

U.S. Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-KSB

- ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the year ended December 31, 2004
- TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the transition period from _____ to _____

COMMISSION FILE NUMBER: 001-14973

CHINA DIGITAL MEDIA CORPORATION
(Exact name of small business issuer as specified in its charter)

HAIRMAX INTERNATIONAL, INC.
(Former name of registrant)

Nevada
(State or other jurisdiction of
incorporation or organization)

13-3422912
(IRS Employer identification No.)

2505-06, 25/F, Stelux House, 698 Prince Edward Road E. Kowloon, Hong Kong
(Address of principal executive offices)

(011) 852-2390-8600
(Issuer's telephone number)

Securities registered under Section 12(b) of the Exchange Act:

None.

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, \$.001 par value

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge,

in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or an amendment to this Form 10-KSB. [x]

State issuer's revenues for its most recent fiscal year: \$-0-

As of April 15, 2005 there were 30,079,500 common shares outstanding and the aggregate market value of the common shares (based upon the average of the bid price of \$1.35 and the asked price of \$1.90 reported by brokers) held by non-affiliates was approximately \$13,941,687.

Transitional Small Business Disclosure Format (check one): Yes [] No [X]

Number of shares of common stock outstanding as of April 15, 2005: 30,079,500

Number of shares of preferred stock outstanding as of April 15, 2005: 1,975,000

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

The discussion contained in this 10-KSB under the Securities Exchange Act of 1934, as amended, (the "Exchange Act") contains forward-looking statements that involve risks and uncertainties. The issuer's actual results could differ significantly from those discussed herein. These include statements about our expectations, beliefs, intentions or strategies for the future, which we indicate by words or phrases such as "anticipate," "expect," "intend," "plan," "will," "we believe," "the Company believes," "management believes" and similar language, including those set forth in the discussion under "Description of Business," including the "Risk Factors" described in that section, and "Management's Discussion and Analysis or Plan of Operation" as well as those discussed elsewhere in this Form 10-KSB. We base our forward-looking statements on information currently available to us, and we assume no obligation to update them. Statements contained in this Form 10-KSB that are not historical facts are forward-looking statements that are subject to the "safe harbor" created by the Private Securities Litigation Reform Act of 1995.

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PART I

ITEM 1. Description of Business

Corporate Organization

As used herein the term “we” or “us” refers to China Digital Media Corporation, (a Nevada Corporation), formerly known as HairMax International, Inc. since 2004 and its subsidiaries and predecessors, unless the context indicates otherwise. Originally incorporated in 1987 as Tri-Capital Corporation, the name was changed in 1988 to Advanced Appearance of America, which operated beauty salons until 1995. At that time, we discontinued its operations and went inactive until early 1998. In March of 1998, the Company changed its name to ATR Industries, Inc. On June 1, 1998, the Company acquired ATR Industries, Inc. of Florida (AKA Cleaning Express USA and Cleaning Express of South Palm Beach, Inc.), a private Florida Corporation, for 3,000,000 restricted shares of Common Stock. On September 12, 2002, one of our subsidiaries legally changed its name to Hairmax of Florida, Inc. from Beautyworks USA of Florida, Inc.

Since 1998, we concentrated our operations primarily on the home cleaning and beauty salon services industries until we discontinued all of these operations in 2005. In January 2000, we commenced operations of a new division of operations related to the preparation, development and marketing of cosmetics and beauty products via an e-commerce Internet site. These operations were conducted through our wholly owned subsidiary Beautymerchant.com, Inc., a Florida corporation. In 2001, we have ceased any further investment into Beautymerchant.com Inc, that had encountered numerous distribution and inventory problems, and after a developmental period, it was deemed not prudent to make any further investment. In 2005, we officially ceased any further investment into all of our hair salons and cleaning operations. These operations appear as discontinued as of March 31, 2005 in our accompanying audited statements of operations and related footnotes.

From July 1, 2004 until March 28, 2005, we operated as a Business Development Company regulated pursuant to Sections 55-65 of the Investment Company Act of 1940, as amended. We terminated our BDC status at a Board of Directors meeting held on March 17, 2005, in which the negative financial matters for the year ended December 31, 2004, as well as the demands of the regulatory scheme under the Investment Company Act of 1940, were factors weighing in favor of our decision.

Cleaning Express USA. Cleaning Express USA is a wholly owned Florida subsidiary corporation. Prior to discontinuance in 2005, our home services operations were primarily involved home cleaning services. Through its emphasis on budget pricing, we have developed a market in the home cleaning industry. We currently operate a central office and dispatches 15 to 20 workers in teams of two workers on a daily basis. The present geographic area in which we operated included Broward and South Palm Beach County areas of South Florida. Marketing for the home cleaning services was accomplished through print ads, television and radio commercials. Additionally, we utilized a referral program that rewards customers with future discounts for referring a client. The home cleaning industry is highly competitive with respect to price, service, quality and location. There are numerous, well-established, larger competitors in

the home cleaning industry possessing substantially greater financial, marketing, personnel and other resources than us. We were not successful in achieving this goal since 1996. The primary market for Cleaning Express USA Inc., was individual households. No single customer made up more than ten percent of the total revenues of Cleaning Express USA, Inc. We had two full time employees and contracts with 18-20 workers that were each independently contracted with us to service and provide home cleaning services to existing and new customers.

Hairmax of Florida, Inc. and Hairmax of Nevada, Inc. Hairmax of Florida Inc., a Florida corporation, and Hairmax of Nevada, Inc., a Nevada corporation had a limited operating history. Having just started these services operation in the year 2001, we had a short operating history upon which to evaluate its business and prospects. We were unsuccessful in implementing the following:

1. Retain existing customers.
2. Attract new customers.
3. Meet customer demands.
4. Fulfill all customer needs.
5. Maintain sufficient in-store traffic.
6. Increase our media exposure.
7. Monitor the competition.
8. Ability to hire and retain qualified service personnel (hairstylists).
9. Locate and acquire independent salons.

The principal suppliers to Hairmax Corporation were wholesale distributors, who do not sell retail.

In prior years, we opened two locations for Hairmax salons in Coral Springs, Florida, including an existing location in Boca Raton, Florida; during the year we operated four Hairmax operations. Two salons were operating in Las Vegas, Nevada as of this date. These locations did not perform as expected, in comparison to the Florida operations.

The hair services industry was highly competitive with respect to price, service, and location. As a result, the potential for failure in this industry is significant. There were numerous, well-established, larger competitors in the beauty services industry with considerable expertise, possessing substantially greater financial, marketing, personnel and other resources than us.

Consistent, Quality Service. We were committed to meeting its customer's hair care needs by providing competitively priced services and products in high traffic retail locations with professional and knowledgeable stylists. Our operations and marketing emphasize high quality services to create customer loyalty, to encourage referrals and to distinguish our salons from its competitors. The major services supplied by our salons are haircutting and styling, hair coloring and waving, shampooing, conditioning and waxing.

Growth Opportunities:

We believed we could expand our salon operations through a future franchise program and refine the Hairmax concept of "WE Style For Less", offering high quality hair services, through

everyday low prices, appealing to the mass consumers and families. Our expansion was to focus on acquisition growth for the next 12 months, while continuing to develop Hair Max. We were unsuccessful with this.

Industry Overview

Management estimates that annual revenues of the hair care industry are \$50 billion in the United States. The industry is highly fragmented with the vast majority of hair care salons independently owned. However, the influence of chains, both franchise and company-owned, has increased substantially. Management believes that chains will continue to have a significant influence on the overall market and will continue to increase their presence. Management also believes that the demand for salon services and products will continue to increase as the overall population continues to focus on personal health and beauty, as well as convenience

In August 2002, we discontinued all Internet operations, to focus on the family hair salon concept. The corporate name was changed to HAIRMAX, and a trademark application has been filed with the US Patent and Trademark office, registration #76461424. In addition the Florida corporation name was changed to Hairmax of Florida Inc., which then operated all salon operations in Florida. In September 2002, we formed a Nevada subsidiary corporation to operate the new Hairmax operations in Nevada. We were formed as Hairmax of Nevada Inc., and once entered into a lease for the flagship store which opened in the Spring 2003.

Government Regulation

No government approvals were required to conduct our principal operations, and we are not aware of any probable governmental regulation of our business sectors in the near future.

Effects of Inflation

We primarily compensated our salon employees with percentage commissions based on sales they generate, thereby enabling salon payroll expense as a percent of revenues to remain relatively constant. Accordingly, this provided us certain protection against inflationary increases as payroll expense and related benefits (our major expense components) are, with respect to these concepts, variable costs of sales. We do not believe inflation, due to its low rate, had a significant impact on the results of operations associated with hourly paid hairstylists for the remainder of our mall based and strip center salons. In addition all services provided by Cleaning Express USA, were accomplished by independent contractors.

