



**2008  
ANNUAL  
MEETING**

**Notice of Annual  
Meeting of Shareholders  
and Information Circular**

**Place:**

**Valhalla Inn Toronto  
1 Valhalla Road  
Toronto, ON  
M9B 1S9**

**Time:**

**12:00 noon (Eastern Time)**

**Date:**

**Monday, February 25, 2008**



**SUNGOLD INTERNATIONAL HOLDINGS CORP.  
300 – 940 The East Mall  
Toronto, ON, Canada M9B 6J7**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

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NOTICE is hereby given that an Annual Meeting (the "Meeting") of the shareholders of Sungold International Holdings Corp. (the "Corporation") will be held at the Valhalla Inn Toronto, 1 Valhalla Road, Toronto, Ontario, on Monday, February 25, 2008 at 12:00 noon (Eastern Time) for the following purposes:

1. To appoint the auditors of the Corporation for the ensuing year.
2. To elect four (4) directors to hold office until the close of the next annual meeting of the Corporation.
3. To authorize the Board of Directors to fix the remuneration to be paid to the auditors of the Corporation.
4. To receive and consider the financial statements of the Corporation for the year ended August 31, 2007.
5. To transact such other business as may properly come before the meeting.

Accompanying this Notice of Meeting is: (i) an Information Circular, (ii) a Form of Proxy, and (iii) a form whereby Shareholders may request to be added to the Corporation's supplemental mailing list. Shareholders unable to attend the Annual Meeting in person are requested to read the enclosed Information Circular and Form of Proxy, and then complete and deposit the Proxy together with the power of attorney or other authority, if any, under which it was signed or a notarially certified copy thereof with the Corporation's transfer agent, Computershare Trust Company of Canada, c/o 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1 at least 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time of the meeting or adjournment thereof or with the chairman of the meeting prior to the commencement thereof.

**DATED** at Toronto, Ontario this 13<sup>th</sup> day of February, 2008.

**ON BEHALF OF THE BOARD OF DIRECTORS**

*/s/ Donald R. Harris*

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**DONALD R. HARRIS, CHAIRMAN**

**If you are a non-registered shareholder of the Corporation and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or by the other intermediary. Failure to do so may result in your shares not being eligible to be voted by proxy at the Meeting.**



## SUNGOLD INTERNATIONAL HOLDINGS CORP.

### INFORMATION CIRCULAR

As at February 13<sup>th</sup>, 2008 and in Canadian dollars except where otherwise indicated.

#### PERSONS MAKING THIS SOLICITATION OF PROXIES

This Information Circular (the "Circular") is furnished in connection with the solicitation of Proxies by the management (the "Management") of Sungold International Holdings Corp. (the "Corporation") for use at the Annual Meeting (the "Meeting") of the shareholders of the Corporation (the "Shareholders") to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment thereof. It is expected the solicitation will be primarily by mail. Proxies may also be solicited personally by management of the Corporation. The cost of solicitation will be borne by the Corporation.

#### RECORD DATE AND NOTICE

The board of directors of the Corporation (the "Board") has set the close of business on February 13, 2008 as the record date (the "Record Date") for determining which Shareholders shall be entitled to receive notice of and to vote at the Meeting. Only Shareholders of record as of the Record Date are entitled to receive notice of and to vote at the Meeting.

#### VOTING OF PROXIES

All shares represented at the Meeting by properly executed proxies will be voted (including the voting on any ballot), in accordance with the instructions specified in the enclosed form of proxy (the "Proxy"). **In the absence of any such specification, the Management designees, if named in the enclosed Proxy, will vote in favour of matters set out therein.**

The persons named in the accompanying Proxy as proxyholders are directors or officers of the Corporation and have indicated their willingness to represent as proxyholder, the Shareholder who appoints them.

**The enclosed Proxy, when properly signed, confers discretionary authority upon the persons named therein with respect to amendments or variations of matters identified in the Notice of Meeting and any other matters which may properly be brought before the Meeting. As of the date hereof, Management is not aware that any such amendments to, variations of or other matters are to be presented for action at the Meeting. However, if any other matters which are not now known to Management should properly come before the Meeting, then the Management designees intend to vote in accordance with the judgement of Management.**

The number of votes required for approval of any matter that will be submitted to a vote of shareholders of the Corporation at the Meeting is a simple majority of the votes cast, unless otherwise indicated in this Circular.

