

LARGO VISTA GROUP LTD  
Form 10KSB/A  
November 22, 2005

U.S. SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-KSB/A  
AMENDMENT NO. 2

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2004

Commission file number 000-30426

LARGO VISTA GROUP, LTD.  
(Name of Small Business Issuer in its charter)

|  |                                      |
|--|--------------------------------------|
| Nevada   | 76-0434540                           |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

|  |            |
|--|------------|
| 4570 Campus Drive<br>Newport Beach, California | 92660      |
| (Address of principal executive offices)       | (Zip Code) |

Issuer's telephone number (949) 252-2180

Securities registered under Section 12(b) of the Act: None

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

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

Check if there is no disclosure of delinquent filers pursuant to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. ☐

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

The revenues for the year ended December 31, 2004 were \$439,436.

The market value of the voting and non-voting common stock held by non-affiliates of the registrant as of April 14, 2005 was approximately \$32,774,499.

The number of shares of Common Stock outstanding as of April 14, 2005 was 375,000,000.

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## EXPLANATORY NOTE

This Annual Report on Form 10-KSB/A amends our previously filed Annual Report on Form 10-KSB for the fiscal year ended December 31, 2004. This amendment is being filed for four reasons. First, to clarify disclosures relating to the Company's LPG business in China. Second, to clarify disclosures relating to the Company's contract with Shanghai Oil. Both of these disclosures are found in the section describing the business of the Company, beginning on page 2. Third, to add a table showing the breakdown of the Company's revenues in the Management's Discussion and Analysis section on page 15. Fourth, to add a disclosure in the Subsequent Events section on page 42.

LARGO VISTA GROUP, LTD.  
FORM 10-KSB  
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## **PART I**

### **Item 1. DESCRIPTION OF BUSINESS**

#### **Business Development**

Largo Vista Group, Ltd. ("Largo Vista" or the "Company") was formed under the laws of the State of Nevada on January 16, 1987 under the name, "The George Group". On January 9, 1989, The George Group acquired Waste Service Technologies, Inc. ("WST"), an Oregon corporation, and filed a name change in Nevada and changed its name to WST, listed its stock, and began trading on OTC bulletin Board.

On April 15, 1994, WST acquired Largo Vista, Inc., a California corporation, and filed a name change in Nevada to change WST's name to Largo Vista Group, Ltd., OTC bulletin Board symbol "LGOV". Largo Vista originally planned to develop housing in China, but after shipping two factory built homes to China, never fully implemented plans due to unanticipated financing, environmental and regulatory complications.

Unless the context otherwise requires, all references to the Company include its wholly-owned subsidiaries, Largo Vista, Inc., an inactive California corporation, Largo Vista Construction, Inc., an inactive Nevada corporation, and Largo Vista International, Corp., an inactive Panama corporation. Largo Vista also has operations through Doing Business As ("DBA") agreements with Zunyi Shilin Xinmao Petrochemical Industries Co. Ltd, ("Zunyi") and Jiahong Gas Co., Ltd. ("Jiahong"), both registered under the Chinese laws in the Peoples Republic of China, Guizhou Province.

#### **Business of the Issuer**

Through DBA agreements with Zunyi and Jiahong, Largo Vista is engaged in the business of purchasing and reselling liquid petroleum gas ("LPG") in the retail and wholesale markets to both residential and commercial consumers. Largo Vista operated a storage depot and has an office headquarters in the City of Zunyi. Largo Vista has found the storage depot operations to be unprofitable; and therefore has terminated those operations in order to concentrate its resources on supplying LPG in bottles and through pipelines.

In February 2002, Largo Vista's China operations entered into an agreement with the Zunyi Municipal Government to design and install LPG pipeline systems in residential areas in the city of Zunyi. In exchange for installing the pipeline, the agreement provides for the Largo Vista to be the sole LPG supplier for those households for 40 years. Largo Vista substantially completed the installation of the LPG pipeline in 2002 and continues to operate the pipeline.

In May 2003, Largo Vista's China operations entered into its second agreement with Zunyi Municipal Government to design and install more LPG pipeline systems in residential areas in the city of Zunyi, China. The pipeline project was substantially completed in December of 2004. These two pipelines currently serve approximately 440 customers. When natural gas becomes available to the area, these pipelines will be in place to deliver that commodity to the same customers.

In addition, Largo Vista has contracted with a private developer to construct four additional pipelines in the same area. Pipeline Number 3 will serve 42 condominiums and is currently under construction, with completion estimated in July of 2005. Pipeline Number 4 will serve 60 condominiums. Construction schedules are being developed. Pipeline Number 5 will serve 1,067 condominiums and is currently under construction, with completion estimated in August of 2005. Pipeline Number 6 will serve 5,000 condominiums and is currently in the architectural development stage. All of these pipelines will be operated by Largo Vista under exclusive 40-year supply contracts.



The contracts that Largo Vista Group, Ltd. (the “Company”) has with the Zunyi Municipal Government grant to the Company the exclusive right to supply liquid petroleum gas (LPG) to certain building projects and to construct or have constructed pipeline systems to deliver the LPG. These building projects are similar to large apartment or condominium complexes in the United States. The Company contracts with independent third parties for all of the design and construction of the pipelines. Generally, a central supply station will be built close to the building project to be served. LPG will be stored in this facility and gasified before entering the pipeline system. The Company operates these central supply stations and manages the relationships with the individual customers in the building projects.

The Zunyi Municipal Government (“Zunyi”) agreed in its contracts with the Company to reimburse the Company for the costs of constructing the LPG pipelines, fifty percent (50%) after the signing of each contract and the remaining fifty percent (50%) upon completion of each pipeline project. Zunyi did pay the Company the first fifty percent (50%); but failed to pay the Company the remaining fifty percent (50%) upon completion of the first two (2) pipeline projects. Zunyi took the position that the Company should collect the balance from the customers as they subscribe for LPG delivery. The Company has been collecting that amount as a connection or subscription fee and accounting for that revenue as it is received.

Largo Vista continues to engage in the petroleum supply business in Vietnam.

In addition, Largo Vista has two representative offices in the Far East area, one in Wuhan, China and another in Ho Chi Minh City, Vietnam, to supervise LPG and gas oil trading operations in China and Vietnam, respectively. Largo Vista continues to evaluate the acquisition of other possible business opportunities in the Far East.

#### **Arrangement to Sell Stock to Shanghai Offshore Oil Group**

On March 18, 2005, Largo Vista signed an Agreement and Assignment of Certain Contractual Rights and Benefits (the “Agreement”), with Shanghai Offshore Oil Group (HK) Co., Ltd. (“Shanghai Oil”). Under the Agreement, Shanghai Oil assigned to Largo Vista all of its rights to receive payments under a prior contract with Asiatic Investment Holding Ltd. (“Asiatic”), under which Shanghai Oil would purchase from Asiatic fuel oil produced in Russia and deliver it to entities in The People’s Republic of China at a rate of thirty thousand (30,000) metric tons per month for three (3) months and continue for the following thirty-three (33) months at a rate of two hundred thousand (200,000) metric tons per month, for a total of six million, six hundred ninety thousand metric tons. (the “Asiatic Contract”). The Agreement states that deliveries under the Asiatic Contract were to begin no later than May 18, 2005.