Competition

The hair care industry is highly fragmented and competitive. There are competitors offering similar hair care services and products at similar prices. We faced severe competition within malls from companies which operate salons within department stores and from smaller chains of salons, independently owned salons and, to a lesser extent, salons which, although independently owned, are operating under franchises from a franchising company that may assist such salons in areas of training, marketing and advertising.

Significant entry barriers exist for chains to expand nationally due to the need to establish customer awareness, systems and infrastructure, recruitment of experienced hair care management and adequate store staff, and leasing of quality sites. The principal factors of competition in the affordable hair care category are quality, consistency and convenience. We continually strive to improve its performance in each of these areas and to create additional points of difference versus the competition.

Products and Geographic Expansion

We began retail brick and mortar operations in second quarter 2002.

Management attempted, but failed, to expand to expand sales on a continual basis.

Customer Service

We believe our ability to establish long-term relationships with our customers encouraged repeat sales. We provided customer service with on-premise personnel and qualified management available at all locations.

Controls and Procedures

(a) On December 31, 2004, our Chief Executive Officer and Chief Financial Officer made an evaluation of our disclosure controls and procedures. In our opinion, the disclosure controls and procedures are adequate because the systems of controls and procedures are designed to assure, among other items, that 1) recorded transactions are valid; 2) valid transactions are recorded; and 3) transactions are recorded in the proper period in a timely manner to produce financial statements which present fairly the financial condition, results of operations and cash flows for the respective periods being presented. Moreover, the evaluation did not reveal any significant deficiencies or material weaknesses in our disclosure controls and procedures.

(b) There have been no significant changes in our internal controls or in other factors that could significantly affect these controls since the last evaluation.

Reports to Security Holders

We are not required to deliver an annual report to security holders and we do not presently intend to voluntarily deliver such reports. However, should we choose to create and deliver annual reports to security holders, such annual reports will contain audited financial statements. We file all of its required information with the Securities and Exchange Commission (the "Commission"), including Annual Reports on Form 10-KSB, Quarterly Reports on Form 10-QSB, and Current Reports on Form 8-K. The public may read and copy any materials that are filed by us with the Commission at the Commission's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. The statements and reports filed by us with the Commission have been filed electronically and are available for viewing or copy on the Commission maintained Internet site that contains reports, proxy, and information statements,

and other information regarding issuers that file electronically with the Commission. The Internet address for this site can be found at: <http://www.sec.gov>.

ITEM 2. Properties

We leased our executive offices with 900 square feet for administration at 9900 West Sample Road, Coral Springs, Florida 33065 for approximately \$950 per month. We leased our beauty salon facility of 1,100 square feet at the Del Mar Shopping Village, located at Powerline Road at Palmetto Park Road, Boca Raton, Florida, for \$3,173 per month. We leased our beauty salon facility of 900 square feet at the Coral Palm Plaza, located on University Drive, Coral Springs, Florida, for \$2,226 per month. We leased our beauty salon facility of 1,100 square feet at the Brookside Plaza, located on Wiles Road, Coral Springs, Florida, for approximately \$3,100 per month. These noncancelable leases expire at varying dates through December 31, 2007.

ITEM 3. Legal Proceedings

We are not presently involved in any pending legal proceedings. However, we have been involved in legal proceedings during 2004 that would not be considered routine litigation incidental to our business. The following is a summary of these legal proceedings.

Dadon v. Roth et al., CV 03-08735 CAS (MANx). On December 1, 2003, a civil complaint was filed in the United States District Court for the Central District of California, Western Division, against the defendants by David Dadon, a shareholder and our former officer, seeking a preliminary injunction to enjoin, among other things, the Roth defendants from refusing to recognize David Dadon as Chairman and our Secretary, and refusing to recognize the removal of the Roth defendants as officers and directors of us pursuant to a Consent of Shareholders in Lieu of Special Meeting of Shareholders, dated November 14, 2003, and a Special Meeting of the Shareholders of the Registrant held on November 15, 2003, both of which shareholder actions were organized by Dadon and other shareholders sympathetic with his cause.

On December 19, 2003, United States District Judge Christina A. Snyder issued her Findings of Fact and Conclusions of Law and Order Denying Preliminary Injunction in the case. The Judge's ruling concluded in Paragraph 14 that the preliminary injunction should not issue. Accordingly, plaintiff's request for a preliminary injunction was denied by the Court. An interim restraining order seeking only to maintain the status quo, which was imposed on the Roth defendants and their affiliates on December 4, 2003, in order to enjoin stock issuances and sales pursuant to a Registration Statement on Form S-8 pending the outcome of this litigation, was also dissolved by Judge Snyder.

In Paragraph 6 of her opinion, Judge Snyder concluded as a matter of law that "Plaintiff has not demonstrated a probability of success on the merits". She noted that the 3,302,000 votes cast approving the removal of Edward and Alisha Roth Constituted less than two-thirds of the 19,618,858 votes entitled to vote. She further concluded as a matter of law that "plaintiff has failed to demonstrate that there is likelihood that the 1,400,000 shares of Series A [convertible] Preferred Stock [with ten votes per share] issued to Edward and Alisha Roth were invalid." In addition, the Judge concluded as a matter of law that "Plaintiff has unclean hands in this case,

which weighs in favor of denying the injunction”. She noted that plaintiff induced us to issue 2,000,000 shares of its common stock to Revenge Games, Inc., an allegedly independent entity. However, Revenge Games, Inc. appears to be under plaintiff’s control and the 2,000,000 shares paid to Revenge Games, Inc. appear to have been secured to be used in an attempt to remove Edward and Alisha Roth from their positions as officers and directors of us. Finally, Judge Snyder concluded as a matter of law that “Plaintiff’s credibility as a witness in this matter was further impeached by the fact the he was on August 6, 2003, enjoined by the United States District court for the District of Arizona in a similar contest for control of a corporation from representing himself to be Chairman of the Board, or any other officer or employee, of Viastar Holdings, Inc.”

There have been several motions made by the parties since December 19, 2003 Order in the case. None of the motions have been ruled on, nor would they be considered dispositive.

Hairmax International Corp. v. David Dadon, Case No. 03-62149. On December 2, 2003, we filed a civil lawsuit against David Dadon in the United States District Court for the Southern District of Florida, Fort Lauderdale Division. While the case has been filed with the Court, a copy of the Summons and Complaint has not been served on the defendant to date. In the Complaint, the Company includes causes of action for fraud, breach of fiduciary duty, intentional and negligent misrepresentation, tortuous interference with contractual relations, libel and slander, and permanent injunction. We have requested that the Court grant a preliminary injunction, prohibiting the defendant from taking actions that violate the law and perpetuate a fraud on us by representing to any person or entity that he is Chairman of the Board of us or any other officer of us, or is an employee, representative or agent of us, or is authorized to enter into agreements or make statements on our behalf. In addition, our Complaint seeks compensatory and punitive damages in an amount equal to \$5.0 million for the damage caused by Defendant’s action.

On October 7, 2004, we entered into a settlement agreement with respect to both of the above cases, which were dismissed.

RM Coral Palm Plaza, Ltd., a Florida limited partnership, Plaintiff, vs. Hairmax of Florida, Inc. f/k/a National Beauty Corporation, a Florida corporation, and Hairmax International, Inc., f/k/a National Beauty Corporation, a Nevada corporation, Defendants

We reported in a Form 8-K in 2005 that a Complaint, dated March 3, 2005, captioned RM Coral Palm Plaza, Ltd., a Florida limited partnership, Plaintiff, vs. Hairmax of Florida, Inc. f/k/a National Beauty Corporation, a Florida corporation, and Hairmax International, Inc., f/k/a National Beauty Corporation, a Nevada corporation, Defendants, was filed in the Circuit Court of the Seventeenth Judicial Circuit in and for Broward County, Florida. In general, the Complaint is an action by a landlord to evict a tenant from real property located at 2031 North University Drive, Coral Springs, Florida, and for damages in excess of \$15,000, exclusive of interest and attorneys’ fees and costs.