#### APPOINTMENT OF PROXIES

**A registered Shareholder or an intermediary holding shares and acting on behalf of an unregistered Shareholder has the right to appoint a person (who need not be a Shareholder of the Corporation), other than DONALD HARRIS or LES RANKIN, to attend and act on their behalf at the Meeting. To exercise this right, the registered Shareholder or intermediary must strike out the names of the persons named in the Proxy as proxyholders and insert the name of their nominee in the space provided or complete another form of Proxy and deliver same to the Corporation's registrar and transfer agent, Computershare Trust Company of Canada c/o 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, in accordance with the instructions contained in the Proxy. Unregistered Shareholders must deliver their completed Proxies in accordance with the instructions given by their financial institution or other intermediary that forwarded the Proxy to them.**

The Proxy must be dated and signed by the intermediary acting on behalf of an unregistered Shareholder or by the registered Shareholder or their attorney authorized in writing. In the case of a corporation, the Proxy must be dated and executed under its corporate seal or signed by a duly authorized officer or attorney for the corporation and, in either case, accompanied by a certified directors' resolution authorizing its execution.

## NON-REGISTERED HOLDERS

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Corporation are "non-registered" shareholders because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares.** More particularly, a person is not a registered shareholder in respect of shares which are held on behalf of that person (the "Non-Registered Holder") but which are registered either: (a) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP's, RRJF's, RESP's and similar plans); or (b) in the name of a securities depository (such as CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Corporation has distributed copies of the Notice of Meeting, this Circular and the Proxy (collectively, the "Meeting Materials") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Holders. With those Meeting Materials, Intermediaries or their service companies should provide Non-Registered Holders with a request for voting instruction form which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow. The purpose of this procedure is to permit Non-Registered Holders to direct the voting of the shares which they beneficially own. Should a Non-Registered Holder wish to vote at the Meeting in person, the Non-Registered Holder should follow the procedure in the request for voting instructions provided by or on behalf of the Intermediary and request a form of legal proxy which will grant the Non-Registered Holder the right to attend the Meeting and vote in person. **Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the completed request for voting instructions is to be delivered.**

## REVOCATION OF PROXIES

A registered Shareholder or an intermediary acting on behalf of an unregistered Shareholder has the power to revoke a Proxy previously given by them. Revocation can be effected by an instrument in writing (including a Proxy bearing a later date) signed by the intermediary or registered shareholder or their attorney authorized in writing and in the case of a corporation, executed under its corporate seal or signed by a duly authorized officer or attorney for the corporation, and either delivered (and, in the case of a corporate shareholder, accompanied by a certified directors' resolution authorizing its execution) to Computershare Trust Company of Canada c/o 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, or deposited with the Chairman of the Meeting prior to the hour of commencement on the day of the Meeting.

## INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

None of the directors or senior officers of the Corporation, any person who has held such a position since the beginning of the last completed financial year of the Corporation, any proposed nominee for election as a director of the Corporation nor any associate or affiliate of the foregoing persons, has any substantial or material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting.

## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Corporation consists of: (i) an unlimited number of common shares without nominal or par value; (ii) 100,000,000 Class A Preference Shares, without nominal or par value; and (iii) 100,000,000 Class B Preference Shares, without nominal or par value, having the preferences, rights, conditions, restrictions, limitations and prohibitions as set forth in the Corporation's Articles. As at February 13, 2008, there were a total of 143,466,185 common shares of the Corporation outstanding. The Corporation has not issued any Class A or Class B Preference Shares and none are outstanding as at February 13, 2008. Each common share entitles the holder thereof to one vote. All issued shares are entitled to be voted at the Meeting and each has one non-cumulative vote. Only those common shareholders of record on February 13, 2008 will be entitled to vote at the Meeting or any adjournment thereof.

To the knowledge of the directors and senior officers of the Corporation, no person beneficially owns, directly or indirectly, or exercises control or direction over, shares carrying more than 10% of the votes attached to the issued and outstanding common shares of the Corporation.

## ELECTION OF DIRECTORS

The term of office of each of the present directors expires at the Meeting. The persons named below will be presented for election at the Meeting as management's nominees. Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual general meeting or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the by-laws of the Corporation or with the provisions of the Canada Business Corporations Act (the "CBCA").

The following table and notes thereto states the name of each person proposed to be nominated by management for election as a director, all offices of the Corporation now held by him or her, his or her principal occupation, the period of time for which he or she has been a director of the Corporation, and the number of Shares of the Corporation beneficially owned by him or her, directly or indirectly, or over which he or she exercises control or direction, as at the date hereof.

