
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 31, 2019

CQENS Technologies Inc.

(Exact name of registrant as specified in its charter)

Delaware
*(State or other jurisdiction of
incorporation or organization)*

000-55470
*(Commission
File Number)*

27-1521407
*(I.R.S. Employer
Identification No.)*

5550 Nicollet Avenue, Minneapolis, MN 55419
(Address of principal executive offices)(Zip Code)

Registrant's telephone number, including area code: **(612) 812-2037**

VapAria Corporation

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| <u>Title of each class</u> | <u>Trading Symbol(s)</u> | <u>Name of each exchange on which registered</u> |
|----------------------------|--------------------------|--|
| None | n/a | n/a |

Indicate by check mark whether the registrant is an emerging growth company as defined in in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 3(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

Item 2.01 Completion of Acquisition or Disposition of Assets.

On December 31, 2019 CQENS Technologies Inc., a Delaware corporation formerly known as VapAria Corporation (the “Company”), entered into an Asset Purchase Agreement (the “Asset Purchase Agreement”) with Chong Corporation, a entity controlled by Alexander Chong, Chief Executive Officer and a member of the Board of Directors of the Company (“Chong Corporation”) pursuant to which we acquired the following assets (the “Assets”):

- the assignment of all patent applications and patent related documents and materials currently assigned to or owned or held by Chong Corporation in the field of heated tobacco/heat not burn (HnB) methods and embodiments developed by Chong Corporation (the “CQENS System”), consisting of the following:

- the provisional patent application filed by Chong Corporation on January 3, 2018, the non-provisional patent application filed by Chong Corporation on June 28, 2018 and the Patent Cooperation Treaty (PCT) application filed by Chong Corporation on January 3, 2019;
- all documents and files related to device and tobacco consumable development;
- all versions of prototyped embodiments, consisting of both device and tobacco consumable embodiments; and
- all files, correspondence, communication, data and test results related to the toxicology testing undertaken by Chong Corporation related to the CQENS System.

- exclusive licenses from Chong Corporation in the fields and applications of tobacco, nicotine, reduced tobacco risk and smoking cessation, for device patents assigned to Chong Corporation, U.S. Patent No. 9,770,564 and U.S. Patent No. 9,913,950; and

- exclusive licenses from Chong Corporation in the fields and applications of tobacco, nicotine, reduced tobacco risk and smoking cessation, for international device patents and patent applications assigned to Chong Corporation, including those issued in the People’s Republic of China, the European Union, Japan and Hong Kong, and those pending in Germany, France, Brazil, Canada and Korea, and divisional patents pending in the European Union and Japan.

The purchase price (“Purchase Price”) of the Assets was:

- 14,000,000 shares of our common stock (the “Purchase Price Shares”);

- modification of the License Agreement dated January 28, 2016 by and between the Company and Chong Corporation pursuant to which we were granted an exclusive license for the U.S. Patent App No. 14/629/279, subsequently granted U.S. Patent No. 9,283,180, limiting our rights under this License Agreement to the fields and applications of tobacco, hemp-CBD, cannabis, nicotine, reduced tobacco risk and smoking cessation; and

- modification of the License Agreement dated January 28, 2016 by and between the Company and Chong Corporation pursuant to which we were granted an exclusive license for the U.S. Patent App No. 13/453,939, subsequently granted U.S. Patent No. 9,399,110, limiting our rights under this License Agreement to the fields and applications of tobacco, nicotine, Hemp-CBD, cannabis, reduced tobacco risk and smoking cessation.

As a result of this agreement, our business and operational focus is now in the areas of heated tobacco/heat not burn (HnB) methods and devices. The Asset Purchase Agreement contains customary indemnification provisions. The foregoing description of the terms and conditions of the Asset Purchase Agreement is qualified in its entirety by reference to the agreement which is filed as Exhibit 10.1 to this report. The various patent assignments, license agreement terminations and licensed agreement modifications will be filed by amendments to this report.

Item 3.02 Unregistered Sale of Equity Securities.

On December 31, 2019 we issued Chong Corporation the Purchase Price Shares as a portion of the Purchase Price of the Assets in the transaction described elsewhere in this report. The recipient is an accredited investor and the issuance was exempt from registration under the Securities Act of 1933, as amended, in reliance on an exemption provided by Section 4(a)(2) of that act.

Item 8.01 Other Events.

Company Business Update

Following the closing of the Asset Purchase Agreement described in Item 2.01 of this report, our business and operations are now focused on commercializing the CQENS System, a patent-pending method of inductively heating tobacco and other substances and ingredients that support reduced risk (RRP), profile given that the technology prevents combustion and prevents its consumers from inhaling the dangerous byproducts of combustion. We believe that heat-not-burn (HnB) technologies will be of great interest to the international tobacco industry and the growing hemp-CBD cannabis industries. HnBs represent the latest in tobacco and inhalable technologies, and likely to supplant the electronic vapor system (EVS) technologies including e-cigarettes and electronic nicotine delivery systems. We believe HnBs, if properly designed, will avoid many of the issues that have proved troublesome for EVS' including thermal decomposition, heating irregularities and the formation and presence of high levels of acrolein and formaldehyde. In the fall of 2019 Philip Morris International introduced its HnB product to U.S. markets. This product, which was sold in more than 40 countries before entering U.S. markets, like other HnB technologies, is a device that heats a tobacco stick, rather than burning it, and testing supports claims that the product can potentially reduce the number of noxious chemicals found in cigarette smoke by 95%.