The Agreement provides that Largo Vista will receive all of the profit realized by Shanghai Oil from the sale of fuel oil it acquires under the Asiatic Contract, after the deduction of costs associated with the purchase, transportation and sale of the fuel oil, with a minimum payment of two dollars (\$2.00) per metric ton. In exchange for the receipt of payment from Shanghai Oil, Largo Vista agreed to issue to Shanghai Oil one hundred million (100,000,000) shares of Largo Vista’s common stock, deliverable in three equal increments over the term of the Agreement, which amounts may be reduced based upon the amount, if any, of Shanghai Oil’s actual payments from its sale of the fuel oil. However, Largo Vista has not received any payments from Shanghai Oil under the Agreement, and cannot give absolute assurances that any fuel oil will be delivered under the Asiatic Contract.

Payments received by Largo Vista based upon Shanghai Oil’s sale of the fuel oil, if any, will be accounted for as a capital transaction as Largo Vista’s transaction with Shanghai Oil represents, in substance, a stock subscription under which Largo Vista would receive approximately \$0.13 per share if the total projected amount of fuel oil is sold and the minimum guaranteed profit margin is paid to Largo Vista.



During June of 2005, Shanghai Oil notified Largo Vista that it had not received any fuel oil under the Asiacorp Contract. As Largo Vista had not received any payments from Shanghai Oil, it did not release any of its shares of common stock to Shanghai Oil. On approximately July 1, 2005, Largo Vista sent Shanghai Oil a written “Demand to Cure Delayed-Performance” giving Shanghai Oil until July 18, 2005, later extended to August 31, 2005, to make

its first payment to Largo Vista under the Agreement. Although Shanghai Oil has indicated to Largo Vista that it intends to deliver payment pursuant to the Agreement, either through performance under the Asiacorp Contract or through another contract in its place, investors should understand that delivery is far from certain. As of the date of filing of this Amendment, Largo Vista has not received any payments from Shanghai Oil nor has it released any of the shares deliverable to Shanghai Oil.

Largo Vista will continue to pursue amicable remedies with Shanghai Oil. Although any resolution with Shanghai Oil is highly uncertain, Largo Vista believes that continuing to pursue a business relationship with Shanghai Oil is in the best interest of the Largo Vista. Should Shanghai Oil deliver any payments to Largo Vista, pursuant to the terms of the Agreement, the management of Largo Vista will determine the number of shares of Largo Vista common stock, if any, to deliver to Shanghai Oil.

### **Organizational Chart**

Largo Vista Group, Ltd. (LVG)

Owns 100% of Largo Vista Inc.  
No current operations

Owns 100% of Largo Vista International Corp.  
No current operations

Owns 100% of Largo Vista Construction Inc.  
No current operations

### **Principal Products and Their Markets**

#### **The Product**

LPG is used by about 500 million people worldwide. As a form of energy, it is considered a very efficient fuel. Its liquid state provides a significant supply of energy in a comparatively small volume. LPG is recognized for its transportability and ease-of-use. It is a clean and environmentally friendly source of energy that has a variety of residential, commercial, industrial and transportation uses. It can be used at home for cooking and heating and can therefore replace wood, kerosene, coal and other environmentally unfriendly sources of energy. Environmental concerns have caused the outlaw of the use of coal in most of the larger cities in China. Since LPG is one of the only viable sources of energy for cooking and heating in Southern China, management believes the China LPG market is ripe for growth and expansion.

Most Chinese consumers have used wood and coal all their lives, primarily for cooking. They are, however, beginning to realize the ease and convenience of using LPG for cooking and heating water. Most consumers obtain LPG in 15kg. cylinders, very similar to those used for gas barbecues in the U.S. As LPG delivery systems, such as pipelines, make use more convenient and simple, LPG consumption per capita should increase significantly.

#### **Markets:**

The China market is broken down in two ways for purposes of analysis:

The first way to view the market is through the distribution method; that is, either retail-direct or wholesale-indirect. Retail distribution is accomplished by the three major LPG companies that deal directly with the end user. In Zunyi,

Largo Vista distributes to both retail and wholesale customers, and to both residential and commercial users. Retail customers, however, are far more profitable for the Company than wholesale because sales prices are higher and there are no middleman costs. The Company is implementing strategies to develop and expand the retail customer base.

The second way to view the market is through the method of delivery to the user; such as by bottle or cylinder, by pipeline, or by tank truck.

The bottle users may be either retail, purchasing directly from a major LPG company, or wholesale, purchasing from a distributor of a major LPG company. Bottle customers purchase LPG in 15 kg. cylinders or bottles that must, by law, be filled to a minimum of 13.5 kg, which is considered full. Bottle users include residential and commercial customers. Residential consumption is by far the largest, with commercial restaurants and caterers following second. There has been little industrial use of LPG to date.

Pipeline users are considered retail-direct users. LPG flows directly into household via pipes from a central storage tank that is replenished when necessary by a major LPG company. Pipeline users are billed according to usage based on a meter in their living unit. Management is pursuing a policy of expanding into this arena due to the fact that once the retail customer is captured via a pipeline connection, they will remain a profit center for the Company. Also, the usage by a pipeline customer is expected to be greater than a bottle retail customer because of the expanding uses of LPG, such as heating of the residence.

Tank truck or bulk sales are made to wholesale distributors who operate small bottle filling stations. These distributors represent lower profit margins, but sheer volume of distribution makes-up some of the difference. Bulk sales are encouraged to cultivate the small wholesale distributors because of the potential of acquiring their customer base in the future.

During the 1990s, world LPG demand has risen on average nearly 3.6% per year, compared to 1.4% per year for the petroleum industry overall, as the world economy has grown. LPG demand is expanding worldwide but most dramatically in the developing countries of Asia. Demand in the region has been growing by an average of more than 6% per year, as per-capita consumption increases with the increasing standard of living in the region. For example, per-capita consumption of LPG in China in the 1990s increased from around 1 kg to more than 6 kg per-capita and expecting consumption to expand to more than 15 kg per-capita in the next century.

Asian markets are expanding rapidly, along with markets in other developing countries as population continues to grow along with demand for clean-burning LPG. It has been estimated that by 2020, Asia should account for more than 70 million metric tons per year of residential and commercial LPG demand, which represents more than 40% of total world LPG demand. China will account for the greatest percentage of the growth in overall LPG imports as a result of continued growth of the domestic Chinese economy and per-capita consumption of LPG.

The majority of dollars invested in the China LPG market have been invested in large "mega" depots by the major oil companies. Little to no focus has been placed on the retail end-user market. Put simply, the LPG "storage" infrastructure is in place, but it is overbuilt because the retail market has not been cultivated at the same pace. Management's primary objective is the development of this retail consumer base.