The action arose out of an alleged breach of lease by defendant Hairmax of Florida, Inc., relating to our operation of a hair salon located at the 2031 North University Drive address. If all of the

allegations of the plaintiff are proven at trial, the plaintiff may be entitled to damages of approximately \$90,000, representing delinquent rents and an acceleration of rents due for the balance of the lease term, which extends through February of 2008. The plaintiff alleges, among other things, that we are the alter ego of its subsidiary, Hairmax of Florida, Inc., which is a our subsidiary that was formed to operate beauty salons in south Florida, and we should therefore be held responsible to the same extent as Hairmax of Florida, Inc.

In April, 2005, we entered into a settlement agreement for non-payment of rents for this beauty salon. The salon was closed in 2005 as further discussed in the footnotes to our audited financial statements. We agreed, and the lessor accepted, to pay \$15,000 in accordance with the terms and conditions as set forth in the settlement agreement. The \$15,000 is included in accounts payable in our audited balance sheet at December 31, 2004.

ITEM 4. Submission of Matters to a Vote of Security Holders

In the fourth quarter, the majority of the shareholders voted to approve our issuances of common stock to various officers, directors and outside consultants for services received.

PART II

ITEM 5. Market for the Registrant's Common Stock and Related Security Holder Matters

- (a) The principal market in which our common stock is traded is the Over-the-Counter Bulletin Board, under the symbol "CDGT". The table below presents the high and low bid price for our common stock each quarter during the past two years and reflects inter-dealer prices, without retail markup, markdown, or commission, and may not represent actual transactions. We obtained the following information from Lexis.com, an on-line source that provides historical pricing information.

<u>Quarter Ended</u>	<u>Bid</u>	
	<u>Low</u>	<u>High</u>
03/31/03	1.00	4.00
06/30/03	1.00	2.00
09/30/03	1.00	2.00
12/31/03	1.00	2.00
03/31/04	10.00	20.00
06/30/04	7.00	18.00
09/30/04	4.00	9.00
12/31/04	2.00	9.00

The above stock prices have been retroactively adjusted in the above table for a 50 for 1 reverse stock split in 2003 and a 100 for 1 reverse split in 2004.

(b) Holders. The approximate number of holders of record of the Registrant's Common Stock as of April 15, 2004 was 80.

(c) The Registrant has not paid dividends from inception to date and does not currently intend to do so.

Dividends

We have not declared any cash dividends on our common stock since our inception and do not anticipate paying such dividends in the foreseeable future. We plan to retain any future earnings for use in our business. Any decisions as to future payment of dividends will depend on our earnings and financial position and such other factors, as the Board of Directors deems relevant.

Dividend Policy

All shares of common stock are entitled to participate proportionally in dividends if our Board of Directors declares them out of the funds legally available. These dividends may be paid in cash, property or additional shares of common stock. We have not paid any dividends since our inception and presently anticipate that all earnings, if any, will be retained for development of our business. Any future dividends will be at the discretion of our Board of Directors and will depend upon, among other things, our future earnings, operating and financial condition, capital requirements, and other factors.

Our Shares are "Penny Stocks" within the Meaning of the Securities Exchange Act of 1934

Our Shares are "penny stocks" within the definition of that term as contained in the Securities Exchange Act of 1934, generally equity securities with a price of less than \$5.00. Our shares will then be subject to rules that impose sales practice and disclosure requirements on certain broker-dealers who engage in certain transactions involving a penny stock.

Under the penny stock regulations, a broker-dealer selling penny stock to anyone other than an established customer or "accredited investor" must make a special suitability determination for the purchaser and must receive the purchaser's written consent to the transaction prior to the sale, unless the broker-dealer is otherwise exempt. Generally, an individual with a net worth in excess of \$1,000,000 or annual income exceeding \$200,000 individually or \$300,000 together with his or her spouse is considered an accredited investor. In addition, unless the broker-dealer or the transaction is otherwise exempt, the penny stock regulations require the broker-dealer to deliver, prior to any transaction involving a penny stock, a disclosure schedule prepared by the Securities and Exchange Commission relating to the penny stock market. A broker-dealer is also required to disclose commissions payable to the broker-dealer and the Registered Representative and current bid and offer quotations for the securities. In addition a broker-dealer is required to send monthly statements disclosing recent price information with respect to the penny stock held in a customer's account, the account's value and information regarding the limited market in penny stocks. As a result of these regulations, the ability of broker-dealers to sell our stock may affect the ability of Selling Security Holders or other holders to sell their shares in the secondary market. In addition, the penny stock rules generally require that prior to a transaction in a penny

stock, the broker-dealer make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction.

These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for a stock that becomes subject to the penny stock rules. These additional sales practice and disclosure requirements could impede the sale of our securities, if our securities become publicly traded. In addition, the liquidity for our securities may be adversely affected, with concomitant adverse affects on the price our securities. Our shares may someday be subject to such penny stock rules and our shareholders will, in all likelihood, find it difficult to sell their securities.

ITEM 6. Management's Discussion and Analysis

Introduction

We are a Nevada corporation that legally changed our corporate name in March 2005 to China Digital Media Corporation and was formerly known as Hairmax International, Inc.

The financial statements below include its wholly owned subsidiaries, Cleaning Express USA, and Hairmax of Florida, Inc. (FKA Beauty Works USA, Inc.). We were a full service cleaning company offering daily residential cleaning services, carpet cleaning and other related services in the South Florida area under the name of Cleaning Express USA. We also offered beauty salon services and products through its two retail beauty salons in the South Florida area under our Hairmax of Florida, Inc. subsidiary.

Selected financial data

	<u>Year Ended December 31</u>	
	<u>2003</u>	<u>2004</u>
Net Sales	\$476,581	\$ 561,699
Net Loss	(3,513,287)	(1,223,924)
Net Loss per Common Share	(192.19)	(1.36)
Weighted Average Common Shares Outstanding	18,280	897,643
	<u>As of December 31,</u>	
	<u>2003</u>	<u>2004</u>
Total Assets	\$ 90,697	\$ -0-
Working Capital (Deficit)	(139,712)	(141,809)
Shareholders' Equity (Deficit)	(58,925)	(141,809)

No dividends have been declared or paid for any of the periods presented.

Results of Operations

Year Ended December 31, 2004 Compared to Year Ended December 31, 2003

Sales

Sales, which were all shown under discontinued operations, for the year ended December 31, 2004 increased to \$561,699 from \$476,581 for the year ended December 31, 2003, an increase of 18%. The increase in revenues was primarily attributable to having more salons open full-time in 2004 as compared to 2003.

Income / Losses

Net losses for the year ended December 31, 2004 decreased to \$1,223,924 from \$3,513,287 for the year ended December 31, 2003, a decrease of 65%. The substantial decrease in loss was attributable primarily to an impairment of \$2,200,000 in 2003 which was related to an asset acquisition in 2003.

The profitability measure used by the chief decision makers in allocating resources and assessing segment performance is net cash flows. Net cash flows are monitored closely for each segment on a timely basis and adjustments, if any, are made in order to strive for optimal profits. The Chief Executive Officer uses net cash flow as his primary profitability measure in assessing segment performance and allocating resources.

We expect to continue to incur losses at least through fiscal 2005 and may not be able to achieve or maintain profitability or sustain its revenue growth in the future.

Expenses

Selling, general and administrative expenses for the year ended December 31, 2004, decreased to \$33,712 from \$35,150 for the year ended December 31, 2003, a decrease of 4. The decrease in selling, general and administrative expenses was the result of decrease in general corporate overhead not directly related to discontinued operations of the hair salons and cleaning operations. Stock issued for consulting fees decreased due to fewer common stock share issuances during 2004 compared to 2003 that were paid to consultants to assist us in our growth plans.

Income Taxes

Income taxes are provided in accordance with Statement of Financial Accounting Standards No. 109 (SFAS No. 109), "*Accounting for Income Taxes*." A deferred tax asset or liability is recorded for all temporary differences between financial and tax reporting and net operating loss-carry forwards.

Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that, some portion or all of the deferred tax asset will not be realized. Deferred tax assets and liabilities are adjusted for the effect of changes in tax laws and rates on the date of enactment.

Non-Operating Expense Items

Recorded interest expense is attributable to interest paid on the outstanding shareholder loan balances during the 2004 and 2003 periods.

Liquid Market

There is currently a limited trading market for our shares of Common Stock, and there can be no assurance that a more substantial market will ever develop or be maintained. Any market price for our shares of common stock is likely to be very volatile, and numerous factors beyond our control may have a significant adverse effect. In addition, the stock markets generally have experienced, and continue to experience, extreme price and volume fluctuations which have affected the market price of many small capital companies and which have often been unrelated to the operating performance of these companies. These broad market fluctuations, as well as general economic and political conditions, may also adversely affect the market price of our common stock. Further, there is no correlation between the present limited market price of our common stock and our revenues, book value, assets or other established criteria of value. The present limited quotations of our common stock should not be considered indicative of the actual value of our common stock.