Name	Principal Occupation	Director Since	Approximate Number of Shares Beneficially Owned, Directly or Indirectly, as of the Date Hereof
<b>Art Cowie</b> <sup>(1) (2) (3)</sup> British Columbia, Canada	Mr. Cowie has been a career community planner as well as a distinguished landscape architect, government affairs consultant and has an extensive public service record including as a member of the BC Legislature, Alderman for the City of Vancouver, Director of the Pacific National Exhibition, Chairman of Vancouver Board of Parks and Recreation, member of BC and Canadian Institutes of Planning, past President of the BC Society of Landscape Architects and a Fellow of the Canadian Society of Landscape Architects.	January, 2003	1,863,900
<b>Donald Harris</b> <sup>(1) (2)</sup> Minnesota, USA	Mr. Harris is the Chairman of the Board of Sungold International Holdings Corp., and recently retired from CEO of Town's Edge Properties Inc., a developer of multiple residential and commercial properties, for over 40 years, primarily in the Midwestern United States.	January, 1998	7,450,000

Name	Principal Occupation	Director Since	Approximate Number of Shares Beneficially Owned, Directly or Indirectly, as of the Date Hereof
Les Rankin <sup>(2)</sup> Texas, USA	Mr. Rankin is currently Director of Business Development for Thomason Hospital. He has a very distinguished background in the horseracing industry with more than 25 years in ownership, breeding and racing operations as well as having strong business relationships with racetrack owners and managers. Additionally, Mr. Rankin has worked as a lobbyist on multiple legislative matters in Washington, D.C., and as an advisor on health matters, and has also served on numerous national and local boards and agencies.	January, 2008	2,844,979
Larry Simpson Ontario, Canada	Mr. Simpson was named President and CEO of Horsepower Broadcasting Network (HBN) International Ltd. in March, 2005 after serving as Vice President of Corporate Development since October, 2002. Mr. Simpson has over 25 years of administrative, marketing, public relations and sales experience in horseracing, sports and leisure. Mr. Simpson has been a successful publisher, manager and writer for many Thoroughbred and Standardbred publications. His influence within the racing industry was developed through charity work for equine research, and lecturing on a regular basis on marketing racing, successful handicapping and new horse ownership.	February, 2005	475,500

**Notes**

- (1) Member of Audit Committee
- (2) Member of Executive Committee
- (3) Includes 314,500 shares held in the name of Mr. Cowie's spouse and 100,000 shares held by Eikos Planning Inc., a company controlled by Mr. Cowie.
- (4) The company is currently the subject of a Cease Trade Order from the British Columbia Securities Commission for not having filed a comparative financial statement for its year ended August 31, 2007, and a Management Discussion and Analysis for the same period.

**STATEMENT OF EXECUTIVE COMPENSATION**

Unless otherwise noted the following information is from the Corporation's last completed financial year (which ended August 31, 2007).

**Pension Plans**

The Corporation does not have any pension plans.

**Compensation of Directors**

In addition to stock options to purchase shares of the Corporation which are granted to the Corporation's directors from time to time, the Corporation remunerates directors who are not officers or employees a nominal fee, in an aggregate amount of \$13,200.

**Other Remuneration**

Except as disclosed below, during the most recently completed financial year there was no other remuneration paid or payable, directly or indirectly, by the Corporation and any of its subsidiaries pursuant to any existing plan or arrangement to its directors and, if they earned more than \$150,000 per year, its executive officers.

## Compensation Summary

The following table sets forth all annual and long-term compensation for services in all capacities to the Corporation and its subsidiaries for the three most recently completed financial years in respect of each of the individuals who were, as at August 31, 2007, the Chief Executive Officer and the Chief Financial Officer and the other three most highly compensated executive officers of the Corporation whose individual total compensation for the most recently completed financial year exceeds \$150,000 (collectively, the "Named Executive Officer(s)"), including any individual who would have qualified as a Named Executive Officer but for the fact that the individual was not serving as such an officer at the end of the most recently completed financial year.

### Summary Compensation Table

Name & Principal Position	Year	Annual Compensation			Long Term Compensation			All Other Compensation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts	
					Securities Under Options/SARs <sup>(1)</sup> Granted (#)	Restricted Shares or Restricted Share Units (#)	LTIP Payouts (\$)	
Keith Blackwell <sup>(2)</sup> CEO and CFO	2005	Nil	Nil	Nil	1,000,000	Nil	Nil	96,074
	2006	72,800	Nil	Nil	Nil	Nil	Nil	122,505
	2007	133,262	Nil	Nil	Nil	Nil	Nil	22,785

#### Note

- (1) The Corporation has not granted any stock appreciation rights ("SARs").  
(2) Mr. Blackwell was appointed as CFO of the Corporation on April 14, 2005, and CEO on February 10, 2006.