The CQENS System is supported by three patent applications, the most recent of these, a Patent Cooperation Treaty (PCT) patent application, was filed by Chong Corporation in January 2019. In May 2019 Chong Corporation was informed that the International Searching Authority (ISA) had completed its review of the PCT patent application and issued the International Search Report and Written Opinion relative to that application. The ISA found that 34 of the application's 55 claims were patentable and the remaining 21 would also be patentable if successfully amended. On September 5, 2019, Chong Corporation filed a Chapter II Demand and Article 34 Amendments with the International Bureau of the World Intellectual Property Office (WIPO) as a part of what we expect will be a successful effort to obtain a favorable opinion for all of its claims. We have succeeded to these rights with our purchase of the Assets as described earlier in this report.

According to the ISA, the CQENS Systems' method of configuring inductive heating systems, devices and tobacco consumables represent inventive embodiments and concepts of inductive, non-combusting, tobacco heating. Among the most important disclosures in the CQENS System intellectual property are those related to certain embodiments of the system that can quickly reach temperatures well above 350^C without any markers consistent with combustion while producing an inhalable aerosol.

We believe that many concepts and embodiments with respect to CQENS System address the most common consumer complaints related to currently available HnBs and systems including:

- *Start-up time* — the CQENS System is able to provide instant on/off from a consumer perspective, with less than a 2.5 second warm up time, compared to the other commercial devices that require warmups of greater than 20 seconds;
- *Consumer experience* - a CQENS System tobacco consumable is able to be enjoyed in multiple sessions unlike other devices currently on the market ; and
- *Device cleanliness* — the CQENS System eliminates the need to periodically clean the device and its components.

Independent toxicology test results of the CQENS System support our claims of rapid heating, non-combustion—even at high temperatures—and report better HPHC (harmful and potentially harmful constituents)/carbonyl test results than those reported by the Philip Morris International product.

Prior to our acquisition of the Assets, Chong Corporation had been involved in discussions with leading independent tobacco industry automation equipment manufacturers, the results of which confirmed that manufacturing the CQENS System’s tobacco consumable can be automated at competitive costs when compared to conventional cigarettes, at high volumes and by modifying machines already in use. The manufacturers also estimated that the product could be launched nine to 12 months from project initiation. We have succeeded to all rights to those discussions and contacts as part of the acquisition of the Assets.

Presently, a Version 1 prototype is ready for cosmetic industrial design, a smaller, more compact Version 2 prototype in development and the Version 3 prototype is on the drawing board. We are currently exploring a number of avenues for the commercializing of the CQENS System, including licensing and product configuration agreements within international tobacco companies, leveraging relationships our management has cultivated in China or other relationships which would permit us to best leverage this technology in the fields of hemp-CBD and legal cannabis. Accordingly, we are unable to predict at this time how the CQENS System will ultimately be commercialized or the estimated costs and further regulatory approvals which may be necessary.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

| <u>No.</u> | <u>Exhibit Description</u> | <u>Incorporated by Reference</u> | | | <u>Filed or Furnished Herewith</u> |
|------------|--|----------------------------------|-----------------------|---------------|--|
| | | <u>Form</u> | <u>Date Filed</u> | <u>Number</u> | |
| 10.1 | <u>Asset Purchase Agreement dated December 31, 2019 by and between CQENS Technologies Inc. and Chong Corporation</u> | | | | Filed |

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 hereunto duly authorized.

CQENS Technologies Inc.

Date: January 2, 2020

By: /s/ William P. Bartkowski

William P. Bartkowski, President

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (“**Agreement**”) dated December 31, 2019, is by and between CQENS Technologies Inc., formerly known as VapAria Corporation, a corporation organized under the laws of the State of Delaware and having an office for the transaction of business at 5550 Nicollet Avenue, Minneapolis, MN 55419 (the “**Buyer**”), and Chong Corporation, a corporation organized under the laws of the State of Minnesota and having an office for the transaction of business at 5550 Nicollet Avenue, Minneapolis, MN 55419 (the “**Seller**”).

WHEREAS, the Seller owns certain patent applications, patents, designs, embodiments, other intellectual property rights, and prototypes in the fields of: (i) heat-not-burn methods of tobacco and other active ingredients, including hemp-CBD and cannabis; and (ii) tobacco, nicotine, reduced tobacco risk and smoking cessation.

WHEREAS, the Seller desires to convey, sell and assign to Buyer all of each Seller’s right, title and interest in and to the Assets (as hereinafter defined), upon the terms and conditions contained in this Agreement.

WHEREAS, the Buyer desires to purchase the Assets upon the terms and conditions contained in this Agreement.

WHEREAS, the Seller is an Affiliate of the Buyer.

NOW THEREFORE, in consideration of the mutual promises and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Definitions and Interpretation.

