, are misleading, inaccurate, issued in error, contain entries or endorsements made in error, contain an illegal endorsement, are illegally or wrongfully obtained or which a court has ordered the registrar to expunge from the register all pursuant to Regulation 8 of the *Companies (Powers of the Registrar) Regulations SI No 71 of 2016*. I will confine my decision to the aforementioned jurisdictional powers of the Registrar of Companies.

36. Section 191 of the Companies Act Cap 106, stipulates that, *'a company may, by ordinary resolution, remove a director before the expiration of his or her period of office, notwithstanding anything in its articles or in any agreement between the company and the director, but this subsection shall not, in the case of a private company, authorise the removal of a director holding office for life at the commencement of this Act, whether or not subject to retirement under an age limited by virtue of the articles or otherwise.'* The reading of Section 191(1) is to the effect

that a company may by Ordinary resolution remove a director before the expiry of his or her period and the only exception is where a director was appointed a life holder of the position in a private company. In *Kirima & 4 Ors v. Kabushenga Civil Suit No.18 of 2022*, Lady Justice Anna Mugenyi emphatically pronounced that the only way to remove a company director is through an ordinary resolution. In the instant case, the Applicant claims that he was removed from the company. The evidence on record shows a cessation letter dated 29/07/2024 addressed to Mr. John Opolot, the applicant and signed by the first Respondent Ben Jiang Lifeng, the Managing Director. In the body of the said letter it is stated that the Applicant is to immediately cease all *“formal and informal dealings relating to Cargowell”*.

37. The procedure for removal of a Company Director is provided for under Section 191 of the Companies Act Cap 106. Sub section one has been stated in the preceding paragraph above and it was not adhered to. The section continues to provide under subsection two that a special notice shall be required of any resolution to remove a director under the section. Further sub section three provides that on receipt of notice of an intended resolution to remove a director under this section, the company shall send a copy of the notice to the director concerned and the director, whether or not he or she is a member of the company, shall be entitled to be heard on the resolution at the meeting. This special notice was not adduced in evidence as ever having been served on the Applicant and in fact there was never a hearing before the Applicant was removed as Company Director.

38. The Company adopted Table A of the first schedule to the Companies Act and under Regulation 88, various instances for cessation of a director are listed. The regulation provides that the office of director shall be vacated if the director;

- a) *ceases to be a director by virtue of section 189 or 192 of the Act;*
- b) *becomes bankrupt or makes any arrangement or composition with his or her creditors generally;*
- c) *becomes prohibited from being a director by reason of any order made under section 197 of the Act;*

- d) *suffers from mental illness;*
- e) *resigns his or her office by notice in writing to the company; or*
- f) *is for more than six months absent without permission of the directors from meetings of the directors held during that period.*

39. None of the aforementioned instances was pleaded to justify the Applicant's legitimate removal from the position of Director of the Company.

40. The cessation letter removing the Applicant from the position of Company director effectively stripped the Applicant of his directorship, constituting a flagrant violation of the Companies Act Cap 106 and the Companies Articles of Association, which mandate an ordinary resolution and special notice for the removal of a Director. The first issue is consequently resolved in the affirmative.

**b) Issue 2 Whether the affairs of the company were being carried out in a manner oppressive to the Applicant ?**

41. The Applicant further asserts that the affairs of the company were being carried out in an oppressive manner. The Companies Act Cap 106 expressly provides that a company's member who is oppressed may petition the Registrar of Companies for reliefs under Section 243. Section 243 (1) of the Companies Act Cap 106 provides that, '*a member of a company who complains that the affairs of the company are being conducted in a manner oppressive to...the members, may make a complaint to the Registrar by petition for an order under this section.*' It follows from this provision that the petitioner as a member can petition the Registrar of Companies for reliefs under Section 243 of the Companies Act Cap 106. While jurisdiction to determine prejudicial conduct lies with the High Court, the power to resolve disputes relating to oppressive conduct lies with the Registrar of Companies under Section 243 of the Companies Act Cap 106.