### Options/SAR Grants During the Most Recently Completed Financial Year

Name	Securities, Under Options/SARs <sup>(1)</sup> Granted (#)	Per cent of total Options/SARs <sup>(1)</sup> Granted to Employees in Financial Year	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options/SARs <sup>(1)</sup> On the Date of Grant (\$/Security)	Expiration Date
None	Nil / Nil	N/A	N/A	Nil / Nil <sup>(1)</sup>	N/A

#### Notes

- (1) The Corporation has not granted any stock appreciation rights ("SARs"), and did not grant any options to the named executives during the year ended August 31, 2007.

### Long-Term Incentive Plans ("LTIP") - Awards in Most Recently Completed Financial Year

The Corporation did not have a LTIP, pursuant to which cash or non-cash compensation intended to serve as an incentive for performance (whereby performance is measured by reference to financial performance or the price of the Corporation's securities) was paid or distributed to the Named Executive Officers, during the most recently completed financial year, other than stock options granted under the provisions of the Corporation's stock option plan.

**Aggregated Options/SAR Exercises**  
**During the Most Recently Completed Financial Year and Financial Year End Option/SAR Values**

Name	Securities Acquired on Exercise (#)	Aggregate Value <sup>(1)</sup> Realized (\$)	Unexercised Options/SARs <sup>(2)</sup> at Financial Year End Exercisable/Unexercisable (#)	Value of Unexercised in the Money Options/SARs <sup>(2)</sup> at Financial Year End Exercisable/Unexercisable (\$)
T. Keith Blackwell CEO and CFO	Nil	Nil	1,000,000 / Nil	Nil / Nil <sup>(3)</sup>

**Notes**

- (1) Value is the product of the number of shares multiplied by the difference between the closing market price on the relevant date and the exercise price.
- (2) The Corporation has not granted any SARs.
- (3) Based on a closing market price of US\$0.09 for the Corporation's common shares on August 31, 2007 on the over-the-counter bulletin board (the last trading date in the fiscal year of the Corporation).

**Stock Options**

The Corporation has a stock option plan allowing the issuance of options of up to 10% of the Corporation's issued share capital from time to time. The Corporation may grant stock options to directors and officers of the Corporation or a subsidiary, or to employees or consultants of a company providing management services to the Corporation, in consideration of them providing their services to the Corporation or subsidiary. The number of shares subject to each option is determined by the Corporation's Board of Directors. The options enable such persons to purchase shares of the Corporation at a fixed price. The option agreements provide that the option can only be exercised by the optionee and only so long as the optionee shall continue in the capacity as a director, officer, consultant or employee of the Corporation or subsidiary or as an employee of the management company and during a period of not more than 90 days after ceasing to be a director, officer, consultant or employee (30 days if employed in an investor relations capacity) or, if the optionee dies, one year from the date of the optionee's death. The options are exercisable by the optionee giving the Corporation notice and payment of the exercise price for the number of shares to be acquired.

**Securities Authorized for Issuance under Equity Compensation Plans**

As of the end of the Corporation's most recently completed financial year, the following equity securities of the Corporation were authorized for issuance under compensation plans:

<b>EQUITY COMPENSATION PLAN INFORMATION AS AT AUGUST 31, 2007</b>			
Plan Category	Number of securities to be issued upon exercise of outstanding options  (a)	Weighted-average exercise price of outstanding options  (b)	Number of securities remaining available for issuance under equity compensation plans (excluding securities reflected in column (a))  (c)
Equity Compensation Plans approved by security holders	5,270,000	\$0.26	8,422,622
Equity Compensation Plans not approved by security holders	Nil	Nil	Nil
<b>Total</b>	5,270,000	\$0.26	8,422,622

## **Termination of Employment, Change in Responsibility and Employment Contracts**

On February 10, 2006, Mr. T. Keith Blackwell was appointed Chief Executive Officer, in addition to Chief Financial Officer and Treasurer and the compensation was set at a salary of \$10,000 per month.

The Corporation has no compensatory plan or arrangement entitling any Named Executive Officers to receive, in the event of the termination of employment (resignation, retirement, change of control) or in the event of a change in responsibilities following a change in control, compensation exceeding \$100,000.