1.1 Definitions. In this Agreement:

“**Affiliate**” means, with respect to any Person, any other Person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person, and the term “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities, by contract or otherwise;

“**Assets**” shall have the definition set forth in Section 2.1 of this Agreement;

“**Buyer’s Common Stock**” shall mean the common stock, par value \$0.0001 per share, of the Buyer;

“**Commission**” means the United States Securities and Exchange Commission;

“**Closing**” shall have the meaning set forth in Section 6 of this Agreement;

“**Closing Date**” shall have the meaning set forth in Section 6 of this Agreement;

“**Exchange Act**” means the United States Securities Exchange Act of 1934, as amended;

“Governmental Entity” means any federal, state or local government or any court, administrative or regulatory agency or commission or other governmental authority or agency, domestic or foreign;

“Intellectual Property” means any of the following, to the extent that any of the following are used by Seller or held for use by Seller in connection with the Assets as of the Closing Date: (i) all United States and foreign patent applications, patents and statutory invention registrations, (ii) all unpatented inventions that have not yet been the subject of a patent application, (iii) all United States and foreign trademark, trade name, service mark, collective mark, and certification mark registrations and applications therefor at the federal, state or local level, (iv) all trademarks, (vi) all copyrightable works of authorship that have not been the subject of a copyright registration or application therefor, including but not limited to software (including proprietary software, source code, executable code, object code, firmware, development tools, test suites, design specs, files, records and data, processes, protocols, scripts, routines used to process data), web sites (including related computer code and content) data, databases and related documentation, media on which any of the foregoing is recorded, and improvements, modifications, enhancements, versions and releases relating thereto), software code, manuals and other text works, photographs, video recordings, and audio recordings, admin rights and software support agreements (vii) all trade secrets, proprietary information, databases and data, (viii) all mask works, (ix) all proprietary data formulae, (x) all rights in internet web sites and internet domain names, and (xi) registrations and applications for registration of any of the foregoing;

“Intellectual Property Rights” means all Intellectual Property that Seller owns in whole or in part and/or in which Seller has a valid claim of ownership in whole or in part (such as a contract right of assignment from an employee or independent contractor);

“International Device Patents and Patent Applications” shall have the meaning set forth on Schedule 2.1;

“Liability” or **“Liabilities”** mean any and all debts, liabilities, commitments and obligations, whether fixed, contingent or absolute, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, whenever or however arising (including whether arising out of any contract or tort based on negligence or strict liability) and whether or not the same would be required by U.S. generally accepted accounting principles;

“License Agreement” means the License Agreement dated January 28, 2016 by and between the Buyer and the Seller;

“Lien” means any right which (a) shall entitle any Person to terminate, amend, accelerate or cancel any agreement, option, license or other instrument to which Buyer or Seller is a party by reason of the occurrence of (i) a violation, breach or default thereunder by Buyer or Seller, as the case may be; or (ii) an event which with or without notice or lapse of time or both would become a default thereunder; or (b) if exercised by the holder thereof, will (i) entitle such Person to accelerate the performance of any obligations or the payment of any sums owed by Buyer or Seller, as the case may be, under any agreement, option, license or other instrument, or (ii) result in any loss of any benefit under, or the creation of any pledges, claims, equities, options, liens, charges, call rights, rights of first refusal, “tag” or “drag” along rights, encumbrances and security interests of any kind or nature whatsoever on any of the property or assets of Buyer or Seller;

“Material Adverse Effect” means any effect or change that would be materially adverse to the business, assets, condition (financial or otherwise), operating results, operations, or business prospects of Buyer or Seller, as the case may be, taken as a whole, or on the ability of any party to consummate timely the transactions contemplated hereby;

organization; “**Person**” means a natural person, company, corporation, partnership, association, trust or any unincorporated organization;

“**Purchase Price**” shall have the meaning set forth in Section 2.3 of this Agreement;

“**Securities Act**” means the Securities Exchange Act of 1933, as amended; and

“**U.S. Device Patents**” shall have the meaning set forth on Schedule 2.1.

1.2 Interpretation.

1.2.1 As used in this Agreement, unless the context clearly indicates otherwise:

(a) words used in the singular include the plural and words in the plural include the singular;

(b) reference to any Person includes such person’s successors and assigns, but only if such successors and assigns are permitted by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity;

(c) reference to any gender includes the other gender;

(d) whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation” or “but not limited to” or words of similar import;

(e) reference to any Section means such Section of this Agreement, and references in any Section or definition to any clause means such clause of such Section or definition;

(f) the words “herein,” “hereunder,” “hereof,” “hereto” and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Section or other provision hereof;

(g) reference to any agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and by this Agreement;

(h) reference to any law (including statutes and ordinances) means such law (including all rules and regulations promulgated thereunder) as amended, modified, codified or reenacted, in whole or in part, and in effect at the time of determining compliance or applicability, and reference to any particular provision of any law shall be interpreted to include any revision of or successor to that provision regardless of how numbered or classified;

(i) relative to the determination of any period of time, “from” means “from and including,” “to” means “to but excluding” and “through” means “through and including”; and

(j) the titles and headings of Sections contained in this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of or to affect the meaning or interpretation of this Agreement.

1.2.2 This Agreement was negotiated by the parties with the benefit of legal representation, and no rule of construction or interpretation otherwise requiring this Agreement to be construed or interpreted against any party shall apply to any construction or interpretation hereof. This Agreement shall be interpreted and construed to the maximum extent possible so as to uphold the enforceability of each of the terms and provisions hereof, it being understood and acknowledged that this Agreement was entered into by the parties after substantial negotiations and with full awareness by the parties of the terms and provisions hereof and the consequences thereof.

1.2.3 Where a statement in this Agreement is qualified by the expression “to the best of Buyer’s knowledge,” “to the best of Seller’s knowledge,” “so far as Buyer is aware,” or “so far as Seller is aware” or any similar expression shall be deemed to include Buyer’s or Seller’s actual knowledge and what Buyer or Seller should have known after due and careful inquiry of the President or Chief Executive Officer, the members of the Board of Directors and any relevant person(s) involved in the management of the business of Buyer and Seller.

