
United States
Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **March 31, 2007**

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934 for the transition period from _____ to _____

CHINA DIGITAL MEDIA CORPORATION

(Exact name of small business issuer as specified in its charter)

HAIRMAX INTERNATIONAL CORP.

(Former name of registrant, if applicable)

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)

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Number of shares of common stock outstanding as of May 7, 2007: 31,602,365

Number of shares of preferred stock outstanding as of May 7, 2007: 1,875,000

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ITEM 1. FINANCIAL STATEMENTS

**CHINA DIGITAL MEDIA CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2007 (UNAUDITED)**

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 323,566
Accounts receivable, net of allowances	10,951,709
Inventories, net	380,175
Other receivable and prepaid expenses	299,700
Value added taxes recoverable	18,000
Total Current Assets	11,973,150
INTANGIBLE ASSETS	392,521
INVESTMENTS IN TELEVISION SERIES, NET	623,991
INVESTMENTS IN AFFILIATES	588,982
PROPERTY AND EQUIPMENT, NET	11,826,482
OTHER ASSETS	382,840
TOTAL ASSETS	\$ 25,787,966
LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES	
Convertible debentures	\$ 3,100,000
Accounts payable	6,669,337
Other payables and accrued liabilities	659,741
Due to a director	33,188
Due to related companies	524,845
Business tax payable	234,396
Income tax payable	1,975,848
Other tax payable	28,468
Total Current Liabilities	13,225,823
COMMITMENTS AND CONTINGENCIES	--
MINORITY INTERESTS	(87,677)
STOCKHOLDERS' EQUITY	
Series A convertible preferred stock (\$0.001 par value, 40,000,000 shares authorized, 1,875,000 shares issued and outstanding as of March 31, 2007)	1,875
Common stock (\$0.001 par value, 500,000,000 shares authorized, 31,602,365 shares issued and outstanding as of March 31, 2007)	31,602
Additional paid-in capital	5,663,917
Deferred stock compensation	(68,900)
Retained earnings	
Unappropriated	5,431,998
Appropriated	1,521,999
Accumulated other comprehensive loss	67,329
Total Stockholders' Equity	12,649,820
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 25,787,966

The accompanying notes are an integral part of these consolidated financial statements.

CHINA DIGITAL MEDIA CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(UNAUDITED)

	For the three months Ended March 31,	
	2007	2006 (Restated)
NET SALES		
Revenue from digitalization of television signals	\$ 1,399,813	\$ 1,455,371
Revenue from television advertising	472,949	1,732,033
Revenue from software development	9,260	22,851
Revenue from investments in television series	--	174,629
Government grant received	323,240	311,837
	<u>2,205,262</u>	<u>3,696,721</u>
COST OF SALES		
Cost of Sales - digitalization of television signals	(192,460)	(215,466)
Depreciation - digitalization of television signals	(715,906)	(474,723)
Cost of Sales - television advertising	(539,625)	(1,596,994)
Cost of Sales - investment in television series	--	(119,087)
	<u>757,271</u>	<u>1,290,451</u>
GROSS PROFIT		
	<u>757,271</u>	<u>1,290,451</u>
OPERATING EXPENSES		
Selling, general and administrative expenses	(772,589)	(551,850)
Depreciation and amortization	(28,992)	(22,989)
Total Operating Expenses	<u>(801,581)</u>	<u>(574,839)</u>
(LOSS) INCOME FROM OPERATION		
	(44,310)	715,612
OTHER INCOME (EXPENSES)		
Equity loss of affiliates	(6,150)	--
Interest income	473	17,252
Other income	8,827	77,947
Interest expenses	(31,510)	--
Interest paid to related companies and directors	(2,730)	(1,777)
Other expenses	(4,064)	--
Total Other (Expenses) Income, net	<u>(35,154)</u>	<u>93,422</u>
NET (LOSS) INCOME BEFORE TAXES AND MINORITY INTERESTS		
	<u>(79,464)</u>	<u>809,034</u>
Income tax expense	7,718	(313,494)
Minority interests	83,774	5,727
NET INCOME	<u>\$ 12,028</u>	<u>\$ 501,267</u>
OTHER COMPREHENSIVE LOSS		
Foreign currency translation gain	92,544	43,300
COMPREHENSIVE INCOME		
	<u>\$ 104,572</u>	<u>\$ 544,567</u>
Net income per share-basic - two classes method	<u>\$ 0.00</u>	<u>\$ 0.02</u>
Net income per share-diluted	<u>\$ 0.00</u>	<u>\$ 0.01</u>
Weighted average number of shares outstanding during the period - basic	<u>31,602,365</u>	<u>30,906,343</u>
Number of preferred shares outstanding during the period	<u>1,875,000</u>	<u>1,875,000</u>
Weighted average number of shares outstanding during the period- diluted	<u>47,866,247</u>	<u>40,339,795</u>

The accompanying notes are an integral part of these consolidated financial statements.