## **AUDIT AND EXECUTIVE COMMITTEES**

Pursuant to the provisions of Multilateral Instrument 52-110 – Audit Committees (“MI 52-110”), which came into force on March 30, 2004, the Corporation is required to disclose certain information concerning its Audit Committee including the composition of the Audit Committee, the Audit Committee’s charter and its relationship with its independent auditors. Such information is set forth below.

### **Composition of Audit Committee**

The members of the Corporation’s audit committee are Donald Harris, Art Cowie, and T. Keith Blackwell. They may be appointed any time by the Corporation’s board of directors. The board, in its discretion may change the membership and fill vacancies in the audit committee, otherwise, audit committee members shall serve until his or her successor is appointed or until his or her earlier resignation.

Each of Messrs. Harris, and Cowie are “independent” and “financially literate” within the meaning of MI 52-110. In addition to each member’s general business experience, the education and experience of each audit committee member that is relevant to the performance of his or her responsibilities as a audit committee member is as follows: Mr. Harris, now retired, was the Chairman of the Board and CEO of Town’s Edge Properties, Inc., a developer of multiple residential and commercial properties, for over 40 years. Mr. Cowie has been a career Community Planner as well as a distinguished landscape architect, government affairs consultant and has an extensive public service record including member of the BC Legislature, Alderman for the City of Vancouver, Director of the Pacific National Exhibition, Chairman of Vancouver Board of Parks and Recreation, member of BC and Canadian Institutes of Planning, past President of the BC Society of Landscape Architects and a Fellow of the Canadian Society of Landscape Architects.

The Corporation has no independent financial expert on the audit committee. The Corporation’s management believes that the cost related to retaining a financial expert at this time is prohibitive. T. Keith Blackwell a Chartered Accountant and CEO serves on the audit committee instead. Further, because of the nature of the Corporation’s start-up operations, the Corporation believes the services of a financial expert are not warranted.

### **Audit Committee’s Charter (attached as Schedule A)**

The Corporation is required to have an audit committee for the purpose of monitoring and enhancing the quality of the financial information disclosed by the Corporation. The external auditor reports directly to the committee.

### **Reliance on Certain Exemptions**

At no time since the commencement of the Corporation’s most recently completed financial year has the Corporation relied on exemptions in relation to “De Minimis Non-Audit Services” or any exemption provided by Part 8 of MI 52-110.

### **Pre-Approval Policies and Procedures**

The Corporation has not adopted any specific policies in relation to the engagement of non-audit services.

## External Auditor Service Fees (By Category)

	Year Ended August 31, 2007	Year Ended August 31, 2006
Audit Fees <sup>(1)</sup>	\$50,000	\$55,000
Audit Related Fees <sup>(2)</sup>	-	-
Tax Fees <sup>(3)</sup>	-	-
Other Fees <sup>(4)</sup>	-	-
Total	<b>\$50,000</b>	<b>\$55,000</b>

Notes:

- (1) The aggregate audit fees billed. 2007 is estimated.
- (2) The aggregate fees billed for assurance and related services that are not included under "Audit Fees".
- (3) The aggregate fees billed for services related to tax compliance, tax advice and tax planning. The services performed for the fees paid under this category may briefly be described as tax return preparation fees.
- (4) The aggregate fees billed for services other than those reported above. The services performed for the fees paid under this category may briefly be described as flow-through accounting services.

## Appointment of Auditors

The shareholders of the Corporation will be asked at the Meeting to pass a resolution appointing Deloitte & Touche LLP, Chartered Accountants, of 200 – 1 Concorde Gate, North York, Ontario. Mintz & Partners LLP, who performed the audit last year, announced on December 12, 2007, that they merged with Deloitte & Touche LLP, effective January 28, 2008.

The persons named in the enclosed proxy intend to vote for the appointment of Deloitte & Touche LLP as auditors of the Corporation to hold office until the next annual meeting of shareholders and to authorize the directors to fix their remuneration.

## Executive Committee

The executive committee of the Corporation's board of directors currently consists of Donald Harris, Art Cowie, and Les Rankin. This committee is directed to have and exercise, during the intervals between the meetings of the Corporation's board of directors, all the powers vested in the Board except the power to fill vacancies, the power to change the membership of, or fill vacancies in, the executive committee or any other committee of the Board.