From the mega-depots on the east and southeast coast of China, LPG is shipped to smaller inland storage depots via railroad tank car. LPG is then pumped into large storage tanks until it is distributed in bottles, pipelines or tank trucks to end users and distributors.

Inland infrastructure development has not kept pace with coastal development. Inland depot storage capacity must be expanded to serve the customers waiting for LPG service. More efficient distribution methods are also needed. The bottle exchange system is labor intensive, a factor that currently does not significantly affect overhead; but will have greater future impact as salaries increase.

Distribution of LPG via pipelines directly to end-users is very efficient; but one drawback is the cost to install pipeline service to each household, which is approximately \$185.00 US per household. Some more affluent customers can afford to pay the installation fee up front; but most of these have already purchased pipeline service. Some new construction projects permit the cost of installation to be incorporated into the cost of the home. Most customers, however, cannot afford the up-front fee; but are willing and able to pay extra each month based on usage.

Largo Vista has a number of pipeline projects in various planning or construction phases and it is management's belief that this area is one of the most profitable in the long term. In November, 2002 Largo Vista's Pipeline Project Number 1 was completed and a long term service contract to maintain and supply LPG to its customers along the pipeline was signed. In December of 2004, Largo Vista's Pipeline Project Number 2 was substantially completed. Largo Vista has also signed contracts for Pipeline Projects Number 3 through Number 6 (terms and details of some of the contracts are not finalized), all in the same area, as discussed above under "Business of the Issuer." It is expected that at least two of these new pipelines will be completed during 2005.

### **Distribution of LPG**

There are four primary levels of LPG distribution:

Major LPG Companies  
Major LPG Distributors  
Medium LPG Distributors  
Small Independent LPG Distributors

The Major LPG companies are characterized by the following: They purchase LPG directly from refineries or major oil companies. They must be licensed. They have railroad tank cars and storage depots. They typically serve over 10,000 retail customers. These companies depend on distribution networks to get LPG to the consumers.

Major distributors are licensed by major LPG companies and generally serve more than 4,000 but less than 10,000 customers directly. They do not typically have any railroad tank cars, and have little or no storage capacity.

Medium distributors are also licensed by major LPG companies, generally serve more than 1,500 but less than 4,000 customers directly and do not have any storage capacity. At this time, Largo Vista would be considered as a medium distributor.

Small independent distributors are those who may or may not be licensed, do not have any relationship or loyalty to any major oil company or distributor and usually serve less than 1,500 customers.

Since all of these distributors serve a customer base, Zunyi is actively recruiting them on an ongoing basis.

The majority of Largo Vista's customer base is serviced with the help of agents and entity users. Largo Vista has a number of agents that are independent dealers who exclusively represent the Company in an outlying county area that is difficult for the Company to access on a regular basis. The consumers serviced by the agent pay retail prices. The Company pays the agent a fee for his services and the agent carries his own overhead expenses. As the LPG market was developing in the early 1990's, the Company was seeking to develop a customer base in the most efficient and effective manner possible, and, as a result, began to cultivate the "entity" user. Entity users were companies in other industries, already providing housing for their employees who also desired to provide a convenience to their workers by distributing LPG as an additional service. These entity users developed into distribution service to consumers who paid retail prices. As the market further developed, the entity user also began to be a distribution outlet to other consumers in the local area that were not affiliated with the entity company. Today, the Company is actively seeking to cultivate and develop additional entity users to expand the consumer base.

### **Raw Materials**

The Chinese market is unique compared to other Asian countries. Japan and Korea seek security of supply through regular term contracts supported by long-term relationships, but in China, low price and bargaining is the driving force

for LPG purchases.

When purchasing LPG, Largo Vista must weigh various factors including quality of LPG, price, and transportation costs. It generally purchases from domestic sources inside China where prices are very low, but transportation costs are higher.

Cost of goods can fluctuate widely and rapidly and can cause cash flow problems.

### **Competition**

The LPG industry in the city of Zunyi, Guizhou Province, consists of three major LPG companies with storage facilities that sell LPG in both the retail and wholesale markets. All three companies depend on a network of distributors to help reach and service the needs of their customers. Two are privately owned and operated and the other is state owned. Competition is based principally on price and service; however relationship and reputation are also important to consumers of LPG.

LPG retail market prices have been relatively unstable during recent years, characterized by oversupply and cutthroat competition.

In the residential wholesale market, many independent "black market" dealers have been operating without a license, and have ignored safety regulations. Another flagrant violation of consumer fairness is the practice of short-filling bottles. The "black market" dealer typically will fill a bottle with 10kg of LPG, representing that it has 13.5kg of LPG. Short filling has permitted the Company's competition to charge lower prices and unfairly compete with Largo Vista. This practice of cheating the consumer has been prevalent over the past several years. Largo Vista challenges customers to be aware of what they are paying for by implementing of a "weight comparison program." The program permits the consumer to weigh their bottles to expose the "short-fill" problem.

Largo Vista competes with others on both reputation and service. To differentiate itself from its competition, Largo Vista stresses a long-term relationship both with the residential user and with the distributor to help them bring in and keep new customers. Its reputation is excellent and is backed up by a record of good service, with the understanding that Largo Vista can be relied upon to deliver honest weights and measures.

### **Governmental Regulation**

Largo Vista's operations in China are regulated on a day-to-day basis by the Zunyi municipal government, which oversees all companies licensed to do business and enforces rules and regulations in the market place. The Zunyi government faces many problems in this rapidly emerging chaotic market including the existence of many unlicensed small distributors, violations of safety regulations and short filled bottles. Local government is working to correct some of these more flagrant violations.

### **Patents, Trademarks & Licenses**

The Company does not currently own any patents or trademarks.

### **Employees**

Largo Vista has no employees in the United States and relies on outside consultants for legal, accounting and organizational services as needed. Operations in Zunyi, Wuhan and Ho Chi Minh City have a total of 30 employees, including management, all of whom are full-time employees.





**Item 1A. CAUTIONARY STATEMENTS REGARDING FUTURE RESULTS, FORWARD-LOOKING INFORMATION AND CERTAIN IMPORTANT FACTORS**

Largo Vista makes written and oral statements from time to time regarding its business and prospects, such as projections of future performance, statements of management's plans and objectives, forecasts of market trends, and other matters that are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Statements containing the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimates," "projects," "believes," "expects," "anticipates," "intends," "target," "goal," "plans," "objective," "should" or similar expressions identify forward-looking statements, which may appear in documents, reports, filings with the Securities and Exchange Commission, news releases, written or oral presentations made by officers or other representatives made by Largo Vista to analysts, stockholders, investors, news organizations and others, and discussions with management and other representatives of Largo Vista. For such statements, Largo Vista claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

Largo Vista's future results, including results related to forward-looking statements, involve a number of risks and uncertainties. No assurance can be given that the results reflected in any forward-looking statements will be achieved. Any forward-looking statement made by or on behalf of Largo Vista speaks only as of the date on which such statement is made. Largo Vista's forward-looking statements are based upon assumptions that are sometimes based upon estimates, data, communications and other information from suppliers, government agencies and other sources that may be subject to revision. Except as required by law, Largo Vista does not undertake any obligation to update or keep current either (i) any forward-looking statement to reflect events or circumstances arising after the date of such statement, or (ii) the important factors that could cause Largo Vista's future results to differ materially from historical results or trends, results anticipated or planned by Largo Vista, or which are reflected from time to time in any forward-looking statement which may be made by or on behalf of Largo Vista.