2. Sale and Purchase of Assets.

2.1 **Sale and Purchase of Assets.** Subject to the terms and conditions of this Agreement, at the Closing (as hereinafter defined), the Seller shall sell assign, transfer, convey and deliver to Buyer, and Buyer shall purchase from the Seller, free and clear of any encumbrances all of the right, title and interest, in, and to those assets of Seller identified on Schedule 2.1 (the “**Assets**”).

2.2 **Liabilities Excluded.** Buyer shall not assume any Liabilities of Seller related to the Assets, either directly or indirectly, and any and all such other Liabilities as they relate to the Assets shall be satisfied by Seller in full prior to the Closing of this Agreement.

2.3. **Purchase Price.** The purchase price for the Assets (the “**Purchase Price**”) is:

(a) Fourteen million (14,000,000) shares of Buyer’s Common Stock;

(b) modification of the License Agreement pursuant to which the Buyer was granted an exclusive license by the Seller for the U.S. Patent App No. 14/629/279, subsequently granted U.S. Patent No. 9,283,180, limiting Buyer’s rights under the License Agreement to the fields and applications of tobacco, hemp-CBD, cannabis, nicotine, reduced tobacco risk and smoking cessation; and

(c) modification of the License Agreement pursuant to which the Buyer was granted an exclusive license by the Seller for the U.S. Patent App No. 13/453,939, subsequently granted U.S. Patent No. 9,399,110, limiting Buyer’s rights under the License Agreement to the fields and applications of tobacco, nicotine, hemp-CBD, cannabis, reduced tobacco risk and smoking cessation.

The issuance of the shares of Buyer’s Common Stock shall be exempt from registration under the Securities Act in reliance on an exemption provided by Section 4(a)(2) of that act.

3. **Representations and Warranties of Seller.** The Seller hereby makes the following representations and warranties to the Buyer as of the date hereof and as of the Closing Date (as hereinafter defined).

3.1 **Organization and Good Standing.** Seller is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its organization, with full corporate power and authority to own, lease and operate its business and properties and to carry on business in the places and in the manner as presently conducted or proposed to be conducted. Seller is in good standing as a foreign corporation in each jurisdiction in which the properties owned, leased or operated, or the business conducted, by it requires such qualification except where the failure to so qualify would not have a Material Adverse Effect the consummation of the transactions contemplated hereby.

3.2 Authority and Enforcement. Seller has all requisite corporate power and authority to execute and deliver this Agreement, and to consummate the transactions contemplated hereby. Seller has taken all corporate action necessary for the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, and this Agreement constitutes the valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as may be affected by bankruptcy, insolvency, moratoria or other similar laws affecting the enforcement of creditors' rights generally and subject to the qualification that the availability of equitable remedies is subject to the discretion of the court before which any proceeding therefor may be brought.

3.3 No Conflicts or Defaults. The execution and delivery of this Agreement by Seller and the consummation of the transactions contemplated hereby do not and shall not with or without the giving of notice or the passage of time (i) violate, conflict with, or result in a breach of, or a default or loss of rights under, any covenant, agreement, mortgage, indenture, lease, instrument, permit or license to which the Seller is a party or by which the Seller or the Assets are bound, or any judgment, order or decree, or any law, rule or regulation to which the Seller is subject, (ii) result in the creation of, or give any party the right to create, any Lien upon any of the Assets, (iii) terminate or give any party the right to terminate, amend, abandon or refuse to perform, any material agreement, arrangement or commitment relating to the Assets, or (iv) have a Material Adverse Effect on the Assets or consummation of the transactions contemplated hereby.

3.4 Consents of Third Parties. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby by Seller does not require the consent of any Person or, if required, such consent has or will be obtained in writing, prior to the Closing.

3.5 Actions Pending. There is no action, suit, claim, investigation or proceeding pending or, to the knowledge of Seller, threatened against Seller, which questions the validity of this Agreement or the transactions contemplated hereby or any action taken or to be taken pursuant hereto or thereto. There is no action, suit, claim, investigation or proceeding pending or, to the knowledge of Seller, threatened against or involving Seller or any of the Assets. There are no outstanding orders, judgments, injunctions, awards or decrees of any court, arbitrator or Governmental Entity against the Seller or any of the Assets.

3.6 Title to Assets. The Seller is the sole and exclusive owner of and has good, valid and marketable title to, free and clear of all Liens, to the Assets, including all Intellectual Property Rights; Seller has not transferred ownership of, or granted any exclusive or non-exclusive license with respect to, any of the Assets, including any Intellectual Property Rights, to any Person; and Seller has not permitted the rights of Seller in Intellectual Property Rights to enter into the public domain. The consummation of the transactions contemplated by this Agreement will not result in the loss or impairment of any of the Intellectual Property Rights. To the Seller's knowledge, there are no third parties using any of the Intellectual Property Rights. The Seller has instituted, maintained and enforced commercially reasonable measures (including the entering into of appropriate written agreements with present employees and consultants) to maintain the ownership and confidentiality of the Intellectual Property Rights. To the best of Seller's knowledge, such Intellectual Property Rights do not infringe upon or otherwise violate the rights of any third person, and the Seller has not received notice of any such infringement or violation.