Dividends

We have not paid any cash dividends to date and does not anticipate or contemplate paying cash dividends in the foreseeable future until earnings would generate funds in excess of those required to provide for our growth needs. We currently intend to retain any future earnings to fund the development and growth of its business.

Impact of Inflation

We believe that inflation has had a negligible effect on operations over the past two years. We believe that it can offset inflationary increases in the cost of labor by increasing sales and improving operating efficiencies.

Recent Sales of Unregistered Securities

During the fourth quarter of 2004, we issued 3,000,000 common shares to an unrelated entity in exchange for a \$30,000 promissory note receivable. The note was in default and deemed uncollectible and written off in 2004.

Trends, Events, and Uncertainties

Demand for our home cleaning services and beauty salon services will be dependent on, among other things, market acceptance of our concept and general economic conditions, which are cyclical in nature. Inasmuch as a major portion of our activities is the receipt of revenues from the sales of its products, our business operations may be adversely affected by our competitors and prolonged recessionary periods.

Liquidity and Capital Resources

Critical Accounting Policies (FR-60)

Revenue recognition is a critical accounting policy of ours since it represents the majority of our entire financial statements taken as a whole. It is also important in light of the Staff Accounting Bulletins published by the Securities and Exchange Commission the past few years.

Years ended December 31, 2004 and December 31, 2003

Cash flows used in operations were a negative \$101,874 for the year ended December 31, 2004, and a negative \$204,341 for the year ended December 31, 2003. Negative cash flows from operating activities for the years ended December 31, 2004 and 2003 are primarily attributable to losses from operations, partially offset by the common stock issued for services in both years.

Cash flows from investing activities were a positive \$71,905 for the year ended December 31, 2004 and a negative \$53,349 for the same period in 2003. Both yearly investing cash flows were solely attributable to discontinued operations during 2003.

Cash flows provided by financing activities were \$25,975 and \$162,847 for the years ended December 31, 2004 and 2003, respectively. The positive cash flows in 2004 and 2003 were primarily due to the equity placement of common stock sold during 2004 and 2003 and proceeds from a shareholder loan made by our officer and director in 2003.

We have funded its cash needs from inception through December 31, 2004 with a series of shareholder debt and equity transactions, including private placements.

We have 1,975,000 shares of preferred stock outstanding at December 31, 2004, which are convertible at the option of the shareholder into 395,000,000 shares of common stock. During 2004, 875,000 preferred shares were converted into 175,000,000 (pre-split), 1,750,000 (post-split) common shares by one of our former officers and majority shareholder. During 2003, 600,000 preferred shares were converted into 6,000,000 common shares by two of our former officers and majority shareholders.

We have suffered recurring losses and have yet to generate an internal cash flow. We substantially relied on the revenues from the home cleaning business and from the revenues of the beauty salons in Boca Raton, Florida, Coral Springs, Florida and Las Vegas, Nevada. We projected that current and projected revenues and capital reserves will not sustain us for the next twelve months. Since the projected revenues of these sources fall short of needed capital because of a decrease in demand for the company's services as well as other factors, we were not be able

to sustain our capital needs for more than twelve months. Therefore, we decided to discontinue the hair salon and cleaning operations in 2005.

On a long-term basis, liquidity is dependent on continuation and expansion of operations, receipt of revenues, additional infusions of capital and debt financing. We are considering launching a wide scale marketing and advertising campaign. Our current capital and revenues are not sufficient to fund such a campaign. If we choose to launch such a campaign it will require substantially more capital. If necessary, we plan to raise this capital through an additional follow-on stock offering. The funds raised from this offering will be used to develop and execute the marketing and advertising strategy that may include the use of television, radio, print and Internet advertising. Funds would also be used to acquire beauty salons. However, we may not be able to obtain additional equity or debt financing in the future, if at all. If we are unable to raise additional capital, the growth potential will be adversely affected. Additionally, we will have to significantly modify its plans.

Basic EPS equals diluted EPS because of the loss above. Preferred stock had no effect on the calculation of EPS. Common stock purchase options are common stock equivalents that were excluded from the computation of diluted loss per share.

ITEM 7. Financial Statements

INSERT HERE

ITEM 8. Changes with and Disagreements With Accountants on Accounting And Financial Disclosure

None.

ITEM 8a. Controls and Procedures

Quarterly Evaluation of Controls. As of the end of the period covered by this annual report on Form 10-KSB, we evaluated the effectiveness of the design and operation of (i) our disclosure controls and procedures ("Disclosure Controls"), and (ii) our internal control over financial reporting ("Internal Controls"). This evaluation ("Evaluation") was performed by our President and Chief Executive Officer, Daniel Ng ("CEO"), and by Lui Chi Keung, our Chief Financial Officer ("CFO"). In this section, we present the conclusions of our CEO and CFO based on and as of the date of the Evaluation, (i) with respect to the effectiveness of our Disclosure Controls, and (ii) with respect to any change in our Internal Controls that occurred during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect our Internal Controls.

CEO and CFO Certifications. Attached to this annual report, as Exhibits 31.1 and 31.2, are certain certifications of the CEO and CFO, which are required in accordance with the Exchange Act and the Commission's rules implementing such section (the "Rule 13a-14(a)/15d-14(a) Certifications"). This section of the annual report contains the information concerning the Evaluation referred to in the Rule 13a-14(a)/15d-14(a) Certifications. This information should be

read in conjunction with the Rule 13a-14(a)/15d-14(a) Certifications for a more complete understanding of the topic presented.

Disclosure Controls and Internal Controls. Disclosure Controls are procedures designed with the objective of ensuring that information required to be disclosed in our reports filed with the Commission under the Exchange Act, such as this annual report, is recorded, processed, summarized and reported within the time period specified in the Commission's rules and forms. Disclosure Controls are also designed with the objective of ensuring that material information relating to us is made known to the CEO and the CFO by others, particularly during the period in which the applicable report is being prepared. Internal Controls, on the other hand, are procedures which are designed with the objective of providing reasonable assurance that (i) our transactions are properly authorized, (ii) the Company's assets are safeguarded against unauthorized or improper use, and (iii) our transactions are properly recorded and reported, all to permit the preparation of complete and accurate financial statements in conformity with accounting principals generally accepted in the United States.

Limitations on the Effectiveness of Controls. Our management does not expect that our Disclosure Controls or our Internal Controls will prevent all error and all fraud. A control system, no matter how well developed and operated, can provide only reasonable, but not absolute assurance that the objectives of the control system are met. Further, the design of the control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances so of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of a system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated objectives under all potential future conditions. Over time, control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Scope of the Evaluation. The CEO and CFO's evaluation of our Disclosure Controls and Internal Controls included a review of the controls' (i) objectives, (ii) design, (iii) implementation, and (iv) the effect of the controls on the information generated for use in this annual report. In the course of the Evaluation, the CEO and CFO sought to identify data errors, control problems, acts of fraud, and they sought to confirm that appropriate corrective action, including process improvements, was being undertaken. This type of evaluation is done on a quarterly basis so that the conclusions concerning the effectiveness of our controls can be reported in our quarterly reports on Form 10-QSB and annual reports on Form 10-KSB. The overall goals of these various evaluation activities are to monitor our Disclosure Controls and our Internal Controls, and to make modifications if and as necessary. Our external auditors also review Internal Controls in connection with their audit and review activities. Our intent in this regard is that the Disclosure Controls and the Internal Controls will be maintained as dynamic systems that change (including improvements and corrections) as conditions warrant.

Among other matters, we sought in our Evaluation to determine whether there were any significant deficiencies or material weaknesses in our Internal Controls, which are reasonably likely to adversely affect our ability to record, process, summarize and report financial information, or whether we had identified any acts of fraud, whether or not material, involving management or other employees who have a significant role in our Internal Controls. This information was important for both the Evaluation, generally, and because the Rule 13a-14(a)/15d-14(a) Certifications, Item 5, require that the CEO and CFO disclose that information to our Board (audit committee), and to our independent auditors, and to report on related matters in this section of the annual report. In the professional auditing literature, "significant deficiencies" are referred to as "reportable conditions". These are control issues that could have significant adverse affect on the ability to record, process, summarize and report financial data in the financial statements. A "material weakness" is defined in the auditing literature as a particularly serious reportable condition where the internal control does not reduce, to a relatively low level, the risk that misstatement cause by error or fraud may occur in amounts that would be material in relation to the financial statements and not be detected within a timely period by employee in the normal course of performing their assigned functions. We also sought to deal with other controls matters in the Evaluation, and in each case, if a problem was identified, we considered what revisions, improvements and/or corrections to make in accordance with our ongoing procedures.