## INDEBTEDNESS OF DIRECTORS AND OFFICERS

None of the directors, executive officers or senior officers of the Corporation or persons who were directors, executive officers or senior officers of the Corporation at any time during the Corporation's last completed financial year, none of the proposed nominees for election as directors of the Corporation and none of the associates of such persons are or have been indebted to the Corporation or its subsidiaries at any time since the beginning of the Corporation's last completed financial year. Furthermore, none of such persons were indebted to a third party during such period where their indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or its subsidiaries.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No insider (as such term is defined in the Securities Act) or any associate or affiliate of the foregoing has any interest, direct or indirect, in any material transactions in which the Corporation has participated within the three years prior to the date hereof, or in any proposed transaction which has materially affected or will materially affect the Corporation except as otherwise disclosed in the Circular.

## INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except in so far as they may be shareholders or as otherwise disclosed in the Circular, no person who has been a director or an officer of the Corporation at any time since the beginning of its last completed financial year, any proposed nominee for election as a director of the Corporation or any associate or affiliate of such persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

## STATEMENT OF GOVERNANCE PRACTICES

A summary of the Corporation's governance initiatives in relation to the new guidelines for effective corporate governance pursuant to National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101") and National Policy 58-201 - *Corporate Governance Guidelines* ("NP 58-201") is set out below.

### Information about the Corporation's Directors

#### *Independence of Directors*

The board of directors has determined that following the Annual General Meeting of the Corporation to be held February 25, 2008, 3 out of 4 or 75% of the directors will be independent for the purpose of NI 58-101. The independent directors will be Art Cowie, Donald Harris and Les Rankin. Larry Simpson, President and CEO of a subsidiary of the Corporation, is not independent as he is a member of management of the Corporation.

#### *Orientation and Continuing Education*

The board of directors is responsible for the orientation and education of new recruits to the board of directors and all new directors with a copy of the directors and officers insurance policies maintained by the Corporation, a copy of the Corporation's policies and the Corporation's most recent significant public disclosure documents. Prior to joining the board of directors, each new director will meet with the Chairman, the Chief Executive Officer and the Chief Financial Officer of the Corporation. Each such officer shall be responsible for outlining the business and prospects of the Corporation, both positive and negative, with a view to ensuring that the new director is properly informed to commence his or her duties as a director. Each new director will also be given the opportunity to meet with the auditors and counsel to the Corporation. As part of the annual board assessment process the board determines whether any additional education and training is required for board members.

#### *Code of Business Ethics*

The board of directors has adopted a formal written Code of Business Conduct and Ethics, attached as Schedule B.

#### *Nomination of Directors*

The board of directors determines new nominees to the board of directors, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the members of the board of directors, including both formal and informal discussions among board of directors' members and the Chief Executive Officer. The current size of the board of directors is such that the entire board of directors takes responsibility for selecting new directors and assessing current directors. Proposed directors' credentials are reviewed with one or more members of the board of directors prior to the proposed director's nomination.

#### *Assessments*

The board of directors does not, at present, have a formal process in place for assessing the effectiveness of the board of directors as a whole, its committees or individual directors. Based on the Company's size, its stage of development and the limited number of individuals on the board of directors, the board of directors considers a

a formal assessment process to be inappropriate at this time. The board of directors plans to continue evaluating its own effectiveness on an ad hoc basis.

### *CEO and Director Compensation*

The board of directors conducts an annual review of the performance of the Corporation and the CEO which is used by the board of directors in its deliberations concerning the CEO's annual compensation. The board of directors also reviews the compensation of the outside directors on an annual basis, taking into account such matters as time commitment, responsibility and compensation provided by comparable organizations.

## **SHAREHOLDER PROPOSALS**

The CBCA provides that a registered holder or beneficial owner of shares that is entitled to vote at an annual meeting of the Corporation may submit to the Corporation notice of any matter that the person proposes to raise at the meeting (referred to as a "Proposal") and discuss at the meeting any matter in respect of which the person would have been entitled to submit a Proposal. The CBCA further provides that the Corporation must set out the Proposal in its information circular along with, if so requested by the person who makes the Proposal, a statement in support of the Proposal by such person. However, the Corporation will not be required to set out the Proposal in its information circular or include a supporting statement if, among other things, the Proposal is not submitted to the Corporation at least 90 days before the anniversary date of the notice of meeting that was sent to the Shareholders in connection with the previous annual meeting of Shareholders of the Corporation. As such, Proposals intended to be presented at the next annual meeting of Shareholders of the Corporation must be received by the Corporation's transfer agent Computershare Trust Company of Canada, if by deposit or mail, c/o 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 or by facsimile transmission to 1-866-249-7775, no later than November 25, 2008 for inclusion in the Corporation's information circular relating to that meeting. It is recommended that Proposals be delivered to the Corporation by registered mail.