3.7 Brokers. All negotiations relative to this Agreement and the transactions contemplated hereby have been carried without the intervention of any person in such a manner as to give rise to any valid claim by any person against Seller for a finder's fee, brokerage commission or similar payment.

3.8 Investment Representations. The Seller is acquiring the shares of Buyer's Common Stock for its own account with the present intention of holding such securities for purposes of investment, and it has no intention of distributing such Buyer's Common Stock, or selling, transferring or otherwise disposing of such Buyer's Common Stock in a public distribution, in any of such instances, in violation of the federal securities laws of the United States of America. Seller understands that (a) the shares of Buyer's Common Stock are "restricted securities," as defined in Rule 144 promulgated under the Securities Act; (b) such shares of Buyer's Common Stock have not been registered under the Securities Act, and are being issued in reliance on exemptions for private offerings contained in Section 4(a)(2) of the Securities Act; (c) the Buyer has no any obligation to so register the shares of Buyer's Common Stock; and (d) the shares of Buyer's Common Stock may not be distributed, re-offered or resold except through a valid and effective registration statement or pursuant to a valid exemption from the registration requirements under the Securities Act. The certificate evidencing the shares of Buyer's Common Stock shall contain the following legend:

"The shares of common stock evidenced by this certificate have not been registered under the Securities Act of 1933, as amended (the "Act"). Such shares may not be sold, transferred, pledged, hypothecated or otherwise disposed of unless they have been so registered or the issuer shall have received an opinion of counsel satisfactory to it to the effect that registration thereof for purposes of transfer is not required under the Act or the securities laws of any state."

3.9 Information on the Buyer. The Seller has been provided access via the Commission's public website at www.sec.gov/EDGAR with access to copies of Buyer's Annual Report on Form 10-K for the period ended December 31, 2018 and its other filings with the Commission, and represents and warrants that it has read and reviewed these reports, together with Buyer's other filings with the Commission. The Seller is an accredited investor who has such knowledge and experience in financial, tax and other business matters as to enable it to evaluate the merits and risks of, and to make an informed investment decision with respect to, the shares of Buyer's Common Stock and this Agreement. The Seller, either alone or together with its advisors, has such knowledge and experience in financial, tax, and business matters, and, in particular, investments in securities, so as to enable it to utilize the information made available to it in connection with the transactions contemplated hereby, to evaluate the merits and risks of an investment in the shares of Buyer's Common Stock and to make an informed investment decision with respect thereto. The Seller understands that its acquisition of the shares of Buyer's Common Stock is a speculative investment, and the Seller represents that it is able to bear the risk of such investment for an indefinite period and can afford a complete loss thereof. The Seller is an Affiliate of the Buyer; the principal executive officer and control person of the Seller is also a member of the Board of Directors, Chief Executive Officer and principal stockholder of the Buyer.

3.10 Disclosure. The representations, warranties and acknowledgments of Seller set forth herein are true, complete and accurate in all material respects, do not omit to state any material fact, or omit any fact necessary to make such representations, warranties and acknowledgments, in light of the circumstances under which they are made, not misleading.

4. Representations and Warranties of the Buyer. The Buyer hereby makes the following representations and warranties to Seller, as of the date hereof and as of the Closing Date.

4.1 Organization and Good Standing. Buyer is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its organization, with full corporate power and authority to own, lease and operate its business and properties and to carry on business in the places and in the manner as presently conducted or proposed to be conducted. Buyer is in good standing as a foreign corporation in each jurisdiction in which the properties owned, leased or operated, or the business conducted, by it requires such qualification except where the failure to so qualify would not have a Material Adverse Effect on the consummation of the transactions contemplated hereby.

4.2 Authority and Enforcement. Buyer has all requisite corporate power and authority to execute and deliver this Agreement, and to consummate the transactions contemplated hereby. Buyer has taken all corporate action necessary for the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, and this Agreement constitutes the valid and binding obligation of the Buyer, enforceable against it in accordance with its terms, except as may be affected by bankruptcy, insolvency, moratorium or other similar laws affecting the enforcement of creditors' rights generally and subject to the qualification that the availability of equitable remedies is subject to the discretion of the court before which any proceeding therefor may be brought.

4.3 No Conflicts or Defaults. The execution and delivery of this Agreement by Buyer and the consummation of the transactions contemplated hereby do not and shall not with or without the giving of notice or the passage of time (i) violate, conflict with, or result in a breach of, or a default or loss of rights under, any covenant, agreement, mortgage, indenture, lease, instrument, permit or license to which the Buyer is a party, or any judgment, order or decree, or any law, rule or regulation to which the Buyer is subject, (ii) terminate or give any party the right to terminate, amend, abandon or refuse to perform, any material agreement, arrangement or commitment, or (iii) have a Material Adverse Effect on the consummation of the transactions contemplated hereby.

4.4 Buyer's Common Stock. The shares of Buyer's Common Stock have been duly authorized, and upon issuance pursuant to the provisions hereof, will be validly issued, fully paid and non-assessable.

4.5 Actions Pending. There is no action, suit, claim, investigation or proceeding pending or, to the knowledge of the Buyer, threatened against the Buyer which questions the validity of this Agreement or the transactions contemplated hereby or any action taken or to be taken pursuant hereto or thereto.