CHINA DIGITAL MEDIA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2007 and 2006
(UNAUDITED)

	2007	2006
		(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 12,028	\$ 501,267
Adjusted to reconcile net income to cash provided by operating activities:		
Equity loss of affiliate	6,150	--
Amortization - cost of sales	--	119,087
Depreciation-cost of sales	715,906	474,723
Depreciation	28,992	22,989
Provision for doubtful debts	387,591	--
Stock issued for services	--	17,000
Amortization on stock compensation	15,900	--
Minority interests	(83,774)	(5,727)
Changes in operating assets and liabilities		
(Increase) decrease in:		
Accounts receivable	(1,511,622)	(363,671)
Other receivables and prepaid expenses	(111,882)	(55,859)
Inventories	95,306	124,052
Other assets	83,898	-
Increase (decrease) in:		
Accounts payable	700,559	771,813
Other payables and accrued liabilities	(93,564)	(210,220)
Business tax payable	(31,259)	--
Value added taxes payable	45,210	--
Income tax payable	21,048	359,047
Other tax payable	(5,409)	--
Net cash provided by operating activities	275,078	1,754,501
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in affiliates	(71,605)	(323,064)
Purchase of property and equipment	(457,519)	(1,457,460)
Net cash used in investing activities	(529,124)	(1,780,523)
CASH FLOWS FROM FINANCING ACTIVITIES		
Due to related companies	144,359	18,356
Proceeds from stock issuance in private placement	--	387,500
Due to a director	(51,468)	--
Net cash provided by financing activities	92,891	405,856
EFFECT OF EXCHANGE RATE ON CASH	82,131	17,936
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(79,025)	397,770
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	402,591	1,123,912
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 323,566	\$ 1,521,682
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ -	\$ -
Cash paid for income tax	\$ -	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

CHINA DIGITAL MEDIA CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2007 (UNAUDITED)

NOTE 1 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

(A) Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

In the opinion of management, the unaudited condensed consolidated financial statements contain all adjustments consisting only of normal recurring accruals considered necessary to present fairly the Company's consolidated financial position at March 31, 2007, the consolidated results of operations for the three months ended March 31, 2007 and 2006, and consolidated statements of cash flows for the three months ended March 31, 2007 and 2006. The consolidated results for the three months ended March 31, 2007 are not necessarily indicative of the results to be expected for the entire fiscal year ending December 31, 2007. These consolidated financial statement should be read in conjunction with the consolidated financial statements and notes for the year ended December 31, 2006 appearing in the Company's annual report on Form 10-KSB as filed with the Securities and Exchange Commission.

(B) Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements for the three months ended March 31, 2007 include the unaudited financial statements of China Digital Media Corporation ("CDMC") and its wholly owned or controlled subsidiaries, China Digimedia Holding Limited ("CDHL"), Arcotect (Guangzhou) Limited ("AGL"), Guangdong M-Rider Media Company ("M-Rider"), Digimedia Services (Shenzhen) Limited ("Digimedia Shenzhen"), its 100% variable interest entity ("VIE") in Guangdong HuaGuang DigiMedia Culture Development Limited ("HuaGuang"), and the 51% owned subsidiary of HuaGuang in Guizhou Guishi Digimedia Advertising Company Limited ("Guishi Digimedia") (collectively, "the Company"). The Company accounts for its 49% investment held by HuaGuang in Guizhou Guishi Huaguang Media Company Limited ("Guishi Huaguang") and its 20% investment held by CDHL in Arable Media Limited ("Arable") using the equity method. The minority interests represent the minority shareholders' 49% proportionate share of the results of Guishi Digimedia.

The accompanying unaudited condensed consolidated financial statements for the three months ended March 31, 2006 include the financial statements of CDMC and its wholly owned subsidiaries, CDHL, AGL, M-Rider, Digimedia Shenzhen, and its 90% VIE in HuaGuang. The minority interests represent the minority shareholders' 10% proportionate share of the results of HuaGuang.

All significant inter-company balances and transactions have been eliminated in consolidation.

(C) Revenue Recognition

Digitalization of Television Signals

The Company entered into an agreement with Nanhai Network Company to assist its subscribers on the conversion of television signals from analog into digital by providing set-top-box ("STB") and smart cards to the subscribers in Nanhai City on a lease basis. The Company is entitled to a portion of fees payable by the existing subscribers under a subscription agreement entered into between the subscribers and the Nanhai Network Company. Revenue is recognized on a straight line basis in accordance with the terms of the subscription agreement. The Company also charges installation fees and sells STB and smart cards to new subscribers. Revenue arising from these services is recognized when the subscriber is invoiced for the STB and smart cards upon the completion of installation works.

In addition, the Company is entitled to be reimbursed for its operating expenses from Network Company in accordance to the subscription agreement. Revenue arising from costs reimbursement is recognized when the amounts are duly agreed upon between the Company and Network Company.

Government Grant

The local government of Nanhai City also approved a grant of Rmb10,000,000 each year for five years from 2004 to finance the purchase of STB and smart cards for sale and lease to subscribers. The grant is recognized as revenue on a straight line basis.

Television Advertising Sales

The Company acts as an advertising agent for certain television channels by selling advertising air time spaces and television program backdrops to customers. The Company's advertising services revenue is derived from billings that are earned when the advertisements are placed and revenue is recognized as the media placements appear. During 2007, the Company purchase blocks of advertising slots and was the primary obligor and carried all of the credit risk for the advertisement placements and accordingly, recorded the full amount of such billings from the advertisement placements as revenue. Deferred revenues are recognized as a liability when billings are received in advance of the date before revenues are earned.

Software Development

The Company provides various information technology professional services to its customers based on a negotiated fixed-price time and materials contract. The Company recognizes services-based revenue from all of its contracts when the services have been performed, the customers have approved the completion of the services and invoices have been issued and collectibility is reasonably assured.

Television Series

The Company invested in the production of two television series. Revenue from investments in television series is recognized upon receipt from the production company.