In addition to other matters identified or described by Largo Vista from time to time in filings with the SEC, there are several important factors that could cause Largo Vista's future results to differ materially from historical results or trends, results anticipated or planned by Largo Vista, or results that are reflected from time to time in any forward-looking statement that may be made by or on behalf of Largo Vista. Some of these important factors, but not necessarily all important factors, include the following:

Largo Vista has a history of losses, expects to incur additional losses and may never achieve profitability. During Largo Vista's fiscal year ended December 31, 2004, the Company generated only \$439,436 of revenue and realized a net loss \$276,551. Largo Vista has yet to generate profits from operations and consequently is unable to predict with any certainty whether its operations will become a commercially viable business. In order for Largo Vista to become profitable, it will need to generate and sustain a significant amount of revenue while maintaining reasonable cost and expense levels.

Largo Vista may require additional capital in order to meet its projected operating costs and, if necessary, to finance future losses from operations as it endeavors to build revenue, but Largo Vista does not have any commitments to obtain such capital and cannot assure you that it will be able to obtain adequate capital as and when required. Should Largo Vista be required to sell additional equity securities or additional debt securities convertible into equity, there will be additional dilution to Largo Vista's shareholders.

Largo Vista is dependant on the stability of economic relations with the people's republic of china for its current revenues. Nearly all of Largo Vista's current revenues are generated in China. Largo Vista cannot predict or guarantee the stability of economic relations with China; and, therefore the operations of Largo Vista are subject to disruption from a number of political and economic causes.

Largo Vista is owed a substantial portion of its accounts receivable from the single source of the government of the city of Zunyi, china. Pursuant to the its agreement with Largo Vista in February 2002, the government of Zunyi paid Largo Vista 50% of the total contracted installation price, or \$154,438. The Zunyi government also has an

obligation to collect the remaining 50% of contract price from the households obtaining LPG from the pipeline on behalf of the Company. Management determined that the collectibility and length of time to collect the amount due can not be reasonably assured. Accordingly, revenues are recognized as collected for the project. During the years ended December 31, 2004 and 2003, the Company received and recognized additional \$11,171 and \$44,233, respectively, of revenue in connection with the project. In May 2003, the Company entered into its Second Agreement ("Second Agreement") with the government of Zunyi to design and install more LPG pipeline systems in residential areas in the city of Zunyi, China. Pursuant to the Second Agreement, the government of Zunyi is obligated to pay to the Company 50% of the total contract price, or \$87,258, which was paid during 2004. The Company has also received and recognized a total of \$8,152 of revenue in connection with the Second Agreement. Management determined that the collectibility and length of time to collect the amount due can not be reasonably assured. Accordingly, revenues are recognized as collected for the project.

Should Largo Vista choose to grow through acquisitions, it will experience the uncertainties associated with such a strategy. As part of Largo Vista's business strategy in the future, Largo Vista could acquire assets and businesses relating to or complementary to its operations. Any acquisitions by Largo Vista would involve risks commonly encountered in acquisitions of companies. These risks would include, among other things, the following: Largo Vista could be exposed to unknown liabilities of the acquired companies; Largo Vista could incur acquisition costs and expenses higher than it anticipated; fluctuations in Largo Vista's quarterly and annual operating results could occur due to the costs and expenses of acquiring and integrating new businesses or technologies; Largo Vista could experience difficulties and expenses in assimilating the operations and personnel of the acquired businesses; Largo Vista's ongoing business could be disrupted and its management's time and attention diverted; Largo Vista could be unable to integrate successfully.

## **Item 2. DESCRIPTION OF PROPERTY**

### **Largo Vista**

Largo Vista has corporate offices in Newport Beach, California. The base rent is \$755 per month on a month-to-month lease.

### **Wuhan Representative Office**

Largo Vista maintains a representative office in Wuhan, Hubei Province, China, which include three offices and access to common areas. The facilities are leased from Proton Enterprises.

### **Ho Chi Minh City Representative Office**

Largo Vista maintains a representative office in Ho Chi Minh City, Vietnam, which includes an open office type environment. The terms of this Lease are for month to month at approximately \$500 per month.

### **Zunyi**

Largo Vista, through a contract agreement with Jiahong Gas Co., Ltd., operated its primary service from its depot located in the City of Zunyi, Guizhou Province. The Company also leases office facilities and four distribution stores in Zunyi City.

## **Item 3. LEGAL PROCEEDINGS**

At present, there are no outstanding lawsuits or claims known against our Company and its subsidiaries.

**Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

None

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**PART II****Item 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS**

The Company's common stock is quoted on the OTC Bulletin Board under the symbol LGOV.

The following table sets forth the range of high and low bid information for the Company's common stock for each quarterly period in 2003 and 2002. These quotations are believed to be representative inter-dealer prices, without retail mark-up, markdown or commission, and may not represent actual transactions.

|                  | Bid     |         |
|------------------|---------|---------|
|                  | High    | Low     |
| 4th Quarter 2004 | \$ 0.08 | \$ 0.01 |
| 3rd Quarter 2004 | \$ 0.02 | \$ 0.01 |
| 2nd Quarter 2004 | \$ 0.03 | \$ 0.01 |
| 1st Quarter 2004 | \$ 0.05 | \$ 0.01 |
| 4th Quarter 2003 | \$ 0.03 | \$ 0.01 |
| 3rd Quarter 2003 | \$ 0.04 | \$ 0.02 |
| 2nd Quarter 2003 | \$ 0.05 | \$ 0.01 |
| 1st Quarter 2003 | \$ 0.03 | \$ 0.01 |

As of April 14, 2005, the Company had approximately 670 shareholders of record.

We have never paid a cash dividend and do not anticipate doing so in the foreseeable future.