42. The Supreme Court of Uganda, in the case of *Mathew Rukikaire v. Incafex (U) Ltd (Civil Appeal No. 03 of 2015)*, elaborated on what constitutes oppressive conduct. The Court held that for conduct to be deemed oppressive, it must affect a member in their capacity as a member of the company, not in any other role.



43. It is therefore imperative to construe the meaning of oppression in line with decided cases so as to decipher whether indeed the Applicant was oppressed by the first Respondent. In *Elder vs Elder & Watson Ltd*[ [1952] SC 49 at 55] Lord Cooper, in defining oppression, stated that ‘the essence of the matter seems to be that the conduct complained of *should at the lowest involve a visible departure from the standards of fair dealing, and a violation of the conditions of fair play on which every shareholder who entrusts his money to the company is free to rely.*’ What can be gleaned from the foregoing excerpt is that oppression involves a departure from fair dealing in commercial practice.
44. Justice Ssekana Musa in *Cliff Masagazi v. Afriland First Bank Company Cause No.08 of 2020* advanced that oppressive conduct involves a course of conduct and not merely isolated events continuing up to the time of the petition involving an evasion of legal rights, displaying a lack of probity on the part of those conducting affairs of the company and affecting the petitioner in his capacity as a member . I shall therefore proceed to examine the evidence in light with the above decisions to determine whether indeed the petitioner was oppressed.
45. The Applicant claims an invasion of various legal rights he is entitled to as a member in the Company. In *Worldemicheal Sisay Bekure and Another v Kalpana Abe and Others (Miscellaneous Cause No. 54 of 2024)*, the court classified rights of members into three categories ; information rights , ownership rights and participation rights. Information rights according to the court refer to the rights of the members to receive information and records about the company. Participation rights as advanced by the court relate to the right to participate and vote in meetings whilst ownership rights relate to members status as shareholders .
46. The Applicant asserts under Paragraph 13 of the Statutory declaration that the first Respondent concealed information that the company acquired 10 acres of land in Namanve from him and further alleges under paragraph 16 that the first Respondent opened up two bank accounts without his knowledge. All this information was vital information in relation to the position of the Applicant as a Director. In *Mathew*

*Rukikaire v Incafex Limited (Civil Appeal 3 of 2015) [2017] UGSC 88 (23 October 2017)*, denial of access to information as interpreted by the Supreme Court constituted an instance of oppression.

47. The Applicant additionally asserts that the first Respondent fabricated his signature on a special and ordinary resolution with the objective of unlawfully initiating a call on shares issued at a premium and dismissing him as Company Secretary while installing Nawagi Stella Basomba.

48. The impugned ordinary resolution on the 24<sup>th</sup> day of October 2024 resolved that :

*“Ms. Stellah Nawagi be and is hereby appointed as the secretary of Cargowell International Limited effective 25.10.2024. RESOLVED FURTHER, that the Secretary shall hold office effective 25.10.2024 for a period of two years and is subject to renewal.”*

49. The above resolution was allegedly signed by the two shareholders the Applicant and the first Respondent. However when the said resolution was subjected to forensic expert examination, the findings of the expert were that the signatures on the resolution compared with the actual signature of the Applicant were significantly different especially in the formulation of the letters which proves that the signature was not the original signature of the Applicant.

50. The special resolution passed by the Board of Cargowell international Limited on the 30<sup>th</sup> day of October 2024, resolved that:

a) *“The Company issues shares at a premium.*

b) *The Company makes a call on unpaid shares at a premium.*

c) *The Company issues a notice calling on all shareholders to pay up their shares at a premium*

d) *The Call on shares at a premium is to source finances to pay up the Company’s current liabilities and increase the asset base.”*

51. While it was alleged by the Respondent’s Counsel that the said resolution was signed by the Applicant and the first Respondent as shareholders, the forensic Analysis report authored by the Government Analyst Kagoda Ian under the findings section asserts that, *“ there is strong evidence to show that the contested signature attributed to*

*John Robert Opolot on exhibit 'A' was not authored by the same person whose known signatures were provided on exhibits 'C','D','E','F','G', 'H' 'F', J1' and 'J2'."* This constitutes compelling evidence that the Applicant did not consent to the issuance of shares at a premium and further substantiates that his signature on the aforementioned resolution was forged.