Supplier rebate

Rebate or refund received by the Company from its supplier, either in cash or trade discount, will be considered as an adjustment of the prices of the supplier's products purchased by the Company. Therefore, it will be characterized as (a) a reduction of cost of sales for subsequent selling of the products by the Company; or (b) a reduction of Property and Equipment for products booked as fixed assets of the Company and subject to depreciation in line with the depreciable life of the relevant products; or (c) a reduction of Inventories for products maintained in stock.

(D) Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Expenditures for additions, major renewals and betterments are capitalized and expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is provided on a straight-line basis, less estimated residual value over the assets' estimated useful lives. The estimated useful lives are as follows: (a) STB and smart cards - 5 years; (b) Motor vehicles - 10 years; and (c) Furniture, fixtures and equipment - 5 and 8 years.

Depreciation of STB

As required by SAB11:B, depreciation and amortization for property and equipment directly attributed to the generation of revenue are classified under "Cost of Sales". Accordingly, depreciation of STB and smart cards of the Company is included in "Cost of Sales". To conform with the current account presentation, the depreciation of STB in 2006 previously classified as "Selling, General and Administrative expenses" is now included in "Cost of Sales".

(E) Investments in Television Series

Investments in television series represent the unamortized costs of acquired television series production and participation costs. The investments are stated at the lower of cost less accumulated amortization or fair values. The investments are amortized, using the individual television series forecast method, in the proportion that current revenue bears to management's estimate of ultimate revenue expected to be recognized from the exploitation and exhibition of the television series. The ultimate revenue which includes estimates over a period not to exceed 10 years following the date of initial release are prepared on a title-by-title basis and reviewed periodically based on current market conditions. Estimate of future revenue involve measurement uncertainty and it is therefore possible that reduction in the carrying value of investments in television series may be required as a consequence of changes in management's future revenue estimates.

(F) Valuation of Financial Instruments

Statement of Financial Accounting Standards No. 107, "Disclosure About Fair Value of Financial Instruments," requires certain disclosures regarding the fair value of financial instruments. Fair value of financial instruments is made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash and cash equivalents, accounts receivables (trade and others), accounts payables (trade and related parties) and accrued liabilities approximate their fair value because of the short-term nature of these instruments. The Company places its cash and cash equivalents with what it believes to be high credit quality financial institutions. The Company controls credit risk related to accounts receivable through credit approvals, credit limit and monitoring procedures. The Company routinely assesses the financial strength of its customers and, based upon factors surrounding the credit risk, establishes an allowance, if required, for uncollectible accounts and, as a consequence, believes that its accounts receivable credit risk exposure beyond such allowance is limited.

The Company's major operation is in the PRC, which may give rise to significant foreign currency risks from fluctuations and the degree of volatility of foreign exchange rates between the United States dollars ("US\$") and the Chinese Renminbi ("RMB"). Nevertheless, the Company does not believe that its foreign currency exchange rate fluctuation risk is significant, especially if the PRC government allows only gradual currency fluctuation so as to maintain the relative stability of RMB.

The Company accounts for non-hedging contracts that are indexed to, and potentially settled in, its own common stock in accordance with the provisions of Emerging Issues Task Force 00-19, "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock" ("EITF 00-19"). These non-hedging contracts accounted for in accordance with EITF 00-19 include freestanding warrants to purchase the Company's common stock as well as embedded conversation features that have been bifurcated from the host contract in accordance with the requirements of SFAS 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"). Under certain circumstances that could require the Company to settle these equity items in cash or stock, and without regard to probability, EITF 00-19 could require the classification of all or part of the item as a liability and the adjustment of that reclassified amount to fair value at each reporting period, with such adjustments reflected in the line item of change in valuation of derivative as other income (expenses) in the statements of operations.

The Company has issued 4% secured convertible debentures in a face amount of US\$3,100,000 which are due and payable in full in 18 months from their issuance. As fixed prices are set for the conversion prices of such convertible debentures and the attached warrants, the Company is in a position to be sure it had adequate authorized shares for the future conversion of convertible debentures and warrants. Therefore, no embedded derivatives and warrants are required to be recorded at fair value and marked-to-market at each reporting period.

(G) Restatement of Financial Statements

As stated in the forms 8-K filed on March 20, 2007 and April 4, 2007 respectively, the Company has decided to restate certain financial statements previously reported to reclassify a volume discount (“consideration”) agreed with its STB supplier previously recorded as other income to be applied as a reduction against inventory, cost of goods sold or as a reduction of the balance of Property and Equipment for STB that have been leased to customers. The change in accounting treatment resulting in this restatement is in accordance with the Company’s accounting policy on supplier rebate shown in note 1 (C). The portion of consideration credited to Property and Equipment is recognized as income over the depreciable life of STB of five years by way of a reduced depreciation charge.

(H) Recent Accounting Pronouncements

In July 2006, the FASB issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement 109 (“FIN 48”), which clarifies the accounting for uncertainty in tax positions. This Interpretation provides that the tax effects from an uncertain tax position can be recognized in the Company’s financial statements, only if the position is more likely than not of being sustained on audit, based on the technical merits of the position. The provisions of FIN 48 are effective as of the beginning of fiscal 2007, with the cumulative effect of the change in accounting principle recorded as an adjustment to opening retained earnings. The Company is currently evaluating the impact this new Standard, but believes that it will not have a material impact on the Company’s financial position.