## **REGISTRAR AND TRANSFER AGENT**

The registrar and transfer agent for the Corporation is Computershare Trust Company of Canada of 510 Burrard Street, Vancouver, British Columbia, Canada V6C 3B9.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Copies of the Corporation's comparative financial statements for the year ended August 31, 2007 and the accompanying Management's Discussion and Analysis, when completed, will also be available on SEDAR or may be obtained by any person upon receipt of a request in writing to the Chief Financial Officer of the Corporation c/o 300 – 940 The East Mall, Toronto, ON, Canada M9B 6J7. Such copies will be sent to any shareholder without charge. Financial information with respect to the Corporation is provided in the Corporation's comparative financial statements and Management's Discussion and Analysis.

## **OTHER MATTERS**

Management does not know of any other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the shares represented by the Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the Proxy.

**DATED** at Toronto, Ontario this 13<sup>th</sup> day of February, 2008.

### **ON BEHALF OF THE BOARD OF DIRECTORS**

*/s/ Donald R. Harris*

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**DONALD R. HARRIS, CHAIRMAN**

## SCHEDULE A

### AUDIT COMMITTEE CHARTER

#### Committee Responsibilities

1. The Committee shall be responsible for making the following recommendations to the board of directors:
  - (a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation; and
  - (b) the compensation of the external auditor.
2. The Committee shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting. This responsibility shall include:
  - (a) reviewing the audit plan with management and the external auditor;
  - (b) reviewing with management and the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgements of management that may be material to financial reporting;
  - (c) questioning management and the external auditor regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;
  - (d) reviewing any problems experienced by the external auditor in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
  - (e) reviewing audited annual financial statements, in conjunction with the report of the external auditor, and obtain an explanation from management of all significant variances between comparative reporting periods;
  - (f) reviewing the post-audit or management letter, containing the recommendations of the external auditor, and management's response and subsequent follow up to any identified weakness;
  - (g) reviewing interim unaudited financial statements before release to the public;
  - (h) reviewing all public disclosure documents containing audited or unaudited financial information before release, including any prospectus, the annual report, the annual information form and management's discussion and analysis;
  - (i) reviewing the evaluation of internal controls by the external auditor, together with management's response;
  - (j) reviewing the terms of reference of the internal auditor, if any;
  - (k) reviewing the reports issued by the internal auditor, if any, and management's response and subsequent follow up to any identified weaknesses; and
  - (l) reviewing the appointments of the chief financial officer and any key financial executives involved in the financial reporting process, as applicable.
3. The Committee shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the issuer's external auditor.
4. The Committee shall review the Corporation's financial statements, MD&A, and annual and interim earnings press releases before the Corporation publicly discloses this information.

5. The Committee shall ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, and shall periodically assess the adequacy of those procedures.
6. When there is to be a change of auditor, the Committee shall review all issues related to the change, including the information to be included in the notice of change of auditor called for under National Policy 31, and the planned steps for an orderly transition.
7. The Committee shall review all reportable events, including disagreements, unresolved issues and consultations, as defined in National Policy 31, on a routine basis, whether or not there is to be a change of auditor.
8. The Committee shall, as applicable, establish procedures for:
  - (a) the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and
  - (b) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.
9. As applicable, the Committee shall establish, periodically review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer, as applicable.
10. The responsibilities outlined in this Charter are not intended to be exhaustive. Members should consider any additional areas which may require oversight when discharging their responsibilities.

#### **De Minimus Non-Audit Services**

The Committee shall satisfy the pre-approval requirement in item 3 if:

- (a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the issuer and its subsidiary entities to the issuer's external auditor during the financial year in which the services are provided;
- (b) the Corporation or the subsidiary of the Corporation, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
- (c) the services are promptly brought to the attention of the Committee and approved by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee, prior to the completion of the audit.

#### **Delegation of Pre-Approval Function**

1. The Committee may delegate to one or more independent Members the authority to pre-approve non-audit services in satisfaction of the requirement in item 3.
2. The pre-approval of non-audit services by any Member to whom authority has been delegated must be presented to the Committee at its first scheduled meeting following such pre-approval.