Recent sales of unregistered securities:

The company issued unregistered shares of its common stock from January 1, 2003 to December 31, 2004 as follows:

Fiscal 2003, a total of 17,634,669 shares of common stock valued at \$314,767 and in fiscal 2004, a total of 5,348,576 shares of common stock valued at \$97,478 as follows:

Issued to officers as compensation:

|             | Number of     |                 | Dollar        |
|-------------|---------------|-----------------|---------------|
|             | Common Shares | Name of Persons | Amount of     |
| Quarter     | Issued        | To Whom Issued  | Consideration |
| 2003:       |               |                 |               |
| 1st Quarter | 902,771*      | Deng Shan       | 25,000*       |
| 2nd Quarter | None Issued   |                 |               |
| 3rd Quarter | 916,666       | Albert Figueroa | 17,500        |
| 4th Quarter | None Issued   |                 |               |
|             |               |                 |               |

|             |             |                 |        |
|-------------|-------------|-----------------|--------|
| 2004:       |             |                 |        |
| 1st Quarter | 664,187     | Albert Figueroa | 12,500 |
| 2nd Quarter | None Issued |                 |        |
| 3rd Quarter | None Issued |                 |        |
| 4th Quarter | None Issued |                 |        |

\*Accrual from 4th quarter of 2002

Issued to consultants for services:

| Quarter      | Number of Common<br>Shares Issued | Name of Persons<br>To Whom Issued | Dollar Amount<br>of Consideration |
|--------------|-----------------------------------|-----------------------------------|-----------------------------------|
| <b>2003:</b> |                                   |                                   |                                   |
| 1st Quarter  | 662,823                           | Harold Mclenden                   | 22,500                            |
|              | 662,823                           | Li Chuming                        | 22,500                            |
|              | 812,500                           | Danny Nguyen                      | 22,500                            |
|              | 1,400,000                         | Steve Chaussy                     | 21,000                            |
| 2nd Quarter  | None Issued                       |                                   |                                   |
| 3rd Quarter  | 1,650,000                         | Harold Mclenden                   | 31,500                            |
|              | 1,045,000                         | Li Chuming                        | 19,500                            |
|              | 2,566,666                         | Danny Nguyen                      | 49,000                            |
|              | 584,746                           | Steve Chaussy                     | 10,500                            |
|              | 916,666                           | Daniel Mendez                     | 17,500                            |
| 4th Quarter  | None Issued                       |                                   |                                   |
| <b>2004:</b> |                                   |                                   |                                   |
| 1st Quarter  | 945,536                           | Harold Mclenden                   | 18,000                            |
|              | 598,839                           | Li Chuming                        | 11,400                            |
|              | 1,470,833                         | Danny Nguyen                      | 28,000                            |
|              | 664,187                           | Daniel Mendez                     | 12,500                            |
| 2nd Quarter  | None Issued                       |                                   |                                   |
| 3rd Quarter  | None Issued                       |                                   |                                   |
| 4th Quarter  | None Issued                       |                                   |                                   |

Issued to service providers for past services:

| Quarter      | Number of Common<br>Shares Issued | Name of Persons<br>To Whom Issued | Dollar Amount<br>of Consideration |
|--------------|-----------------------------------|-----------------------------------|-----------------------------------|
| <b>2003:</b> |                                   |                                   |                                   |
| 1st Quarter  | None Issued                       |                                   |                                   |
| 2nd Quarter  | 4,500,000                         | Danilo Cacciamatta                | 45,000                            |
|              | 1,000,000                         | Marcia Hein                       | 10,000                            |
|              | 171,875(S8 Option)                | James DeOlden                     | 2,750                             |
|              | 280,875(S8 Option)                | Edward Deese                      | 4,494                             |
| 3rd Quarter  | None issued                       |                                   |                                   |
| 4th Quarter  | None issued                       |                                   |                                   |
| <b>2004:</b> |                                   |                                   |                                   |
| 1st Quarter  | None Issued                       |                                   |                                   |
| 2nd Quarter  | None Issued                       |                                   |                                   |
| 3rd Quarter  | None issued                       |                                   |                                   |
| 4th Quarter  | None issued                       |                                   |                                   |





Issued as loans to officers:

|              | Number of     |                 | Dollar        |
|--------------|---------------|-----------------|---------------|
|              | Common Shares | Name of Persons | Amount of     |
| Quarter      | Issued        | To Whom Issued  | Consideration |
|              |               |                 |               |
| <b>2003:</b> | None issued   |                 |               |
| <b>2004:</b> | None issued   |                 |               |

Issued to officers and shareholders for reimbursement of cash advances:

|              | Number of     |                 | Dollar        |
|--------------|---------------|-----------------|---------------|
|              | Common Shares | Name of Persons | Amount of     |
| Quarter      | Issued        | To Whom Issued  | Consideration |
|              |               |                 |               |
| <b>2003:</b> |               |                 |               |
| 1st Quarter  | None issued   |                 |               |
| 2nd Quarter  | None issued   |                 |               |
| 3rd Quarter  | 14,002        | Steve Chaussy   | 316           |
| 4th Quarter  | None issued   |                 |               |
| <b>2004:</b> |               |                 |               |
| 1st Quarter  | 1,004,994     | Danny Nguyen    | 15,078        |
| 2nd Quarter  | None issued   |                 |               |
| 3rd Quarter  | None Issued   |                 |               |
| 4th Quarter  | None issued   |                 |               |

All stock issuances were conducted pursuant to section 4(2) under the 1933 Act without the involvement of underwriters. Stock issuances other than for cash were valued at market, generally determined by the low bid quotation.

## Item 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

### Cautionary Statement Regarding Forward-Looking Information

The following is a discussion of the financial condition and results of operations of the Company as of the date of this Annual Report. This discussion and analysis should be read in conjunction with the accompanying audited Consolidated Financial Statements of the Company including the Notes thereto which are included elsewhere in this Form 10-KSB.

### Overview

Largo Vista is in the business of supplying liquid petroleum gas (LPG) through pipelines and in bottles to consumers in the People's Republic of China. Largo Vista constructs and operates LPG pipelines in the City on Zunyi, China. All of Largo Vista's current pipeline projects are under exclusive 40-year supply contracts. In addition, Largo Vista continues to pursue the supply of petroleum products in Viet Nam through a representative office located there.



### **Arrangement to Sell Stock to Shanghai Offshore Oil Group**

On March 18, 2005, Largo Vista signed an Agreement and Assignment of Certain Contractual Rights and Benefits (the "Agreement"), with Shanghai Offshore Oil Group (HK) Co., Ltd. ("Shanghai Oil"). Under the Agreement, Shanghai Oil assigned to Largo Vista all of its rights to receive payments under a prior contract with Asiatic Investment Holding Ltd. ("Asiatic"), under which Shanghai Oil would purchase from Asiatic fuel oil produced in Russia and deliver it to entities in The People's Republic of China at a rate of thirty thousand (30,000) metric tons per month for three (3) months and continue for the following thirty-three (33) months at a rate of two hundred thousand (200,000) metric tons per month, for a total of six million, six hundred ninety thousand metric tons. (the "Asiatic Contract"). The Agreement states that deliveries under the Asiatic Contract were to begin no later than May 18, 2005.

The Agreement provides that Largo Vista will receive all of the profit realized by Shanghai Oil from the sale of fuel oil it acquires under the Asiatic Contract, after the deduction of costs associated with the purchase, transportation and sale of the fuel oil, with a minimum payment of two dollars (\$2.00) per metric ton. In exchange for the receipt of payment from Shanghai Oil, Largo Vista agreed to issue to Shanghai Oil one hundred million (100,000,000) shares of Largo Vista's common stock, deliverable in three equal increments over the term of the Agreement, which amounts may be reduced based upon the amount, if any, of Shanghai Oil's actual payments from its sale of the fuel oil. However, Largo Vista has not received any payments from Shanghai Oil under the Agreement, and cannot give absolute assurances that any fuel oil will be delivered under the Asiatic Contract.