52. Additionally, it is essential to note that there are no recorded minutes, as required by Section 148 of the Companies Act Cap 106, to substantiate that these meetings, during which the purported resolutions were adopted, took place. Section 148 (1) of the Companies Act Cap 106 provides that every company shall cause minutes of all proceedings of general meetings and of all proceedings at meetings of its directors, to be entered in books kept for that purpose. Subsection two further provides that any minute referred to in subsection (1) purporting to be signed by the chairperson of the meeting at which the proceedings were held or by the chairperson of the next following general meeting or meeting of directors as the case may be shall be evidence of the proceedings. No signed minutes were adduced in respect to the meetings issuing shares at a premium and appointing a new Company Secretary. Additionally subsection (3) provides that where minutes have been made in accordance with the proceedings at any general meeting of the company or meeting of directors then, until the contrary is proved, the meeting shall be taken to have been duly held and convened and all proceedings had to have been duly had and all appointments of directors shall be taken to be valid, In this case there are no minutes to prove that the meetings at which the Respondents argue to have issued shares at a premium and made a call on shares occurred.

53. Justice Ssekana Musa in *Cliff Masagazi v. Afriland First Bank Company Cause No.08 of 2020* emphasized that oppression was not an isolated incident but rather continuous acts leading up to the petition. In the present instance, the actions of the first Respondent, including the purported illegal removal of the Applicant as director, concealment of critical company information, forgery of the Applicants

signature on resolutions, and alleged misappropriation of company funds, were oppressive to the Applicant.

**c) Issue 3 What remedies are available in the circumstances?**

54. Regulation 8 (1) of the Companies(Powers of the Registrar) Regulations S.1 No.71 of 2016 grants powers to the Registrar of Companies to rectify and update the register so as to ensure its accuracy. Regulation 8 (2) grants the registrar powers to expunge documents off the register or any information which is;

- a) Misleading*
- b) Inaccurate*
- c) Issued in error*
- d) Contains an endorsement in error*
- e) Contains an illegal endorsement*
- f) Illegally or wrongfully obtained*

55. In light of the findings by the government forensic analyst on the discrepancies of the signatures of the Applicant and the above analysis I make the following orders;

- 1. The ordinary resolution passed on the 25<sup>th</sup> day of October 2024 and registered on the 11<sup>th</sup> day of November 2024 regarding the appointment of Ms. Stellah Nawagi as Company Secretary for Cargowell International Limited be expunged from the register for being illegally/wrongfully obtained.*
- 2. The Special resolution passed on the 30<sup>th</sup> day of October , 2024 resolving to issue shares at a premium, make a call on unpaid shares at a premium, issuing a notice calling on shareholders to pay up their shares at a premium and sourcing finances to pay up the Company current liabilities and increase asset base be expunged from the register for being illegally/wrongfully obtained.*
- 3. The Form 20 registered on the 11<sup>th</sup> day of November 2024 bearing Stellah Nawagi as Company Secretary be expunged from the Company Register for being illegally/wrongfully obtained.*
- 4. The cessation letter, which divested the Applicant of his directorship, is a violation of the Companies Act Cap 106 and the Company's Articles of Association.*

5. *I make no order as to costs*

*I so order,*

*Given under my hand, the 15<sup>th</sup> day of September 2025*

.....

DANIEL NASASIRA

*Ass. Registrar of Companies*

*Ruling delivered in the presence of Counsel Andrew Mugisha from Omongole & Co. Advocates and Counsel Bernard Olok from M/S Kampala Tax Advisory Center – Legal Department.*

*Right of Appeal explained.*