In September 2006, FASB issued Statement 157, Fair Value Measurements. This statement defines fair value and establishes a framework for measuring fair value in generally accepted accounting principles (GAAP). More precisely, this statement sets forth a standard definition of fair value as it applies to assets or liabilities, the principal market (or most advantageous market) for determining fair value (price), the market participants, inputs and the application of the derived fair value to those assets and liabilities. The effective date of this pronouncement is for all full fiscal and interim periods beginning after November 15, 2007. The Company is currently evaluating the impact this new Standard, but believes that it will not have a material impact on the Company’s financial position.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities” (SFAS 159) which permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. SFAS 159 will become effective for us on January 1, 2008. The Company is currently evaluating the impact this new Standard, but believes that it will not have a material impact on the Company’s financial position.

NOTE 2 - ACQUISITION

On January 24, 2007, CDHL exercised its option to request the former shareholders of HuaGuang to transfer, in effect, the remaining 10% of their equity interest in HuaGuang to the company for approximately US\$10 in accordance with the Strategic Alliance Agreement dated June 15, 2006 between CDHL and Guangdong Pukonyi Culture Development Limited (later renamed as HuaGuang). Accordingly, the Company’s variable interest in HuaGuang has been increased from 90% to 100%. The acquisition was accounted for under the purchase method of accounting in accordance with step acquisition rules. A negative goodwill of \$23,388 was recorded with respect to the transaction and was allocated in its entirety as reductions to investments in affiliates held by HuaGuang pursuant to paragraph 44 of Statement of Financial Accounting Standards No. 141, “Business Combinations”.

NOTE 3 - INVESTMENT IN AFFILIATES

The Company’s effective interest of 49% in Guishi Huaguang is accounted for using the equity method of accounting and is stated at cost plus equity in undistributed earnings or losses since acquisition. The Company’s share of the net (loss) income for the three months ended March 31, 2007 is as follows:

A summary of the unaudited condensed financial statements of the affiliate as of March 31, 2007 is as follows:

Current assets	\$	448,288
Non-current assets		235,773
Total Assets	\$	684,061
Current liabilities	\$	311,090
Stockholders' equity		372,971
Total Liabilities and Stockholders' Equity	\$	684,061
Revenues	\$	-
Gross Profit	\$	-
Net Loss	\$	(12,310)

The Company's share of the loss for the three months ended March 31, 2007 is as follows:

Company share at 49%	\$	(6,032)
Equity in loss of affiliate	\$	<u>(6,032)</u>

The Company's effective interest of 20% in Arable is accounted for using the equity method of accounting and is stated at cost plus equity in undistributed earnings since subscription. The Company's share of the net loss for the three months ended March 31, 2007 is as follows:

A summary of the unaudited condensed financial statements of the affiliate as of March 31, 2007 is as follows:

Current assets	\$	60
Non-current assets		592,979
Total Assets	\$	593,039
Non-current liabilities	\$	640,196
Stockholders' equity		(47,157)
Total Liabilities and Stockholders' Equity	\$	593,039
Revenues	\$	-
Gross Profit	\$	-
Net loss	\$	(592)

The Company's share of the loss for the three months ended March 31, 2007 is as follows:

Company share at 20%	\$	(118)
Equity in loss of affiliate	\$	<u>(118)</u>

NOTE 4 - SEGMENT INFORMATION

The Company operates in five reportable segments; digitalization of television signals, television advertising sales, software development, investment in television series and others. The accounting policies of the segments are the same as described in the summary of significant accounting policies. The Company evaluates segment performance based on income from operations. All inter-company transactions between segments have been eliminated on consolidation. As a result, the components of operating income for one segment may not be comparable to another segment. The following is an unaudited summary of our segment information for the three months ended March 31, 2007 and 2006:

	Digitalization			Investments			Total
	of Television	Television	Software	in Television	Other		
	Signals	Advertising	Development	Series			
2007							
Revenues	\$ 1,723,053	\$ 472,949	\$ 9,260	\$ 0	\$ 0	\$ 2,205,262	
Gross profit	814,687	(66,676)	9,260	0	0	757,271	
Net Income	464,272	(193,659)	(44,156)	(2,992)	(211,437)	12,028	
Total assets	20,501,649	3,500,465	590,483	681,499	513,871	25,787,966	
Capital expenditure	396,566	59,436	724	0	793	457,519	
Depreciation and amortization	725,821	5,586	1,806	9,384	2,301	744,898	
2006 (Restated)							
Revenues	\$ 1,767,208	\$ 1,732,033	\$ 22,851	\$ 174,629	\$ 0	\$ 3,696,721	
Gross profit	1,077,019	135,039	22,851	55,542	0	1,290,451	
Net Income	632,841	(30,248)	(61,211)	82,905	(123,020)	501,267	
Total assets	14,552,150	2,460,207	92,823	771,663	408,705	18,285,548	
Capital expenditure	1,431,110	5,211	1,265	310,590	0	1,748,176	
Depreciation and amortization	480,573	3,080	3,140	119,087	10,919	616,799	

NOTE 5 - EARNINGS PER SHARE

As of March 31, 2007, the Company has outstanding:

- 31,602,365 shares of common stock;
- 1,875,000 shares of preferred stock;
- 6,888,882 shares of common stock to be issued upon conversion of convertible debenture;
- warrants to purchase 6,888,882 shares of common stock at an exercise price of \$0.80 per share, expire in November 2012;
- warrants to purchase 6,888,882 shares of common stock at an exercise price of \$1.20 per share, expire in November 2012; and
- warrants to purchase 3,444,441 shares of common stock at an exercise price of \$2.25 per share, expire in November 2012.