Payments received by Largo Vista based upon Shanghai Oil's sale of the fuel oil, if any, will be accounted for as a capital transaction as Largo Vista's transaction with Shanghai Oil represents, in substance, a stock subscription under which Largo Vista would receive approximately \$0.13 per share if the total projected amount of fuel oil is sold and the minimum guaranteed profit margin is paid to Largo Vista.

During June of 2005, Shanghai Oil notified Largo Vista that it had not received any fuel oil under the Asiatic Contract. As Largo Vista had not received any payments from Shanghai Oil, it did not release any of its shares of common stock to Shanghai Oil. On approximately July 1, 2005, Largo Vista sent Shanghai Oil a written "Demand to Cure Delayed-Performance" giving Shanghai Oil until July 18, 2005, later extended to August 31, 2005, to make its first payment to Largo Vista under the Agreement. Although Shanghai Oil has indicated to Largo Vista that it intends to deliver payment pursuant to the Agreement, either through performance under the Asiatic Contract or through another contract in its place, investors should understand that delivery is far from certain. As of the date of filing of this Amendment, Largo Vista has not received any payments from Shanghai Oil nor has it released any of the shares deliverable to Shanghai Oil.

Largo Vista will continue to pursue amicable remedies with Shanghai Oil. Although any resolution with Shanghai Oil is highly uncertain, Largo Vista believes that continuing to pursue a business relationship with Shanghai Oil is in the best interest of the Largo Vista. Should Shanghai Oil deliver any payments to Largo Vista, pursuant to the terms of the Agreement, the management of Largo Vista will determine the number of shares of Largo Vista common stock, if any, to deliver to Shanghai Oil.

### **Basis of Presentation**

The accompanying consolidated financial statements, included elsewhere in this Annual Report on Form 10-KSB, have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation as a going concern. Largo Vista has incurred a net loss of \$276,551 for the year ended December 31, 2004 and as of December 31, 2004, had a working capital deficiency of \$928,301.

These conditions raise substantial doubt as to Largo Vista's ability to continue as a going concern. These financial statements do not include any adjustments that might result from the outcome of this uncertainty. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might be necessary should Largo Vista be unable to continue as a going concern.

### **Critical Accounting Policies and Estimates**

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and judgments that affect our reported assets, liabilities, revenues, and expenses, and the disclosure of contingent assets and liabilities. We base our estimates and judgments on historical experience and on various other assumptions we believe to be reasonable under the circumstances. Future events, however, may differ markedly from our current expectations and assumptions. While there are a number of significant accounting policies affecting our consolidated financial statements; we believe the following critical accounting policies involve the most complex, difficult and subjective estimates and judgments:

### **Stock-Based Compensation**

In December 2002, the FASB issued Statement of Financial Accounting Standards No. 148 ("SFAS No. 148"), "Accounting for Stock-Based Compensation-Transition and Disclosure-an amendment of SFAS 123." This statement amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The Company has chosen to continue to account for stock-based compensation using the intrinsic value method prescribed in APB Opinion No. 25 and related interpretations. Accordingly, compensation expense for stock options is measured as the excess, if any, of the fair market value of the Company's stock at the date of the grant over the exercise price of the related option. The Company has adopted the annual disclosure provisions of SFAS No. 148 in its financial reports for the year ended December 31, 2004 and 2003 and will adopt the interim disclosure provisions for its financial reports for the subsequent periods. The Board of Directors of the Company has approved certain awards of stock-based employee compensation outstanding as of December 31, 2004; but the grants of these stock options were not made until January or 2005.

### **Revenue Recognition**

For revenue from product sales, the Company recognizes revenue in accordance with Staff Accounting Bulletin No. 104, REVENUE RECOGNITION ("SAB104"), which superceded Staff Accounting Bulletin No. 101, REVENUE RECOGNITION IN FINANCIAL STATEMENTS ("SAB101"). SAB 101 requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectibility is reasonably assured. Determination of criteria (3) and (4) are based on management's judgments regarding the fixed nature of the selling prices of the products delivered and the collectibility of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded. The Company defers any revenue for which the product has not been delivered or is subject to refund until such time that the Company and the customer jointly determine that the product has been delivered or no refund will be required.

SAB 104 incorporates Emerging Issues Task Force 00-21 ("EITF 00-21"), MULTIPLE-DELIVERABLE REVENUE ARRANGEMENTS. EITF 00-21 addresses accounting for arrangements that may involve the delivery or performance of multiple products, services and/or rights to use assets. The effect of implementing EITF 00-21 on the Company's consolidated financial position and results of operations was not significant.

The Company generally recognizes revenue upon delivery of LPG to the customer. Revenue associated with shipments of petroleum products is recognized when title passes to the customer. There are no significant credit transactions.



In February 2002, the Company entered into an agreement (“Agreement”) with Zunyi Municipal Government (“Government”) to design and install LPG pipeline systems in residential areas in the city of Zunyi, China on behalf of Government. In exchange for installing the pipeline, the Agreement provides for the Company to be the sole LPG supplier for those households. The Company substantially completed the installation of the LPG pipeline as of December 31, 2002. Pursuant to the Agreement, Government had paid to the Company 50% of the total contracted installation price, and the Company has to collect the remaining 50% of contract price directly from the customers. The Company’s management has determined that the collectibility and length of time to collect the amount due from customers can not be reasonably assured. Accordingly, revenues are recognized as collected in connection with the portion of the contracted price to be collected from customers. During the year ended December 31, 2004 and 2003, the Company received and recognized revenues of \$11,171 and \$44,233, respectively, in connection with the installation fees collected from customers.

In May 2003, the Company entered into its Second Agreement (“Second Agreement”) with Government to design and install more LPG pipeline systems in residential areas in the city of Zunyi, China on behalf of Government. In exchange for installing the pipeline, the Second Agreement provides for the Company to be the sole LPG supplier for those households. Pursuant to the Second Agreement, Government is obligated to pay to the Company 50% of the total contracted installation price, and the Company has to collect the remaining 50% of contracted price directly from the customers. During the year ended December 31, 2003, the Company did not receive any payments from Government and thus delayed the installation of pipelines. The Company accounted for installation fees of \$5,888 received from customers during the year ended December 31, 2003 as deferred revenue. During the year ended December 31, 2004, the Company received 50% of the total contracted price, or \$87,258, from Government and additional \$2,264 of payments from customers. The Company substantially completed the installation of the LPG pipeline as of December 31, 2004, and accounted for the total receipt of \$95,410 from Government and customers as of December 31, 2004 in connection with Second Agreement as revenues during the year ended December 31, 2004. The Company also charged to income during the year ended December 31, 2004 the design and installation costs of \$105,903 incurred by the Company for the pipeline project. Additionally, the Company management has determined that the collectibility and length of time to collect the remaining contracted price due from customers can not be reasonably assured. Accordingly, revenues will be recognized as collected in connection with the portion of contracted price to be collected from customers.