5. Conditions to Closing.

5.1 Conditions Precedent to Buyer's Obligation to Close. The obligation of Buyer to consummate the transactions contemplated by this Agreement is subject to satisfaction of the following conditions on or prior to the Closing Date:

(a) The representations and warranties of the Seller set forth in Section 3 above shall be true and correct in all material respects at and as of the Closing Date;

(b) The Seller shall have performed and complied with all of its covenants hereunder and the covenants it has made regarding the Seller hereunder in all material respects through the Closing Date;

(c) No action, suit, or proceeding shall be pending or threatened before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator wherein an unfavorable injunction, judgment, order, decree, ruling, or charge would (i) prevent or adversely affect Seller's consummation of any of the transactions contemplated by this Agreement or (ii) cause any of the transactions contemplated by this Agreement to be rescinded following consummation (and no such injunction, judgment, order, decree, ruling, or charge shall be in effect);

(d) No material adverse change shall have taken place with respect to the Business, the Seller or Assets, and no event shall have occurred that results in a Material Adverse Effect;

(e) Seller shall have delivered to Buyer a certificate stating that all of the conditions specified above in Section 5.1(d) - (e) has been complied with;

(f) All actions to be taken by Seller in connection with consummation of the transactions contemplated hereby and all certificates, opinions, instruments, and other documents required to effect the transactions contemplated hereby will be reasonably satisfactory in form and substance to the Buyer.

5.2 Conditions Precedent to Seller's Obligation to Close. The obligation of the Seller to consummate the transactions contemplated hereby is subject to satisfaction of the following conditions on or prior to the Closing Date:

(a) The representations and warranties of the Buyer set forth in Section 4 above shall be true and correct in all material respects at and as of the Closing Date;

(b) The Buyer shall have performed and complied with all of its respective covenants hereunder in all material respects through the Closing Date;

(c) No action, suit, or proceeding shall be pending or threatened before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator wherein an unfavorable injunction, judgment, order, decree, ruling, or charge would (i) prevent or adversely affect Buyer's consummation of any of the transactions contemplated by this Agreement or (ii) cause any of the transactions contemplated by this Agreement to be rescinded following consummation (and no such injunction, judgment, order, decree, ruling, or charge shall be in effect);

(d) No material adverse change shall have taken place with respect to the Buyer, and no event shall have occurred that results in a Material Adverse Effect;

(e) Buyer shall have delivered to the Seller a certificate to the effect that each of the conditions specified above in Sections 5.2(a) - (d) has been complied with in all respects; and

(f) All actions to be taken by the Buyer in connection with consummation of the transactions contemplated hereby and all certificates, opinions, instruments, and other documents required to effect the transactions contemplated hereby will be reasonably satisfactory in form and substance to Seller.

6. Closing; Closing Date. A closing (the "**Closing**") of the transactions contemplated hereby will take place at the offices of Buyer within three (3) business days following the satisfaction of the Closing conditions described in Section 5 herein (the "**Closing Date**") or at such other place, and on such other date, as the parties may agree in writing.

7. Documents to be Delivered at the Closing.

7.1 Documents to be Delivered by Seller. At the Closing, the Seller shall deliver, or cause to be delivered, to Buyer the following:

(a) a duly executed bill of sale, dated the Closing Date, transferring to Buyer all of Seller's right, title and interest in and to the Assets together with possession of the Assets;

(b) a duly executed assignment, transferring to Buyer all of Seller's right, title and interest in and to the contracts, agreements, contract rights and Intellectual Property included in the Assets, accompanied by any third party consents as may be required;

(c) the certificate required by Section 5.1(e) above;

(d) a duly executed agreement modifying the License Agreement pursuant to which the Buyer was granted an exclusive license for the U.S. Patent App No. 14/629/279, subsequently granted U.S. Patent No. 9,283,180, limiting the Buyer's rights under the License Agreement to the fields and applications of tobacco, hemp-CBD, cannabis, nicotine, reduced tobacco risk and smoking cessation;

(e) a duly executed agreement modifying the License Agreement pursuant to which the Buyer was granted an exclusive license for the U.S. Patent App No. 13/453,939, subsequently granted U.S. Patent No. 9,399,110, limiting the Buyer's rights under the License Agreement to the fields and applications of tobacco, nicotine, hemp-CBD, cannabis, reduced tobacco risk and smoking cessation;

(f) a duly executed exclusive license to the Buyer from the Seller for the U.S. Device Patents;

(g) duly executed exclusive licenses from the Seller to the Buyer for the International Device Patents and Patent Applications; and

(h) such other certificates, documents and instruments as Buyer may have reasonably requested in connection with the transaction contemplated hereby.

7.2 Documents to be Delivered by Buyer. At the Closing, Buyer shall deliver to Seller the following:

(a) the certificate required by Section 5.2(e);

(b) a letter authorizing the Buyer's transfer agent to issue shares of Buyer's Common Stock the Seller's account;

(c) a duly executed addendum to the License Agreement pursuant to which the Buyer was granted an exclusive license for the U.S. Patent App No. 14/629/279, subsequently granted U.S. Patent No. 9,283,180, limiting the Buyer's rights under the License Agreement to the fields and applications of tobacco, hemp-CBD, cannabis, nicotine, reduced tobacco risk and smoking cessation;

(d) a duly executed addendum to the License Agreement pursuant to which the Buyer was granted an exclusive license for the U.S. Patent App No. 13/453,939, subsequently granted U.S. Patent No. 9,399,110, limiting Buyer's rights under this License Agreement to the fields and applications of tobacco, nicotine, hemp-CBD, cannabis, reduced tobacco risk and smoking cessation;

(e) duly executed exclusive licenses from the Buyer to the Seller for the U.S. Device Patents;

(f) duly executed exclusive licenses from the Buyer to the Seller for the International Device Patents and Patent Applications; and

(g) such other certificates, documents and instruments as Seller may have reasonably requested in connection with the transaction contemplated hereby.