In accordance with paragraph 40 and 41 of SFAS 128 and EITF 03-6, basic and diluted earnings per share on a two classes method for the three months ended March 31, 2007 and 2006 are calculated as follows:

	2007	2006
Earnings		
Net Income	12,028	501,267
Basic - 2 classes method		
Income available to common stockholders	12,028	501,267
Weighted-average common stock outstanding	31,602,365	30,906,343
Number of preferred stock	1,875,000	1,875,000
Weighted-average common stock outstanding - assume CD converted	6,888,882	0
Basic earnings per share - Common Stock	0.00	0.02
Basic earnings per share - Preferred Stock	0.00	0.02
Basic earnings per share - CD	0.00	-
Diluted		
Income available to common stockholders	12,028	501,267
Income available to common stockholders & assumed CD converted	42,603	-
Diluted weighted-average common stock outstanding	47,866,247	40,339,795
Diluted earnings per share	0.00	0.01

Warrants to purchase 6,888,882 shares of common stock at \$0.80 per share, 6,888,882 shares of common stock at \$1.20 per share and 3,444,441 shares of common stock at \$2.25 per share were outstanding as of March 31, 2007 but were not included in the computation of diluted earnings per share because the warrants' exercise price was greater than the market price of the common shares.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

Contingencies

The Company accounts for loss contingencies in accordance with SFAS 5 "Accounting for Loss Contingencies", and other related guidance. Set forth below is a description of certain loss contingencies as of March 31, 2007 and management's opinion as to the likelihood of loss in respect of each loss contingency.

On May 24, 2005, Ziegler, Ziegler & Associates LLP and Scott Ziegler filed a Complaint against the Company in the United States District Court for the Southern District of New York for using their internet domain name to distribute the Company's promotional information over the internet. The Plaintiffs seek several types of damages in an amount not less than \$1,250,000. The Company's counsel was instructed to vigorously defend the action as the emails in question were distributed by a party not hired nor associated with the Company. Accordingly, no provision has been made.

On January 18, 2006, counsel for the plaintiff threatened to file a complaint in the County Court in and for Miami-Dade County, Florida against the Company in an action for damages that does not exceed \$15,000, exclusive of court costs, attorney's fees and interest. The plaintiff alleged that the Company was a guarantor of a lease entered into by its Hairmax of Florida, Inc. subsidiary, which abandoned the lease and failed to pay the full rental due under the lease.

The Company has made a settlement offer to the plaintiff of an amount equal to \$9,000, and is awaiting the plaintiff's response. As part of any settlement, the Company will insist upon the execution and delivery of a binding release of all claims in favor of the Company. The Company has accrued \$9,000 in the past financial statements.

NOTE 7 - COMMON STOCK

No change in the Company's common stock for the three months ended March 31, 2007.

NOTE 8 - CONVERTIBLE DEBENTURE

For the fiscal quarter ended March 31, 2007, the Company has convertible debentures with total value of \$3.1 million outstanding. The aforesaid convertible debentures were issued pursuant to the private equity financing where the Company sold a total 31 units of securities. Each unit consists of (i) an eighteen-month 4% interest bearing convertible debenture in the principal amount of \$100,000, convertible at \$0.45 per share, (ii) a six-year Class A warrant to purchase 222,222 shares of the Company's common stock, par value \$0.001 per share at an exercise price of \$0.80 per share, a (iii) six-year Class B warrant to purchase 222,222 shares of the Company's common stock at an exercise price of \$1.20 per share, and (iv) a six-year Class C warrant to purchase 111,111 shares of the Company's common stock at an exercise price of \$2.25 per share. The securities issuable upon conversion of the debenture and exercise of the warrants are eligible for certain registration rights.

NOTE 9 - RELATED PARTY TRANSACTIONS

As of March 31, 2007, the Company owed a director \$33,188 for short-term advances. Interest is charged at 6% per annum on the amount owed.

As of March 31, 2007, the Company owed to a related company \$100,005 for short-term unsecured advances made. Interest is charged at 6% per annum on the amount owed.

As of March 31, 2007, the Company owed to an affiliate, Guishi HuaGuang, \$424,840 for short-term unsecured interest free advances made.

As of March 31, 2007, the Company has advanced \$433,094 to an affiliate to support its research and development on the middleware applications for digital television STB. The advances will be used to pay for license fees in the future and other expenses or refunded to the Company if the applications cannot be applied to the Company's STB. The advance is interest free for a period of five years and thereafter interest is charged at the rate of LIBOR plus 2% on the outstanding balance.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

We are hereby providing cautionary statements identifying important factors that could cause our actual results to differ materially from those projected in forward looking statements made in this quarterly report on Form 10-QSB. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "likely will result", "are expected to", "will continue", "is anticipated", "estimated", "intends", "plans" and "projection") are not historical facts and may be forward-looking statements and involve estimates and uncertainties which could cause actual results to differ materially from those expressed in the forward-looking statements.

We caution that the factors described herein, as well as the factors described generally in our Form 10-KSB for the year ended December 31, 2006, and specifically the factors described in such Form 10-KSB in the section entitled "Item 1. Business - Risk Factors", could cause actual results to differ materially from those expressed in any forward-looking statements and that the investors should not place undue reliance on any such forward-looking statements. Further, any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events or circumstances. Consequently, no forward-looking statement can be guaranteed.