The Zunyi Municipal Government (“Zunyi”) agreed in its contracts with the Company to reimburse the Company for the costs of constructing the LPG pipelines, fifty percent (50%) after the signing of each contract and the remaining fifty percent (50%) upon completion of each pipeline project. Zunyi did pay the Company the first fifty percent (50%); but failed to pay the Company the remaining fifty percent (50%) upon completion of the first two (2) pipeline projects. Zunyi took the position that the Company should collect the balance from the customers as they subscribe for LPG delivery. The Company has been collecting that amount as a connection or subscription fee and accounting for that revenue as it is received.

Because the Company has the exclusive right to deliver LPG to certain building projects; and as the building projects are occupied, the occupants must obtain their LPG for cooking and heating from the Company. The cost of electricity is prohibitive and regulations do not allow open fires or LPG canisters in buildings over one hundred meters tall. Meters are installed in each unit of each building project for billing purposes.

## **Results of Operations**

The following selected financial information has been derived from the Company's consolidated financial statements. The information set forth below is not necessarily indicative of results of future operations and cash flows and should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this Form 10-KSB.



The Company's 2004 revenues of \$439,436 are attributable to liquid petroleum gas sales at its Zunyi facility located in South China. This is a 19.9% decrease from the revenues of \$548,304 in 2003. This is primarily attributable to the decrease in revenues from the unprofitable depot operations closed in 2004.

The following table shows the revenues reported by the Company for fiscal years 2003 and 2004 broken down by LPG Sales, Pipeline Projects and Pipeline Operations, in U. S. Dollars:

| <b>Fiscal Year</b> | <b>LPG Sales</b> | <b>Pipeline Projects</b> | <b>Pipeline Operations</b> | <b>TOTAL</b> |
|--------------------|------------------|--------------------------|----------------------------|--------------|
| 2003               | \$ 500,337       | \$ 44,233                | \$ 3,733                   | \$ 548,304   |
| 2004               | \$ 331,707       | \$ 96,769                | \$ 10,960                  | \$ 439,436   |

The Company incurred costs of sales of \$434,864, or 99.0% of sales in connection with the LPG revenues during 2004, compared to \$483,059, or 88.1% in 2003. This decrease can be attributed to fluctuation in the cost of LPG supplies. This resulted in a decrease in gross profit to 1.0% in 2004 from 11.9% in 2003.

Selling and administrative expenses decreased from \$647,538 during 2003 to \$262,860 during 2004, a decrease of 59.46%. This substantial decrease was due primarily to further reduction in overhead positions and the closure of the unprofitable depot operations. Largo Vista continues to operate in that mode and plans to continue to do so until it becomes profitable.

Interest expense remained stable at \$31,396 in 2004 compared to \$31,224 in 2003.

As the result of Largo' Vista's substantial cost cutting, its net loss from operations decreased to \$276,551, or 62.9% in 2004 from \$496,752, or 91%, in 2003.

### **Currency Consideration**

The Company's LPG operations are conducted in the People's Republic of China whose currency, the Renminbi (RMB), is pegged to the US Dollar. The exchange rate as of December 31, 2004 and 2003 and the average rate during each of the periods presented in the accompanying consolidated financial statements was 8.28 RMBs to one US Dollar. No representation is made that any RMB amount could have been, or could be, converted into US dollars at these rates or any other rates of exchange.

### **Liquidity and Capital Resources**

As of December 31, 2004, the Company had a working capital deficit of \$928,301. We generated a positive cash flow of \$7,216 from operating activities during 2004. This was a result of our net loss of \$276,552, adjusted principally for \$15,078 of common stock issued to shareholders in exchange for expenses paid on behalf of the Company, \$46,426 of decrease in accounts receivable, and \$160,796 of increase in accounts payable and accrued liabilities. We also helped to meet our cash requirements during the year through advances, loans and contributions of \$79,475 from the Company's Chairman and principal shareholder and officers.

The Company has experienced significant operating losses from inception and has financed its activities to date through cash advances from affiliates and sales of its common stock. Availability, source, amount and terms of any additional financing are uncertain at this time, and by no means assured.

The Company believes it will require at least an additional \$1,000,000 of new capital in order to fund its plan of operations over the next 12 months. The Company expects to fund its working capital requirements over the next 12 months from additional advances from its affiliates and the sale of its common stock.

The Company's independent certified public accountants have stated in their report included in the Company's December 31, 2004 Form 10-KSB, that the Company has incurred operating losses and that the Company is dependent upon management's ability to develop profitable operations. These factors among others may raise substantial doubt about the Company's ability to continue as a going concern.

### **Recent accounting pronouncements**

In November 2004, the Financial Accounting Standards Board (FASB) issued SFAS 151, Inventory Costs—an amendment of ARB No. 43, Chapter 4. This Statement amends the guidance in ARB No. 43, Chapter 4, “Inventory Pricing,” to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). Paragraph 5 of ARB 43, Chapter 4, previously stated that “. . . under some circumstances, items such as idle facility expense, excessive spoilage, double freight, and rehandling costs may be so abnormal as to require treatment as current period charges. . . .” This Statement requires that those items be recognized as current-period charges regardless of whether they meet the criterion of “so abnormal.” In addition, this Statement requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. This Statement is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. Management does not believe the adoption of this Statement will have any immediate material impact on the Company.

In December 2004, the FASB issued SFAS No. 152, “Accounting for Real Estate Time-Sharing Transactions—an amendment of FASB Statements No. 66 and 67” (“SFAS 152”). The amendments made by Statement 152 This Statement amends FASB Statement No. 66, Accounting for Sales of Real Estate, to reference the financial accounting and reporting guidance for real estate time-sharing transactions that is provided in AICPA Statement of Position (SOP) 04-2, Accounting for Real Estate Time-Sharing Transactions. This Statement also amends FASB Statement No. 67, Accounting for Costs and Initial Rental Operations of Real Estate Projects, to state that the guidance for (a) incidental operations and (b) costs incurred to sell real estate projects does not apply to real estate time-sharing transactions. The accounting for those operations and costs is subject to the guidance in SOP 04-2. This Statement is effective for financial statements for fiscal years beginning after June 15, 2005, with earlier application encouraged. The Company does not anticipate that the implementation of this standard will have a material impact on its financial position, results of operations or cash flows.

On December 16, 2004, the Financial Accounting Standards Board (“FASB”) published Statement of Financial Accounting Standards No. 123 (Revised 2004), Share-Based Payment (“SFAS 123R”). SFAS 123R requires that compensation cost related to share-based payment transactions be recognized in the financial statements. Share-based payment transactions within the scope of SFAS 123R include stock options, restricted stock plans, performance-based awards, stock appreciation rights, and employee share purchase plans. The provisions of SFAS 123R are effective as of the first interim period that begins after June 15, 2005. Accordingly, the Company will implement the revised standard in the third quarter of fiscal year 2005. Currently, the Company accounts for its share-based payment transactions under the provisions of APB 25, which does not necessarily require the recognition of compensation cost in the financial statements. Management is assessing the implications of this revised standard, which may materially impact the Company’s results of operations in the third quarter of fiscal year 2005 and thereafter.