8. Further Assurances. If, at any time after the Closing, the parties shall consider or be advised that any further deeds, assignments or assurances in law or that any other things are necessary, desirable or proper to complete the transactions contemplated hereby in accordance with the terms of this agreement or to vest, perfect or confirm, of record or otherwise, the title to any property or rights of the parties hereto, the parties agree that their proper officers and directors shall execute and deliver all such proper deeds, assignments and assurances in law and do all things necessary, desirable or proper to vest, perfect or confirm title to such property or rights and otherwise to carry out the purpose of this Agreement, and that the proper officers and directors the parties are fully authorized to take any and all such action.

9. Indemnification and Related Matters.

9.1 Indemnification by Seller. The Seller hereby indemnifies and holds each of Buyer harmless from and against any and all damages, losses, Liabilities, obligations, costs or expenses incurred by Buyer and arising out of the breach of any representation or warranty of Seller hereunder, and/or Seller's failure to perform any covenant or obligation required to be performed by it hereunder.

9.2 Indemnification by Buyer. Buyer hereby indemnify and hold Seller harmless from and against any and all damages, losses, Liabilities, obligations, costs or expenses incurred by Seller arising out of the breach of any representation or warranty of Buyer hereunder, and/or Buyer's failure to perform any covenant or obligation required to be performed by it hereunder.

9.3 Procedure for Indemnification. Any party entitled to indemnification under this Section 9 (an "**Indemnified Party**") will give written notice to the indemnifying party of any matters giving rise to a claim for indemnification; provided, that the failure of any party entitled to indemnification hereunder to give notice as provided herein shall not relieve the indemnifying party of its obligations under this Section 9 except to the extent that the indemnifying party is actually prejudiced by such failure to give notice. In case any action, proceeding or claim is brought against an Indemnified Party in respect of which indemnification is sought hereunder, the indemnifying party shall be entitled to participate in and, unless in the reasonable judgment of counsel to the Indemnified Party a conflict of interest between it and the indemnifying party may exist with respect of such action, proceeding or claim, to assume the defense thereof with counsel reasonably satisfactory to the Indemnified Party. In the event that the indemnifying party advises an Indemnified Party that it will contest such a claim for indemnification hereunder, or fails, within 30 days of receipt of any indemnification notice to notify, in writing, such person of its election to defend, settle or compromise, at its sole cost and expense, any action, proceeding or claim (or discontinues its defense at any time after it commences such defense), then the Indemnified Party may, at its option, defend, settle or otherwise compromise or pay such action or claim. In any event, unless and until the indemnifying party elects in writing to assume and does so assume the defense of any such claim, proceeding or action, the Indemnified Party's costs and expenses arising out of the defense, settlement or compromise of any such action, claim or proceeding shall be losses subject to indemnification hereunder. The Indemnified Party shall cooperate fully with the indemnifying party in connection with any settlement negotiations or defense of any such action or claim by the indemnifying party and shall furnish to the indemnifying party all information reasonably available to the Indemnified Party, which relates to such action or claim. The indemnifying party shall keep the Indemnified Party fully apprised at all times as to the status of the defense or any settlement negotiations with respect thereto. If the indemnifying party elects to defend any such action or claim, then the Indemnified Party shall be entitled to participate in such defense with counsel of its choice at its sole cost and expense. The indemnifying party shall not be liable for any settlement of any action, claim or proceeding affected without its prior written consent. Notwithstanding anything in this Section 9 to the contrary, the indemnifying party shall not, without the Indemnified Party's prior written consent, settle or compromise any claim or consent to entry of any judgment in respect thereof which imposes any future obligation on the Indemnified Party or which does not include, as an unconditional term thereof, the giving by the claimant or the plaintiff to the Indemnified Party of a release from all liability in respect of such claim. The indemnity agreements contained herein shall be in addition to (a) any cause of action or similar rights of the Indemnified Party against the indemnifying party or others, and (b) any liabilities the indemnifying party may be subject to.

9.4 Time for Assertion. No party to this Agreement shall have any liability (for indemnification or otherwise) with respect to any representation, warranty or covenant or obligation to be performed and complied hereunder, unless notice of any such liability is provided on or before thirty-six (36) months from the Closing Date.

10. Termination.

10.1 Termination by Mutual Consent. This Agreement may be terminated by mutual consent of the parties, in writing, signed by each of the parties hereto.

10.2 Termination by Buyer. This Agreement may be terminated by Buyer, by written notice to Seller, in the event of a material breach of any representation or warranty of Seller hereunder, or in the event Seller fails to perform any material covenant or obligation required to be performed by it hereunder and such failure remains uncured for ten (10) days following such written notice.

10.4 Termination by Seller. This Agreement may be terminated by Seller, by written notice to Buyer, in the event of a material breach of any representation or warranty of Buyer hereunder, or in the event Buyer fails to perform any material covenant or obligation required to be performed by it hereunder and such failure remains uncured for ten (10) days following such written notice.

10.5 Effect of Termination. Termination of this Agreement under Section 10.02, 10.03 or 10.04 hereof shall not preclude the parties from pursuing all remedies available to them under applicable law arising by reason of such termination.