New factors emerge from time to time, and it is not possible for us to predict all such factors. Further, we cannot assess the impact of each such factor on our results of operations or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Overview

China Digital Media Corporation ("CDMC") was previously known as HairMax International, Inc. ("Hairmax"), a Nevada corporation incorporated in 1987. Arcotect Digital Technology Limited, a corporation organized under the laws of Hong Kong, consummated a reverse merger with Hairmax in March, 2005, and Hairmax subsequently changed its name to China Digital Media Corporation. With the termination of the original businesses of Hairmax, all of China Digital Media Corporation's businesses are now located in the People's Republic of China (the "PRC" or "China"). Arcotect Digital Technology Limited has changed its name to China Digimedia Holdings Limited ("CDHL"), and is a wholly-owned subsidiary of CDMC.

We are engaged in the business of providing services to the television broadcasting and media industry in China through operations, partnerships and investments. The three main businesses of CDMC are:

- Through a subsidiary, Arcotect (Guangzhou) Limited ("AGL"), converting digital cable television subscribers to digital television and providing various value added and broadband services to the digital subscribers;
- Television advertising sales;
- Television program production.

The Company's business plan is to strengthen its branding and to enlarge its presence and involvement in the media industry. The Company will continue to focus its resources toward replicating its successful migration model to other cities of China, while seeking opportunities to alliance with strong strategic partners.

Cable TV operations and digital broadcast technology development

AGL, a wholly owned foreign subsidiary of CDMC incorporated in China, is the sole contractor and operator of digital television ("DTV") services in Nanhai, Guangdong Province, a city with over 410,000 residential and commercial cable television subscribers.

On February 6, 2004, we signed a 20-year Co-operative Agreement for Total Migration into DTV System for the Nanhai District and subsequently signed a supplementary agreement on July 8, 2005 (collectively, the "Co-operative Agreements") with Nanhai Network Company, a city-owned cable network operator in Guangdong Province. Pursuant to the Co-operative Agreements, the Company is responsible for migrating all cable television subscribers in Nanhai from an analog to a digital system ("Migration") by the end of 2007. As of March 31, 2007, the Company has migrated about 226,000 subscribers into the digital system and the migration program is on schedule.

According to the Co-operative Agreements, AGL is entitled to share the subscription fees paid by all cable television subscribers as well as paid by DTV subscribers for additional services, including pay-TV services, and to receive the subscription fee for any additional STBs.

Under the Co-operative Agreement, the Company is a sole contractor and operator of digital TV in Nanhai. The Company is responsible for supplying all subscribers with a digital set-top-box on a lease basis to subscribers. If subscribers want an additional set-top-box, the subscriber must purchase the set-top-box from the Company. The Company is also responsible for providing operational support services including migration planning, marketing and sales, software development, customer service and logistics administration. The Company's proprietary operating support system automates many of the processes, such as database management, billing, work orders and inventory control, and assists in the operation of a 24/7 call center for technical support and customer care. The city-owned cable company retains management of the broadcasting system and the fiber-optic network and is responsible for compliance with national broadcasting policies.

The broadcast system that decrypts the signal with the Company's set-top-box and appropriate smart cards can carry up to 800 digital channels of pay-TV programs and value added multimedia services. Currently, the services consist of 126 channels, including a 51-channel basic package, 72 pay channels and 3 high definition TV channels bundled into various value added packages, such as Life & Leisure, World Sports, News, Drama and Family.

The Company has deployed an IP (Internet Protocol) based set-top-box which is developed by its affiliate, Arable Media Limited, a software developer specialised in middleware products and applications for digital TV set-top box and broadcasting technologies. The Company believes the advanced set-top-box will enable the Company to provide additional value added services which can be deployed in the future; such as targeted advertising, interactive TV programs, online shopping and console games, as well as interactive education services.

TV advertising sales

M-Rider, a company incorporated in China and 100% owned by the Company under a trust arrangement, is an advertising sales company engaged in the distribution of television commercials. The Company is responsible for reselling commercial airtime to international and local advertising customers, either directly or through agents and receiving agency fees and services fee. The Company has many years of experience in providing consultancy and media planning services to clients, and assisting them to deliver their messages precisely and professionally to their targeted audiences efficiently. In addition, the Company believes that it can manage advertising resources more effectively to enhance value of the advertising space.

In February, 2007, M-Rider signed a five year sole agent service agreement (the "Sole Agent Agreement") to provide consultation services and manage advertising time slots exclusively with China Yellow River TV Station ("CYR Station"), a television station located in Shanxi Province in China which has a population of over 30 million, starting from January 1, 2007. In addition, M-Rider has a priority to renew the Agreement for an additional five years upon expiration of the Sole Agent Agreement on December 31, 2011.

According to the Sole Agent Agreement, M-Rider shall act as the sole agent and provide consultation services for media planning advisory, sales analysis and strategic planning to CYR Station. In return, M-Rider will get a media services fee based on the revenue generated and a performance bonus at the end of each fiscal year.

TV channel management and program production

On February 2006, HuaGuang, entered into two joint venture agreements with the provincial television station, Guizhou Television Station, for a term of 20 years. Pursuant to the joint venture contracts, the provincial television station will provide the exclusive use of a television channel, including production resources and equipment, while outsourcing its entire advertising air time slots to the two joint ventures for an initial term of five years and the term is extendable by mutual agreement. Guishi Digimedia, a 51% subsidiary of HuaGuang, will serve as the exclusive advertising agent to manage the television commercials. Guishi Huaguang, a 49% owned interest of HuaGuang, will be responsible for sourcing and production content, as well as schedule planning. Currently, over 100 professionals and experienced staff are working on the production, planning and scheduling, and contents sourcing. The channel is focusing on fashion, entertainment, lifestyle and sports, 24 hours a day.