## SCHEDULE B

### CODE OF ETHICS

#### SUNGOLD INTERNATIONAL HOLDINGS CORP. (the "Corporation")

The Board of Directors of the Corporation has adopted the following Code of Ethics (the "Code") for directors and officers of the Corporation. This purpose of the Code is to:

1. focus the Board of Directors and each director and officer on areas of ethical risk;
2. provide guidance to directors to help them recognize and deal with ethical issues;
3. provide mechanisms to report unethical conduct; and
4. help foster a culture of honesty and accountability.

Each director and officer of the Corporation must comply with the letter and spirit of this Code.

No code or policy can anticipate every situation that may arise or replace the thoughtful behavior of an ethical director and officer. Directors and officers are encouraged to bring questions about particular circumstances that may implicate one or more of the provisions of this Code to the attention of the Board of Directors.

#### A. CONFLICT OF INTEREST

Directors and officers must avoid any conflicts of interest between the director or officer and the Corporation unless the relationship is approved in advance by the Board of Directors of the Corporation. Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Corporation, should be disclosed promptly to the Corporation's Board of Directors. A "conflict of interest" can occur when:

1. A director's or officer's personal interest is adverse to—or may appear to be adverse to—the interests of the Corporation as a whole.
2. A director or officer, or a member of his or her immediate family, receives improper personal benefits as a result of his or her position as a director or officer of the Corporation.

Some of the more common conflicts which directors should avoid are listed below:

a. Relationship of Corporation with Third-Parties

Directors may not receive a personal benefit from a person or firm which is seeking to do business or to retain business with the Corporation unless approved by the Board of Directors of the Corporation. A director or officer shall withdraw him or herself from any decision of the Board of Directors involving another firm or corporation with which the director or officer is affiliated.

b. Compensation from Non-Corporation Sources

Directors may not accept compensation (in any form) for services performed for the Corporation from any source other than the Corporation unless approved by the Board of Directors of the Corporation.

c. Gifts

Directors and officers may not offer, give or receive gifts from persons or entities who deal with the Corporation in those cases where any such gift is being made in order to influence the directors' or officer's actions as a member of the Board of Directors or the Corporation, or where acceptance of the gifts could create the appearance of a conflict of interest.

d. Personal Use of Corporation Assets

Directors and officers may not use the Corporation's assets, labour or information for personal use unless approved by the Board of Directors in advance, or as part of a compensation or expense reimbursement program available to all directors.

**B. CORPORATE OPPORTUNITIES**

Directors and officers are prohibited from:

- 1 Taking for themselves or their companies opportunities that are discovered through the use of Corporation's property or information or their position as a director or officer;
- 2 Using the Corporation's property or information for personal gain; or
- 3 Competing with the Corporation for business opportunities. However, if the Corporation's disinterested directors determine that the Corporation will not pursue an opportunity that relates to the Corporation's business, a director or officer may then do so.

**C. CONFIDENTIALITY**

Directors and officers must maintain the confidentiality of information entrusted to them by the Corporation and any other confidential information about the Corporation that comes to them, from whatever source, in their capacity as a director or officer, except when disclosure is authorized or legally mandated.

For purposes of this Code, "confidential information" includes all non-public information relating to the Corporation.

**D. COMPLIANCE WITH LAWS, RULES AND REGULATIONS; FAIR DEALING**

Directors and officers must comply, and oversee compliance by employees, officers and other directors and officers, with laws, rules and regulations applicable to the Corporation, including insider trading laws.

Directors and officers must deal fairly, and must oversee fair dealing by employees and officers, with the Corporation's customers, suppliers, competitors and employees.

**E. ENCOURAGING THE REPORTING OF ANY ILLEGAL OR UNETHICAL BEHAVIOR**

Directors and officers should promote ethical behavior and take steps to ensure the Corporation:

- 1 Encourages employees to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in a particular situation;
- 2 Encourages employees to report violations of laws, rules, regulations or the Corporation's Code of Conduct to appropriate personnel; and
- 3 Informs employees that the Corporation will not allow retaliation for reports made in good faith.

**F. COMPLIANCE STANDARDS**

Directors and officers should communicate any suspected violations of this Code promptly to the Board of Directors. Violations will be investigated by the board or by persons designated by the board, and appropriate action will be taken in the event of any violations of the Code.

**G. WAIVER OF CODE OF BUSINESS CONDUCT AND ETHICS**

Any waiver of this Code may be made only by the Board of Directors and must be promptly disclosed to the Corporation's shareholders.