11. Miscellaneous.

11.1 Expenses. Except as specifically set forth herein, Buyer and the Seller shall bear their own respective expenses incurred in connection with this Agreement and in connection with all obligations required to be performed by each of them under this Agreement.

11.2 Entire Agreement; No Waiver. This Agreement and any instruments and agreements to be executed pursuant to this Agreement, sets forth the entire understanding of the parties hereto with respect to its subject matter, merges and supersedes all prior and contemporaneous understandings with respect to its subject matter and may not be waived or modified, in whole or in part, except by a writing signed by each of the parties hereto. No waiver of any provision of this Agreement in any instance shall be deemed to be a waiver of the same or any other provision in any other instance. Failure of any party to enforce any provision of this Agreement shall not be construed as a waiver of its rights under such provision.

11.3 Jurisdiction and Governing Law. This Agreement shall be governed and construed under and in accordance with the laws of the State of Delaware. Each of the parties hereto expressly and irrevocably (1) agree that any legal suit, action or proceeding arising out of or relating to this Agreement will be instituted exclusively in United States District Court for the District of Minnesota, (2) waive any objection they may have now or hereafter to the venue of any such suit, action or proceeding, and (3) consent to the in person jurisdiction of United States District Court for the District of Minnesota in any such suit, action or proceeding. Each of the parties hereto further agrees to accept and acknowledge service of any and all process which may be served in any such suit, action or proceeding in the United States District Court for the District of Minnesota and agree that service of process upon it mailed by certified mail to its address will be deemed in every respect effective service of process upon it, in any such suit, action or proceeding. **THE PARTIES HERETO AGREE TO WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY DOCUMENT OR AGREEMENT CONTEMPLATED HEREBY. THE PARTY PREVAILING THEREIN SHALL BE ENTITLED TO PAYMENT FROM THE OTHER PARTY HERETO OF ALL OF ITS REASONABLE COUNSEL FEES AND DISBURSEMENTS.**

11.4 Role of Counsel. Seller acknowledges its understanding that this Agreement was prepared at the request of Buyer by Pearlman Law Group LLP, its counsel, and that such firm did not represent Seller in conjunction with this Agreement or any of the related transactions. Seller, as further evidenced by its signature below, acknowledges that it has had the opportunity to obtain the advice of independent counsel of its choosing prior to its execution of this Agreement and that it has availed itself of this opportunity to the extent it deemed necessary and advisable.

11.5 Construction. Headings contained in this Agreement are for convenience only and shall not be used in the interpretation of this Agreement. References herein to Articles, Sections and Exhibits are to the articles, sections and exhibits, respectively, of this Agreement. As used herein, the singular includes the plural, and the masculine, feminine and neuter gender each includes the others where the context so indicates.

11.6 Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed given when delivered personally (including by confirmed legible telecopier transmission) or mailed by certified mail, return receipt requested, or by overnight mail properly received to the parties at the addresses set forth earlier in this Agreement or to such address as a party may have specified by notice given to the other party pursuant to this provision.

11.7 Separability. In the event that any provision hereof would, under applicable law, be invalid or enforceable in any respect, such provision shall be construed by modifying or limiting it so as to be valid and enforceable to the maximum extent compatible with, and permissible under, applicable law. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement which shall remain in full force and effect.

11.8 Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. Nothing in this Agreement shall create or be deemed to create any third party beneficiary rights in any person or entity not a party to this Agreement. No assignment of this Agreement or of any rights or obligation hereunder may be made by either party (by operation of law or otherwise) without the prior written consent of the other and any attempted assignment without the required consent shall be void; *provided, however*, that no such consent shall be required of Buyer to assign part or all of its rights under this Agreement to one or more of its subsidiaries or affiliates.

11.9 Counterparts. This Agreement may be executed in counterparts, each of which shall be an original, but which together shall constitute one and the same Agreement.

CQENS Technologies Inc.

By: /s/ William P. Bartkowski

William P. Bartkowski, President and Chief Operating Officer

Chong Corporation

By: /s/ Alexander Chong

Alexander Chong, Chief Executive Officer

Schedule 2.1

ASSETS

1. The assignments of all documents related to all intellectual property held by Buyer in the field of heated tobacco/heat not burn (HnB) methods and embodiments developed by Buyer (the “**CQENS System**”), consisting of the following:

a. the provisional patent application filed by Buyer on January 3, 2018, the non-provisional patent application filed by Buyer on June 28, 2018 and the PCT application filed by buyer on January 3, 2019;

b. All documents and files related to device and tobacco consumable development;

c. All versions of prototyped embodiments, consisting of both device and tobacco consumable embodiments; and

d. All files, correspondence, communication, data and test results related to the toxicology testing undertaken by Seller related to the CQENS System.

2. Exclusive licenses to Buyer from Seller in the fields and applications of tobacco, nicotine, reduced tobacco risk and smoking cessation, for device patents assigned to Seller pursuant to U.S. Patent No. 9,770,564 and U.S. Patent No. 9,913,950 (collectively, the “**U.S. Device Patents**”); and

3. Exclusive licenses to Buyer from Seller in the fields and applications of tobacco, nicotine, reduced tobacco risk and smoking cessation, for international device patents and patent applications assigned to Seller, including those issued in the People’s Republic of China, the European Union, Japan and Hong Kong, and those pending in Germany, France, Brazil, Canada and Korea, and divisional patents pending in the European Union and Japan (collectively, the “**International Device Patents and Patent Applications**”).