Besides, HuaGuang has made a minority investment in two television series, XiGuan Affairs, with 40 episodes, and The Story of a Small Town, with 24 episodes.

The Company relied on two suppliers for approximately 99% of its purchases in the first quarter of 2007 for the Nanhai digitalization of TV system in the Nanhai project and relied on one TV channel for approximately 95% of its purchase of TV advertising time slots during the quarter for the advertising agency sales of M-Rider. As of March 31, 2007, accounts payable to these suppliers amounted to \$3,952,598 and \$413,747 for the Nanhai project, and \$271,431 for M-Rider's operations, respectively.

At present, some of our targeted businesses are subject to certain governmental restrictions in the PRC. In order to enable us to invest in certain media sectors such as TV advertising and content productions before government regulations and policies in this field are opened to foreign investors, one of our directors holds the equity interest of HuaGuang while HuaGuang holds the equity interest of M-Rider on behalf of the Company. We are therefore not the direct owner of the programming and advertising operations. We anticipate that this arrangement will be continued until further relaxation of the broadcasting policy in China.

RESULTS OF OPERATIONS

Statements of Operations Items:

Sales

Total net sales for the three months ended March 31, 2007 decreased by \$1,491,459 or 40% to \$2,205,262 from \$3,696,721 for the same period ended March 31, 2006. The decrease in total net sales was due to the reduction in TV advertising sales after the Company decided to discontinue its agreement to act as the sole advertising agent of a TV channel in Guangzhou during 2007 as such operations had shown during 2006 not to be profitable. Nevertheless, revenue generated from TV digitalization business maintained at the same level as compared with the same period of last year. The basic and additional STB subscribers have been increased from about 431,000 as of March 31, 2006 to 455,000 as of March 31, 2007.

Gross Profit

Gross Profit for the three months ended March 31, 2007 decreased by \$533,180 or 41% as compared with the same period last year because of the reduction in TV advertising sales, an increase in depreciation of STBs purchased for migration, and that no revenue were received from investments in TV series during the first quarter of 2007.

Expenses

Selling, general, administrative and depreciation and amortization (not related directly to generation of revenue) expenses for the three months ended March 31, 2007 increased by \$226,742 or 39% to \$801,581 in comparison with the three month period ended March 31, 2006. The increase was mainly due to the consolidation of the joint venture company, Guishi Digimedia, which was not yet acquired during the first quarter of 2006, and the increase in finance costs.

Minority Interests

Minority interests in the statement of operation represent the minority shareholders' share of the profits in the Company's 49% subsidiary. For the three months ended March 31, 2007, we recognized minority's share of loss of \$83,774.

Net Income

Net income after tax were \$12,028 for the three months period ended March 31, 2007, compared to the net income of \$501,267 for the same period ended March 31, 2006. The decrease in net income was because of the reduction in income from operation (mainly on TV advertising business) though offset partially by reduction in provision made for income tax.

Balance Sheet Items:

Current Assets

Current Assets of the Company had increased by \$1 million to \$12 million during the first quarter of 2007. As the Company utilized most of its cash on DTV migration, it has maintained a low level of cash balance of \$0.3 million. Accounts Receivable had increased by \$1.1 million, mainly attributable to the increase in Accounts Receivable from Nanhai Network Company. Further effort is expected to follow up with the Network Company in order to reduce the receivable amount.

Property and Equipment, Net

The net decrease in property and equipment of the Company of \$0.3 million represented depreciation of STB offset by purchase of STB during the first quarter of 2007.

Other Asset

Other assets represent deferred finance costs related to commission, legal and financial advisory fees directly attributable to the issuance of the convertible debenture by the Company in 2006 totaling \$620,480. Deferred finance costs are amortized over the life of the debenture of 18 months from November 2006. For the three months ended March 31, 2007, such expenses amortized were \$99,798.

Current Liabilities

Current Liabilities of the Company had increased by \$0.7 million to \$13.2 million during the first quarter of 2007. The increase was mainly attributable to the increase in account payables due to a STB supplier and an advertising contractor.

Liquidity and Capital Resources

On March 31, 2007, we had cash of \$323,566 and a working capital deficit of \$1,252,673. This compares with cash of \$1,521,682 and a working capital surplus of \$635,073 at March 31, 2006. The decrease in cash was mainly due to the increase in purchases of STBs in Nanhai project as compared with the same period of last year. The decrease in working capital was mainly attributable to the fundraising from issuance of debenture to finance the Nanhai migration process.

Operating activities had a net generation of cash in the amount of \$275,078 during the three months ended March 31, 2007 (2006: \$1,754,501) reflecting an excess of revenues over expenditure.

Net cash used in investing activities for the three months ended March 31, 2007 was \$529,124 as compared with net cash used in investing activities of \$1,780,523 for the three months ended March 31, 2006. The decrease in net cash used in investing activities was due to the decrease in purchases of STBs in the first quarter of this year.

Net cash provided by financing activities for the three months ended March 31, 2007 was \$92,891 representing inter-group funding activities (2006: \$405,856, of which \$387,500 represented fund from private placement).