Conclusions. Based upon the Evaluation, the Company's CEO and CFO have concluded that, subject to the limitations noted above, our Disclosure Controls are effective to ensure that material information relating to the Company is made known to management, including the CEO and CFO, particularly during the period when our periodic reports are being prepared, and that our Internal Controls are effective to provide reasonable assurance that our financial statements are fairly presented inconformity with accounting principals generally accepted in the United States. Additionally, there has been no change in our Internal Controls that occurred during our most recent fiscal quarter that has materially affected, or is reasonably likely to affect, our Internal Controls.

ITEM 9. Directors and Executive Officers of the Registrant

(a) Identification of Directors

The following information, as of April 15, 2005 is furnished with respect to each Director and Executive Officer:

<u>Name of Director</u>	<u>Age</u>	<u>Date of Service</u>	<u>Position with Company</u>
Daniel Ng	47	2004	President, Chief Executive Officer, Director
Lui Chi Keung	52	2004	Chief Financial Officer
Chen Juan	28	2005	Director
Zhow Wei Yu	32	2005	Director

Note: The former directors resigned and the new directors above were appointed effective January 10, 2005. Their biographies are set forth below along with our officers.

All Directors serve for one-year terms, which expire at the annual shareholders meeting in 2005.

All officers serve at the pleasure of the Board.

There are no arrangements or understandings pursuant to which any of them were elected as officers.

Mr. Ng, age 47, is our President and Chief Executive Officer and Director Designee. Mr. Ng is founder and CEO of Arcotect Digital Technology Limited. Arcotect Digital was founded to capitalize on the numerous opportunities in China arising from the digitization of cable television services and the reform of state owned cable television enterprises.

Mr. Ng has extensive experience in Cable TV operations, Internet and information technology industry. Mr. Ng is currently Chief Executive Officer and Architect of Arcotect Limited, one of the several pre-selected Hong Kong Government vendors in supplying e-Government information systems. Mr. Ng has been the Chairman & CEO of DCP Holdings Limited, a listed company in the Hong Kong Stock Exchange (2000 – 2001) which specializes in personal computer manufacturing and Internet related investment projects. In 1999, Mr. Ng was the Director of Cable Multimedia Services of Hong Kong Cable TV Limited, the only cable TV operator in Hong Kong. From 1995 to 1998, Mr. Ng was the founder and President of Hong Kong Star Internet Limited, the first commercial ISP in Hong Kong. Star Internet was the second largest ISP in Hong Kong and merged with HK Telecom IMS (the largest ISP at that time) in 1998.

Mr. Ng has a significant record of service in the information technology industry. Mr. Ng was elected as one of Hong Kong's "Ten Outstanding Young Digi Persons" by the Hong Kong Productivity Council and Hong Kong Junior Chamber in 2000. Mr. Ng was the secretary of the Hong Kong Information Technology Federation, a non-profit trade association founded in 1980 with more than 300 corporate members. HKITF provides a forum in which IT-related businesses in Hong Kong can work together for the benefit of the industry and to maintain a high level of business practice amongst the members. Mr. Ng was a committee member of the Electronics & Communications Industry & Health Advisory Committee of the Occupational Safety & Health Council. Mr. Ng was also the founding member of Hong Kong Internet Service Providers Association and was elected as the first chairman from 1996 to 1999.

Mr. Lui Chi Keung, age 52 is a Chief Financial Officer and head of corporate affairs of ADT.

Prior to joining ADT, Lui was the founder and managing director of Beth Group for more than 7 years. The group provided ERP system development and SI service to local corporations. Through the activities of Information Technology consultants, software development, sales and marketing, Lui has gained substantial knowledge in Information Technology, new product development and sales force management.

From 1989 to 1992, Lui was appointed as Director and General Manager of Tomson Pacific, a Hong Kong listed company. In the capacity as a member of the senior management team, Lui guided the company in various substantial investments including: the equity participation in the Macau Jockey Club, Macau Golf Club, Far East Biscuit Factory in China, several residential and commercial property developments in Hong Kong, Macau and China, the acquisition of Bond Corporation in Hong Kong with net assets of more than HK\$2 billion. All of those experiences have given Lui many skills in corporate acquisitions and investment management.

In addition, Lui has worked in the commercial and merchant banking fields for more than 10 years. His experiences qualify him as an investment analyst and corporate planner.

Lui graduated from the Baptist University, majoring in Business Management, with a minor in Accounting, and he completed a M.B.A. at the University of East Asia in Macau.

Mr. Wei Yu Zhou, age 32, is a Director Designee of the Company. He is currently general manager of Gu Wu Fei Yung Production Company Limited since 2000.

Mr. Zhou worked in the Bank of China from 1989 to 2000.

Ms. Chen Juan, age 28 is a Director Designee of the Company. She is currently a teacher of computer related courses in Guangdong Dance College since 1999.

There have been no events under any bankruptcy act, any criminal proceedings and any judgments or injunctions material to the evaluation of the ability and integrity of any director or executive officer during the past 5 years.

Section 16(a) Beneficial Ownership Reporting Compliance

Based on information furnished to Registrant, no officer, director, or ten percent shareholder failed to file on a timely basis reports on Forms 3, 4, or 5 during the most recent two fiscal years.

Audit Committee Financial Expert

The Company does not have a separately designated standing audit committee. Pursuant to Section 3(a)(58)(B) of the Exchange Act, the entire Board of Directors acts as an audit committee for the purpose of overseeing the accounting and financial reporting processes, and our audits of the financial statements. The Commission recently adopted new regulations relating to audit committee composition and functions, including disclosure requirements relating to the presence of an "audit committee financial expert" serving on its audit committee. In connection with these new requirements, our Board of Directors examined the Commission's definition of "audit committee financial expert" and concluded that we do not currently have a person that qualifies as such an expert. Presently, there are only four (4) directors serving on our Board, and we are not in a position at this time to attract, retain and compensate additional directors in order to acquire a director who qualifies as an "audit committee financial expert", but we intend to retain an additional director who will qualify as such an expert, as soon as reasonably practicable. While neither of our current directors meets the qualifications of an "audit committee financial expert", each of our directors, by virtue of his past employment experience, has considerable

knowledge of financial statements, finance, and accounting, and has significant employment experience involving financial oversight responsibilities. Accordingly, we believe that our current directors capably fulfill the duties and responsibilities of an audit committee in the absence of such an expert.

Code of Ethics

We are presently working with our legal counsel to prepare and adopt a code of ethics that applies to our principal chief executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions (the "Code of Ethics"). A draft of the Code of Ethics is attached hereto as Exhibit 14.1. The Code of Ethics is being designed with the intent to deter wrongdoing, and to promote the following:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships
- Full, fair, accurate, timely and understandable disclosure in reports and documents that a small business issuer files with, or submits to, the Commission and in other public communications made by the small business issuer
- Compliance with applicable governmental laws, rules and regulations
- The prompt internal reporting of violations of the code to an appropriate person or persons identified in the code
- Accountability for adherence to the code

Section 16(a) Beneficial Ownership Reporting Compliance

Under Section 16(a) of the Exchange Act, all executive officers, directors, and each person who is the beneficial owner of more than 10% of the common stock of a company that files reports pursuant to Section 12 of the Exchange Act, are required to report the ownership of such common stock, options, and stock appreciation rights (other than certain cash-only rights) and any changes in that ownership with the Commission. Specific due dates for these reports have been established, and the Company is required to report, in this Form 10-KSB, any failure to comply therewith during the fiscal year ended December 2003. We believe that all of these filing requirements were satisfied by our executive officers, directors and by the beneficial owners of more than 10% of our common stock. In making this statement, we have relied solely on copies of any reporting forms received by it, and upon any written representations received from reporting persons that no Form 5 (Annual Statement of Changes in Beneficial Ownership) was required to be filed under applicable rules of the Commission.

ITEM 10. Executive Compensation

Summary Compensation Table

The following table sets forth in summary form the compensation received during each of the Company's last three completed fiscal years by the Chief Executive Officer and President of the Company. No executive officer of the Company, including the Chief Executive Officer and

President, received total salary and bonus exceeding \$100,000 during any of the last three fiscal years.

