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**FOR IMMEDIATE RELEASE**

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## **CARDIOMAG SIGNS MULTIYEAR SALES AGREEMENT WITH CHINESE DISTRIBUTOR**

**Deliveries of its Non-Invasive Cardiac Diagnostic System Expected to Exceed \$30 Million over 3 years**

**Schenectady, NY, January 5, 2005 - CardioMag Imaging, Inc. (CMI)**, located in Schenectady, NY, today announced the signing of a multiyear distribution agreement with a medical equipment company, Shenzhen Zhiheng Advanced Electrical Technology Co., located in Shenzhen, China. The exclusive agreement calls for deliveries of increasing and specified numbers of CMI's magnetocardiography (MCG) units per year, beginning immediately.

The Chinese company expects to initially introduce CardioMag's systems into some of the most prestigious locations of the approximately 20,000 hospitals across the country.

This agreement follows the very successful operation of the Company's 9-channel system that was sold over one year ago to the unique TEDA International Cardiovascular Hospital (TICH), located in Tianjin, China. TICH has agreed to serve as a central operator-training center and to lead clinical R&D efforts to promote broader applications of MCG in China.

To respond to many inquiries received from overseas, following the Company's receipt last year of FDA approval to sell its MCG systems in the U.S., as well as meeting other international regulatory requirements, CardioMag expects to negotiate similar distribution agreements with medical equipment dealers in other countries around the world.

In the U.S., the Company has targeted chest pain centers as the most likely early adopters of its unique and revolutionary technology where the focus will be on early detection and risk stratification.

**CardioMag Imaging™, Inc.**, is a privately held company formed in 1999 to transition results from over 40 years of worldwide MCG research and development based upon SQUID (Superconducting Quantum Interference Device) sensors into clinically useful, cost-effective cardiac diagnostic products. The Company is positioning itself to provide safe, lifesaving and medical cost containment solutions to the cardiac health care community by designing, manufacturing and marketing innovative medical diagnostic devices for early detection and monitoring of heart disease.

**Shenzhen Zhiheng Advanced Electrical Technology Company** designs, manufactures and markets medical equipment for the domestic Chinese market, viewing its relationship with CMI as a way to enhance its product line with a high-technology, high-end item.

**Safe Harbor Statement:** The statements presented in this press release which are not historical fact are forward looking statements which involve various important assumptions, risks, uncertainties and other factors set forth herein, including but not limited to, obtaining further FDA approvals for particular diagnostic applications, market acceptance, insurance companies reimbursement policies and the growth of medical diagnostic customer acceptance.

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