We continued to receive cash from Nanhai Network Company according to the project schedule and plan of television digitalization migration. The Company's investment in STBs and smart cards remained the substantial accounts payable at March 31, 2007. For further business expansion and acquisition, the Company is considering various financing methods for funding, although there is no assurance that the Company will be able to raise additional funding on favorable terms, if at all. Without considering further expansion, the Company is expected to have sufficient cash generated from operating activities to get through its business in the next 12 months, but, the digital TV migration process might be slowed down.

On a long-term basis, liquidity is dependent on continuation and expansion of operations, receipt of revenues, additional infusions of capital and debt financing. Our current capital and revenues are not sufficient to fund further acquisition and business expansion. The Company is planning to raise capital through debt financing and from bank borrowings and equity financing from potential investors and partners. However, if the Company is unable to raise additional capital, its growth potential is likely to be affected.

Foreign Currency Translation Risk

The Company's major operation is in the PRC, which may give rise to significant foreign currency risks from fluctuations and the degree of volatility of foreign exchange rates between the United States dollars ("US\$") and the Chinese Renminbi ("RMB"). Provided that the RMB exchange rate against the US\$ maintains at a low degree of volatility, the Company does not believe that its foreign currency exchange rate fluctuation risk is significant.

The financial statements of the subsidiaries (whose functional currency is HK\$ or RMB) are translated into US\$ using the closing rate method. The balance sheet items are translated into US\$ using the exchange rates at the respective balance sheet dates. The capital and various reserves are translated at historical exchange rates prevailing at the time of the transactions while income and expenses items are translated at the average exchange rate for the year. All exchange differences on currency translations are recorded within equity. Translation gain for the three months ended March 31, 2007 was \$92,545.

ITEM 3. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company's chief executive officer and chief financial officer have reviewed and evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules a13d-15(e) and 15d-15(e)) as of the end of the period covered by this quarterly report. Based on that evaluation, the chief executive officer and chief financial officer have concluded that the Company's current disclosure controls and procedures are adequate and effective to ensure that material information relating to the Company was made known to them by others, particularly during the period in which this Quarterly Report on Form 10-QSB was being prepared.

Changes in Internal Control

There were no changes in our internal control over financial reporting, identified in connection with the evaluation of such internal control that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On May 24, 2005, a Complaint was filed against us, among others, in the United States District Court for the Southern District of New York, in a matter captioned as "Ziegler, Ziegler & Associates LLP and Scott Ziegler, Plaintiffs, v. China Digital Media Corporation and John Does 1-10, Defendants." In the Complaint, the Plaintiffs allege, among other things, that we and John Does 1-10 used Plaintiff Scott Zeigler's e-mail address and Plaintiff Ziegler, Ziegler & Associates, LLP's internet domain name to distribute promotional information about us over the internet. The Plaintiffs seek a several types of relief, including damages in an amount not less than \$1,250,000. Pre-trial discovery has commenced in the matter. The file number of the civil action is 05 CV 4960.

The Company contested the allegations of the Plaintiffs and has retained counsel admitted to practice in the U.S. District Court for the Southern District of New York to vigorously defend the action. The Company did not hire a stock promoter or a spammer to distribute promotional e-mails, and the emails themselves recite that they were paid for by a shareholder of our Company, and not by the Company or an affiliate. We believe that the shareholder referred to in the emails was promoting its own interest and we had nothing to do with such activity. We believe we have no liability in this matter.

On January 18, 2006, counsel for the plaintiff threatened to file a complaint in the County Court in and for Miami-Dade County, Florida against the Company in an action for damages that does not exceed \$15,000, exclusive of court costs, attorney's fees and interest. The plaintiff alleged that the Company was a guarantor of a lease entered into by its Hairmax of Florida, Inc. subsidiary, which abandoned the lease and failed to pay the full rental due under the lease.

The Company has made a settlement offer to the plaintiff of an amount equal to \$9,000, and is awaiting the plaintiff's response. As part of any settlement, the Company will insist upon the execution and delivery of a binding release of all claims in favor of the Company. The Company has accrued \$9,000 in the past financial statements.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the quarter ended March 31, 2007, no unregistered securities were issued.

Item 3. Defaults Upon Senior Securities

None.

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

None.

Item 5. Other Information

None.

Item 6. Exhibits

<u>EXHIBIT NO</u>	<u>DESCRIPTION OF EXHIBIT</u>
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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: May 15, 2007

/s/ Ng Chi Shing

Ng Chi Shing
Chief Executive Officer

Date: May 15, 2007

/s/ Li Wa Tat Benedict

Li Wa Tat Benedict
Chief Financial Officer

Certification of Principal Executive Officer

I, Ng Chi Shing, Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-QSB 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officers and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(c) and 15d-15(e)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, 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 and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2007

/s/ Ng Chi Shing

Ng Chi Shing
Chief Executive Officer

Certification of Principal Financial Officer

I, Li Wa Tat Benedict, Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-QSB 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officers and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(c) and 15d-15(e)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, 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 and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2007

/s/ Li Wa Tat Benedict

Li Wa Tat Benedict
Chief Financial Officer

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 Quarterly Report on Form 10-QSB of China Digital Media Corporation (the "Company") for the three months ended March 31, 2007, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel Ng, Chief Executive Officer, and Benedict Li, 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 on the dates and for the periods presented.

/s/ Ng Chi Shing

Ng Chi Shing

Director, President, Chief Executive Officer

/s/ Li Wa Tat Benedict

Li Wa Tat Benedict

Chief Financial Officer

May 15, 2007

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.