Summary Compensation Table

Name and Position	Fiscal Year	Annual Salary	Bonuses	Other Compensation	Restricted Stock Awards	LTIP Options	Restricted Stock Bonuses
		(1)	(2)	(3)	(4)		
Edward A. Roth, former CEO and President	2004	\$250,000	-0-	-0-	-0-	-0-	-0-
	2003	\$250,000	-0-	-0-	-0-	-0-	-0-
	2002	\$197,000	-0-	-0-	-0-	-0-	-0-
Michael J. Bongiovanni, former CFO	2004	\$50,000	-0-	-0-	25,000	-0-	-0-
	2003	\$50,000	-0-	-0-	25,000	-0-	-0-
	2002	\$25,000	-0-	-0-	-0-	-0-	-0-
Alisha Roth, former Secretary, Treasurer	2004	\$75,000	-0-	-0-	-0-	-0-	-0-
	2003	\$75,000	-0-	-0-	-0-	-0-	-0-
	2002	\$ -0-	-0-	-0-	-0-	-0-	-0-

- (1) The dollar value of base salary (cash and non-cash) received.
- (2) The dollar value of bonus (cash and non-cash) received.
- (3) During the periods covered by the Summary Compensation Table, the Company did not pay any other annual compensation not properly categorized as salary or bonus, including perquisites and other personal benefits, securities or property.
- (4) Issuances of restricted stock for services rendered. These shares were valued at the then average bid-ask price.

Compensation of Directors

We formerly paid our non-employee directors' 1,000 shares of the Company's restricted common stock per year for Directors' Meetings attended. It is anticipated that no more than twelve meetings will occur each year. Employee directors are not compensated for services rendered as directors of the company. We are currently evaluating a new policy for directors.

Employment Contracts and Termination of Employment and Change-In Control Arrangements

ITEM 11. Security Ownership of Certain Beneficial Owners and Management

(a) Security Ownership of Certain Beneficial Owners

All persons known by the Registrant to own beneficially more than 5% of any class of the Company's outstanding stock on April 15, 2005, are listed below:

Title of Class	Name and Address	# Shares	Nature of Ownership	Current % Owned
Common Stock, \$.001 Par Value	Daniel Ng 2505-06, 25F, 698 Prince Edward Road E., Hong Kong	21,500,00	Direct	71.4%
Preferred Stock, \$.001 Par Value (z)	Daniel Ng 2505-06, 25F, 698 Prince Edward Road E., Hong Kong	1,975,000	Direct	100%

(z) Each share of preferred stock is convertible into two hundred shares of common stock.

(b) Security Ownership of Management

The following table sets forth the number of shares owned beneficially on April 15, 2005, by each Director and by all Officers and Directors as a group. Information as to the beneficial ownership is based upon statements furnished to the Company by such persons.

Title of Class	Name and Address	# Shares	Nature of Ownership	Current % Owned (w)
Common Stock, \$.001 Par Value	Daniel Ng 2505-06, 25F, 698 Prince Edward Road E., Hong Kong	21,500,000	Direct	71.4%
Common Stock, \$.001 Par Value	Lui Chi Keung 2505-06, 25F, 698 Prince Edward Road E., Hong Kong	None	Direct	-0-%
Common Stock, \$.001 Par Value	Chen Juan 2505-06, 25F, 698 Prince Edward Road E., Hong Kong	None	Direct	-0-%
Common Stock, \$.001 Par Value	Zhow Wei Yu 2505-06, 25F, 698 Prince Edward Road E., Hong Kong	None	Direct	-0-%
Common Stock, \$.001 Par Value	All Officers and Directors as a Group	21,500,000	Direct	71.4%
Preferred Stock, \$.001 Par Value (z)	Daniel Ng 2505-06, 25F, 698 Prince Edward Road E., Hong Kong	1,875,000	Direct	100%

** Less than .01%

(z) Each share of preferred stock is convertible into two hundred shares of common stock.

(c) Changes in Control

The Company knows of no arrangements that may at a subsequent date result in a change of control in the Company.

ITEM 12. Certain Relationships and Related Transactions

- (a) We have 1,975,000 shares of Series “A” preferred stock outstanding at December 31, 2004. These shares are owned by our majority shareholder and will be exchanged in accordance with the Plan of Exchange.
- (b) During 2004, we enacted a 100 for 1 reverse split of our common stock.
- (c) During 2004, a Plan of Exchange was entered into, whereby Arcotect was acquired in a reverse merger by Hairmax International, Inc. The merged company changed its name to China Digital Media Corporation on March 31, 2005.
- (d) During 2004, our majority shareholder converted 875,000 preferred shares into 1,750,000 restricted common shares (2 for 1 conversion due to 100 for 1 reverse split), received 300,000 preferred shares for services rendered at a fair value of \$30,000 and received 1,000,000 preferred shares to pay for a shareholder loan, \$71,474.
- (e) During the year ended December 31, 2004, we issued 99,386 shares of our common stock for services rendered by officers and outside consultants.
- (f) During 2004, 30,000 common shares were issued for a \$30,000 note receivable.

ITEM 13. Exhibits and Reports on Form 8-K

(a) Financial Statements

1. The following financial statements of HairMax International, Inc. & Subsidiaries are included in Part II, Item 7:

Independent Auditors’ Report.....	14
Balance Sheet-December 31, 2004.....	15-16
Statements of Operations - years ended	
December 31, 2004 and 2003.....	17-18
Statements of Cash Flows – years ended	
December 31, 2004 and 2003.....	19-20
Statements of Stockholders’ Equity - years ended	
December 31, 2004 and 2003.....	21
Notes to Financial Statements.....	22-28

2. Exhibits

Articles of incorporation, bylaws and related amendments are incorporated by reference to Exhibit No. 1 of Form 10-SB filed November 1999.

14.1 Code of Ethics

31.1. Rule 13a-14(a)/15d-14(a) Certifications of Chief Executive Officer

31.2. Rule 13a-14(a)/15d-14(a) Certifications of Chief Financial Officer

32.1. Section 1350 Certifications of Chief Executive Officer

32.1. Section 1350 Certifications of Chief Financial Officer

(b) Reports on Form 8-K

We issued two reports on Form 8-K during the three months ended December 31, 2004. Key components are as follows:

1. On November 12, 2004, Alisha Roth and Michael J. Bongiovanni resigned as directors. Jane Letwin and John Phelps were elected as new directors.

2. As of December 28, 2004, we entered into a Plan of Exchange (the "Agreement"), between and among the Registrant, Arcotect Digital Technology Limited, a corporation organized and existing under the laws of the Hong Kong SAR of the Peoples' Republic of China ("Arcotect"), the shareholders of Arcotect (the "Arcotect Shareholders") and the Majority Shareholders of the Registrant.

Pursuant to the terms of the Agreement, the parties have agreed that the closing will occur in two stages, as follows: (i) the Majority Shareholders of the Registrant will transfer to the Arcotect Shareholders an amount equal to 2,850,000 shares of the Registrant's Series A Convertible Preferred Stock that is convertible, at the option of the holder of each share, into 200 shares of common stock of the Registrant, and the Majority Shareholders of the Registrant will agree to transfer to an investor designated by the Arcotect Shareholders an amount equal to 1,750,000 shares of common stock of the Registrant, in return for the total cash payment of \$400,000 and (ii) the Registrant will issue to the Arcotect Shareholders an amount equal to 20,000,000 shares of common stock of the Registrant in exchange for all of their shares of capital stock of Arcotect. Upon completion of the exchange, Arcotect will become a wholly-owned subsidiary of the Registrant.

Item 14. Principal Accountant Fees and Services

Fees Billed For Audit and Non-Audit Services

The following table represents the aggregate fees billed for professional audit services rendered to the independent auditor, Perrella & Associates, ("Perrella") for our audit of the annual financial statements for the years ended December 31, 2004 and 2003, and all fees billed for other services rendered by Perrella during those periods.

<u>Year Ended December 31</u>	<u>2004</u>	<u>2003</u>
-------------------------------	-------------	-------------

	<u>Perrella</u>		<u>Perrella</u>	
Audit Fees ⁽¹⁾	\$ 24,000	(2)	\$ 15,000	(3)
Audit-Related Fees ⁽²⁾	--		--	
Tax Fees ⁽³⁾	--		--	
All Other Fees ⁽⁴⁾	--		--	
Total Accounting Fees and Services	\$24,000		\$15,000	

- (1) *Audit Fees.* These are fees for professional services for our audit of the annual financial statements, and for the review of the financial statements included in our filings on Form 10-QSB, and for services that are normally provided in connection with statutory and regulatory filings or engagements.
- (2) *Audit-Related Fees.* These are fees for the assurance and related services reasonably related to the performance of the audit or the review of our financial statements.
- (3) *Tax Fees.* These are fees for professional services with respect to tax compliance, tax advice, and tax planning.
- (4) *All Other Fees.* These are fees for permissible work that does not fall within any of the other fee categories, i.e., Audit Fees, Audit-Related Fees, or Tax Fees.

Pre-Approval Policy For Audit and Non-Audit Services

We do not have a standing audit committee, and the full Board performs all functions of an audit committee, including the pre-approval of all audit and non-audit services before we engage an accountant. All of the services rendered to the Company by Perrella were pre-approved by our Board of Directors.

We are presently working with our legal counsel to establish formal pre-approval policies and procedures for future engagements of our accountants. The new policies and procedures will be detailed as to the particular service, will require that the Board or an audit committee thereof be informed of each service, and will prohibit the delegation of pre-approval responsibilities to management. It is currently anticipated that our new policy will provide (i) for an annual pre-approval, by the Board or audit committee, of all audit, audit-related and non-audit services proposed to be rendered by the independent auditor for the fiscal year, as specifically described in the auditor's engagement letter, and (ii) that additional engagements of the auditor, which were not approved in the annual pre-approval process, and engagements that are anticipated to exceed previously approved thresholds, will be presented on a case-by-case basis, by the President or Controller, for pre-approval by the Board or audit committee, before management engages the auditors for any such purposes. The new policy and procedures may authorize the Board or audit committee to delegate, to one or more of its members, the authority to pre-approve certain permitted services, *provided that* the estimated fee for any such service does not exceed a specified dollar amount (to be determined). All pre-approvals shall be contingent on a finding, by the Board, audit committee, or delegate, as the case may be, that the provision of the proposed services is compatible with the maintenance of the auditor's independence in the conduct of its auditing functions. In no event shall any non-audit related service be approved that would result

in the independent auditor no longer being considered independent under the applicable rules and regulations of the Securities and Exchange Commission.

Hairmax Subsequent Events.

On December 28, 2004, the Company entered into a Plan of Exchange (the “Plan of Exchange”) with Arcotect Digital Technology, Inc., a corporation organized and existing under the laws of the Hong Kong SAR of the Peoples’ Republic of China (“Arcotect”), the Arcotect Shareholders and the Majority Shareholders of the Company, pursuant to which Daniel Ng purchased 2,850,000 shares of the Company’s Series A Convertible Preferred Stock from the Majority Shareholders in return for the payment of \$400,000 in cash. The shares of Series A Convertible Preferred Stock are convertible into 200 shares of common stock, and vote together with the common stock on an as converted basis on all matters presented to shareholders. Mr. Ng immediately acquired control of the Company through his share ownership of the Series A Convertible Preferred Stock, which gave him control of over 99% of the common stock of the Company on a fully-converted basis. The Plan of Exchange also contemplated that at some point in the future, the Company would issue 20,000,000 shares of common stock in exchange for all of the issued and outstanding registered capital of Arcotect. As a result of this share exchange, Arcotect would become a wholly-owned subsidiary of the Company.

On January 10, 2005, Mr. Ng replaced the Board of Directors of the Company with his own nominees, including two directors who were “non-interested” within the meaning of the Investment Company Act of 1940, as amended.

On January 13, 2005, the Company filed a Form 1-E with the Commission to commence a Regulation E offering of its common stock that was exempt from registration under Rule 602 under the Securities Act of 1933, as amended. This offering was undertaken with the express commitment of the Company’s management to run the Hairmax of Florida, Inc. and Cleaning Express USA, Inc. subsidiaries as eligible portfolio companies under its business development company mandate. The offering was successful and resulted in the sale in late January of 6,586,500 shares of common stock to six investors who tendered their ninety-day promissory notes in the aggregate amount of \$2,290,025. Such notes have not matured as of the date hereof, so the proceeds have not been collected to date.

On March 17, 2005, the Board of Directors took certain important actions for the future of the Company. Based on the significant losses at the Hairmax of Florida, Inc. and Cleaning Express USA, Inc. subsidiaries for the year ended December 31, 2004, and the negative prospects for the future, the advice of its financial consultants, and in light of the Company’s newly adopted business plan, the Board of Directors decided to sell or otherwise liquidate the operations of the two subsidiaries of the Company. The Board also decided to terminate its status as a business development company and to complete the reverse merger with Arcotect. On March 31, 2005, such merger was completed, and, pursuant thereto, 1,500,000 shares of common stock of the Company were issued to the Arcotect Shareholders in lieu of the 20,000,000 shares contemplated by the Plan of Exchange. The reduction was consented to by the Arcotect Shareholders in light of the significant increase in price of the shares of common stock of the Company since the date of execution of the Plan of Exchange.

During March, the Company also changed its name to China Digital Media Corporation from Hairmax International, Inc. In addition, as of March 31, 2005, the Company took accounting steps to discontinue its operations in the hair care and cleaning businesses.

The Company will publish audited financial statements and pro forma financial statements for the Arcotect acquisition no later than 71 calendar days from April 12, 2005, the date which it reported the closing of the reverse merger with Arcotect., in accordance with the requirements of Item 9.01 of Form 8-K.

--Signature Page Follows--

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CHINA DIGITAL MEDIA
CORPORATION

(Registrant)

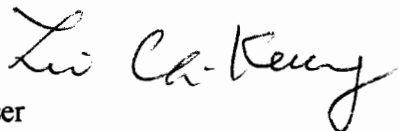
Date: April 15, 2005

/s/ Daniel Ng

Daniel Ng
President, CEO and Director

/s/ Lui Chi Keung

Lui Chi Keung
Chief Financial Officer

Handwritten signature of Lui Chi Keung in cursive script.

/s/ Chen Juan

Chen Juan
Director

/s/ Zhou Wei Yu

Zhou Wei Yu
Director

CODE OF ETHICS
OF
CHINA DIGITAL MEDIA CORPORATION

I. Objectives

China Digital Media Corporation (the “Company”) is committed to the highest level of ethical behavior. The Company's business success depends upon the reputation of the Company and its directors, officer and employees to perform with the highest level of integrity and principled business conduct.

This Code of Ethics (“Code”) applies to all directors, officers and employees of the Company, including the Company's principal executive officer and principal financial officer, (collectively, the “Covered Persons”). This Code is designed to deter wrongdoing and to promote all of the following:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships
- full, fair, accurate, timely, and understandable disclosure in reports and documents that the Company files with, or submits to, the Securities and Exchange Commission (the “Commission”), and in other public communications made by the Company
- compliance with applicable governmental laws, rules and regulations;
- the prompt internal reporting to an appropriate person or persons identified herein for receiving violations of this Code
- accountability for adherence to this Code.

Each Covered Person must conduct himself or herself in accordance with this Code, and must seek to avoid even the appearance of improper behavior.

This Code is not intended to cover every applicable law, or to provide answers to all questions that might arise; for such, the Company relies on each person’s sense of what is right, including a sense of when it is appropriate to seek guidance from others on an appropriate course of conduct.

II. Honest And Ethical Conduct

Each Covered Person must always conduct himself or herself in an honest and ethical manner. Each Covered Person must act with the highest standards of personal and professional integrity and must not tolerate others who attempt to deceive or evade responsibility for actions.

Honest and ethical conduct must be a driving force in every decision made by a Covered Person while performing his or her duties for the Company. When in doubt as to whether an action is honest and ethical, each Covered Person shall seek advice from his or her immediate supervisor or senior management, as appropriate.

III. Conflicts Of Interest

The term “conflict of interest” refers to any circumstance that would cast doubt on a Covered Person’s ability to act objectively when representing the Company’s interest. Covered Persons should not use their position or association with the Company for their own or their family’s personal gain, and should avoid situations in which their personal interests (or those of their family) conflict or overlap, or appear to conflict or overlap, with the Company's best interests.

The following are examples of activities that give rise to a conflict of interest. These examples do not in any way limit the general scope of the Company's policy regarding conflicts of interest.

- Where a Covered Person’s association with (or financial interest in) another person or entity would reasonably be expected to interfere with the Covered Person's independent judgment in the Company’s best interest, that association or financial interest creates a conflict of interest.
- The holding of a financial interest by a Covered Person in any present or potential competitor, customer, supplier, or contractor of the Company creates a conflict of interest, except where the business or enterprise in which the Covered Person holds a financial interest is publicly owned, and the financial interest of the Covered Person in such public entity constitutes less than one percent (1%) of the ownership of that business or enterprise.
- The acceptance by a Covered Person of a membership on the board of directors, or serving as a consultant or advisor to any board or any management, of a business that is a present or potential competitor, customer, supplier, or contractor of the Company, creates a conflict of interest, unless such relationship is pre-approved in writing by the principal executive officer of the Company.
- Engaging in any transaction involving the Company, from which the Covered Person can benefit financially or otherwise, apart from the usual compensation received in the ordinary course of business, creates a conflict of interest. Such transactions include lending or borrowing money, guaranteeing debts, or accepting gifts, entertainment, or favors from a present or potential competitor, customer, supplier, or contractor of the Company.
- The use or disclosure of any unpublished information regarding the Company, obtained by a Covered Person in connection with his or her employment for personal benefit, creates a conflict of interest.

It is our policy and it is expected that all Covered Persons should endeavor to avoid all situations that present an actual or apparent conflict of interest. All actual or apparent conflicts of interest must be handled honestly and ethically. If a Covered Person suspects that he or she may have a conflict of interest, that Covered Person is required to report the situation to, and to seek guidance from, his or her immediate supervisor or senior management, as appropriate. For purposes of this Code, directors, the principal executive officer, and the principal financial officer shall report any such conflict or potential conflict situations to the chairman of the audit committee, if one be created, and in the absence of an audit committee, to chairman of the board of directors. Officers (other than the principal executive officer and principal financial officer) and employees of the Company shall report any such situations to their immediate supervisor. It is the responsibility of the audit committee chairman or the chairman of the board, as applicable, to determine if a conflict of interest exists or whether such situation is likely to impair the Covered Persons ability to perform his or her assigned duties with the Company, and if such situation is determined to present a conflict, to determine the necessary resolution.

Loans are expressly prohibited from the Company to all directors and executive officers.

IV. Compliance With Applicable Laws, Rules And Regulations

Full compliance with letter and the spirit of all applicable governmental laws, rules and regulations, and applicable rules and listing standards of any national securities exchange on which the Company's securities may be listed, is one of the foundations on which this Company's ethical policies are built. All directors and executive officers of the Company must understand and take responsibility for the Company's compliance with the applicable governmental laws, rules and regulations of the cities, states and countries in which the Company operates, and for complying with the applicable rules and listing standards of any national securities exchange on which the Company's securities may be listed.

V. Rules To Promote Full, Fair, Accurate, Timely and Understandable Disclosure

As a public company, the Company has a responsibility to report financial information to security holders so that they are provided with accurate information in all material respects about the Company's financial condition and results of operations. It is the policy of the Company to fully and fairly disclose the financial condition of the Company in compliance with applicable accounting principles, laws, rules and regulations. Further, it is the Company's policy to promote full, fair, accurate, timely and understandable disclosure in all Company reports required to be filed with or submitted to the Commission, as required by applicable laws, rules and regulations then in effect, and in other public communications made by the Company.

Covered Persons may be called upon to provide or prepare necessary information to ensure that the Company's public reports are complete, fair and understandable. The Company expects Covered Persons to take this responsibility seriously and to provide accurate information related to the Company's public disclosure requirements.

All books and records of the Company shall fully and fairly reflect all Company transactions in accordance with accounting principles generally accepted in the United States of

America, and any other financial reporting or accounting regulations to which the Company is subject. No entries to the Company's books and records shall be made or omitted to intentionally conceal or disguise the true nature of any transaction. Covered Persons shall maintain all Company books and records in accordance with the Company's established disclosure controls and procedures and internal controls for financial reporting, as such controls may be amended from time to time.

All Covered Persons must report any questionable accounting or auditing matters that may come to their attention. This applies to all operating reports or records prepared for internal or external purposes, such as sales or backlog information. If any Covered Person has concerns or complaints regarding questionable accounting or auditing matters of the Company, Covered Person shall report such matters to his or her immediate supervisor. If the immediate supervisor is involved in the questionable accounting or auditing matter, or does not timely resolve the Covered Person's concern, the Covered Person should submit their concerns to the principal executive officer or the principal financial officer. If the principal executive officer and the principal financial officer are involved in the questionable accounting or auditing matter, or do not timely resolve the Covered Person's concerns, the Covered person should submit his or her concern directly to the audit committee, if one be established, or to the board of directors in the absence of a designated audit committee. The reporting of any such matters may be done on a confidential basis, at the election of the Covered Person making the report.

VI. Corporate Opportunities

Directors and employees are prohibited from taking for themselves opportunities that are discovered through the use of Company property, information or position, or using Company property, information or position for personal gain. Directors and employees have a duty to the Company to advance its legitimate interest when the opportunity to do so arises.

VII. Confidentiality

Directors and employees must maintain the confidentiality of non-public, proprietary information regarding the Company, its customers or its suppliers, and shall use that information only to further the business interests of the Company, except where disclosure or other use is authorized by the Company or legally mandated. This includes information disseminated to employees in an effort to keep them informed or in connection with their work activities, but with the instruction, confidential labeling, or reasonable expectation that the information be kept confidential.

VIII. Trading on Inside Information

Inside information includes any non-public information, whether favorable or unfavorable, that investors generally consider important in making investment decisions. Examples including financial results not yet released, imminent regulatory approval/disapproval of an alliance or other significant matter such as the purchase or sale of a business unit or significant assets, threatened litigation, or other significant facts about a business. No information obtained as the result of employment at, or a director's service on the Board of, the

Company may be used for personal profit or as the basis for a “tip” to others, unless such information is first made generally available to the public.

IX. Protection and Proper Use of Company Assets

Directors and employees should protect the Company’s assets and ensure their efficient use. Theft, carelessness and waste have an adverse impact on the Company and its profitability. Company assets may only be used for legitimate Company business purposes.

X. Intellectual Property

The Company expends a great deal of time, effort and money to protect our intellectual property. We are sensitive to issues regarding the improper use of our intellectual property and avoiding the improper use of intellectual property of others, including but not limited to copyrights, trademarks, trade secrets and patents. In fulfillment of our legal obligations with respect to intellectual property rights, the Company adheres to copyright laws, including the application of those laws to copyrighted work in print, video, music, computer software or other electronic formats. Employees must not make any unauthorized reproduction of any copyrighted work.

XI. Reporting Violations of the Code

Any Covered Person who becomes aware of any violation of this Code must promptly bring the violation to the attention of the appropriate party as follows: directors, the Company’s principal executive officer and the principal financial officer shall report on a confidential basis any violations to the chairman of the audit committee, if one be created, and in the absence of an audit committee, to the chairman of the board of directors of the Company; Executive officers and employees of the Company shall report any violations to the Company’s principal executive officer or principal financial officer..

XII. Compliance with the Code

All issues of non-compliance with this Code will be reviewed and evaluated according to the circumstances and severity of the problem. Senior management will take such actions as it deems appropriate, which can include disciplinary action up to and including termination of employment, legal action, and other measures.

XIII. Waiver of the Code

Any waiver of this Code may be made only by the independent directors on the board of directors, or by an authorized committee of the board of directors comprised solely of independent directors, and will be disclosed as required by law, Commission regulations, or the rules and listing standards of any national securities exchange on which the Company’s securities may be listed.

EXHIBIT 31.1

Certifications

I, Daniel Ng, Chief Executive Officer certify that:

1. I have reviewed this annual report on Form 10-KSB of China Digital Media Corporation.
2. Based on my knowledge, the report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report ("Evaluation Date"); and
 - c) presented in this annual report are our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls (all of which do not apply); and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls, (all of which do not apply); and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly

affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: April 15, 2005

/s/ Daniel Ng

Daniel Ng
Chief Executive Officer

EXHIBIT 31.2

I, Lui Chi Keung, Chief Financial Officer certify that:

1. I have reviewed this annual report on Form 10-KSB of China Digital Media Corporation.
2. Based on my knowledge, the report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report ("Evaluation Date"); and
 - c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls (all of which do not apply); and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls (all of which do not apply); and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any

corrective actions with regard to significant deficiencies and material weaknesses (all of which do not apply).

Date: April 15, 2005

/s/ Lui Chi Keung 

Lui Chi Keung
Chief Financial Officer

EXHIBIT 32.1

STATEMENT REQUIRED BY 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-QSB of China Digital Media Corporation (the "Company") for the year ended December 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel Ng, Chief Executive Officer, and Lui Chi Keung, Chief Financial Officer of the Company, certify that:

- * the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- * information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Daniel Ng

Daniel Ng
Director, President and Chief Executive Officer

April 15, 2005

/s/ Lui Chi Keung

Lui Chi Keung
Chief Financial Officer



April 15, 2005

This certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.