On December 16, 2004, FASB issued Statement of Financial Accounting Standards No. 153, Exchanges of Nonmonetary Assets, an amendment of APB Opinion No. 29, Accounting for Nonmonetary Transactions (“SFAS 153”). This statement amends APB Opinion 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. Under SFAS 153, if a nonmonetary exchange of similar productive assets meets a commercial-substance criterion and fair value is determinable, the transaction must be accounted for at fair value resulting in recognition of any gain or loss. SFAS 153 is effective for nonmonetary transactions in fiscal periods that begin after June 15, 2005. The Company does not anticipate that the implementation of this standard will have a material impact on its financial position, results of operations or cash flows.

### **Off-Balance Sheet Arrangements**

Largo Vista currently has no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

**ITEM 7. FINANCIAL STATEMENTS**

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FINANCIAL STATEMENTS AND SCHEDULES**

**DECEMBER 31, 2004 AND 2003**

**FORMING A PART OF ANNUAL REPORT  
PURSUANT TO THE SECURITIES EXCHANGE ACT OF 1934**

**LARGO VISTA GROUP, LTD.**

**LARGO VISTA GROUP, LTD.**

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**RUSSELL BEDFORD STEFANOU MIRCHANDANI LLP**

**Certified Public Accountants**

**REPORT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM**

To the Board of Directors  
Largo Vista Group, Ltd.  
Newport Beach, California

We have audited the accompanying consolidated balance sheets of Largo Vista Group, Ltd. and its wholly-owned subsidiaries (the "Company") as of December 31, 2004 and 2003 and the related consolidated statements of operations, deficiency in stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based upon our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note K, the Company is experiencing difficulty in generating sufficient cash flow to meet its obligations and sustain its operations, which raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to this matter are described in Note K. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**/S/ RUSSELL BEDFORD STEFANOU MIRCHANDANI LLP**

Russell Bedford Stefanou Mirchandani LLP

Certified Public Accountants

McLean, Virginia

April 6, 2005

**LARGO VISTA GROUP, LTD.**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2004 AND 2003**

|  | 2004         | 2003         |
|--|--------------|--------------|
| <b>ASSETS</b>  |              |              |
| Current assets:  |              |              |
| Cash and cash equivalent   | \$ 94,565    | \$ 7,874     |
| Accounts receivable, net   | 6,865        | 53,291       |
| Employee advances  | 13,532       | 49,091       |
| Inventories, at cost (Note B)  | 8,834        | 11,990       |
| Prepaid expenses and other   | 12,541       | 33,304       |
| Total current assets   | 136,337      | 155,550      |
| Property and equipment, at cost (Note C)   | 16,221       | 16,221       |
| Less: accumulated depreciation   | (9,273)      | (6,226)      |
| Property and equipment, net  | 6,948        | 9,995        |
| Other assets:  |              |              |
| Deposits   | 755          | 755          |
| Total assets   | \$ 144,040   | \$ 166,300   |
| <b>LIABILITIES AND DEFICIENCY IN STOCKHOLDERS' EQUITY</b>  |              |              |
| Current Liabilities:   |              |              |
| Accounts payable and accrued liabilities (Note D)  | \$ 467,632   | \$ 392,694   |
| Deferred revenue (Note A)  | -            | 5,888        |
| Customer deposit   | 4,831        | -            |
| Notes payable to related parties (Note E)  | 434,782      | 449,782      |
| Due to related parties (Note F)  | 157,393      | 120,794      |
| Total current liabilities  | 1,064,638    | 969,158      |
| Commitment and contingencies (Note J)  | -            | -            |
| Preferred stock, \$0.001 par value; 25,000,000 shares authorized, none issued and outstanding at December 31, 2004 and 2003 (Note G)   | -            | -            |
| Common stock, \$0.001 par value; 400,000,000 shares authorized, 269,963,856 and 264,615,280 shares issued and outstanding at December 31, 2004 and 2003, respectively (Note G) | 269,964      | 264,615      |
| Additional paid-in capital   | 15,184,356   | 15,049,352   |
| Common stock subscription payable (Note G)   | 18,458       | -            |
| Accumulated deficit  | (16,397,076) | (16,120,525) |
| Accumulated other comprehensive income:  |              |              |
| Foreign currency translation adjustment  | 3,700        | 3,700        |
| Deficiency in stockholders' equity   | (920,598)    | (802,858)    |
| Total liabilities and deficiency in stockholders' equity   | \$ 144,040   | \$ 166,300   |

See accompanying notes to consolidated financial statements  
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**LARGO VISTA GROUP, LTD.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

|   | 2004         | 2003         |
|---|--------------|--------------|
| Revenue, net  | \$ 439,436   | \$ 548,304   |
| Cost of sales   | 434,864      | 483,059      |
| Gross profit  | 4,572        | 65,245       |
| Operating expenses:   |              |              |
| Selling general and administrative                          | 262,860      | 647,538      |
| Depreciation (Note C)                                       | 3,047        | 3,094        |
| Total operating expenses                                    | 265,907      | 650,632      |
| Loss from operations  | (261,335)    | (585,387)    |
| Other income (expenses):                                    |              |              |
| Other income, net (Note J)                                  | 16,180       | 11,859       |
| Debt forgiveness (Note D)                                   | -            | 108,000      |
| Interest (expenses), net                                    | (31,396)     | (31,224)     |
| Total other income (expense)                                | (15,216)     | 88,635       |
| Loss from operations before income taxes                    | (276,551)    | (496,752)    |
| Provision for income taxes                                  | -            | -            |
| Net loss  | \$ (276,551) | \$ (496,752) |
| Loss per common share (basic and assuming diluted) (Note I) | \$ (0.00)    | \$ (0.00)    |
| Weighted average shares outstanding                         | 269,072,427  | 257,506,361  |

See accompanying notes to consolidated financial statements

**LARGO VISTA GROUP, LTD.**  
**CONSOLIDATED STATEMENTS OF DEFICIENCY IN STOCKHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

|  | Common<br>Shares   | Stock<br>Amount   | Additional<br>Paid-In<br>Capital | Stock<br>Subscription<br>Payable | Foreign<br>Currency<br>Translation<br>Adjustment | Accumulated<br>Deficit | Total               |
|--|--------------------|-------------------|----------------------------------|----------------------------------|--|------------------------|---------------------|
| <b>Balance at December 31, 2002</b>  | <b>246,527,860</b> | <b>\$ 246,527</b> | <b>\$14,633,709</b>              | <b>\$ -</b>                      | <b>\$ 3,700</b>                                  | <b>(15,623,773)</b>    | <b>\$ (739,837)</b> |
| Shares issued to consultants in exchange for services                      | 18,051,730         | 18,052            | 303,296                          | -                                | -  | -                      | 321,348             |
| Shares issued in exchange for debt   | 17,636             | 18                | 305                              | -                                | -  | -                      | 323                 |
| Shares issued in exchange for expenses paid by shareholders                | 18,054             | 18                | 322                              | -                                | -  | -                      | 340                 |
| Capital contributed by related parties                                     | -                  | -                 | 111,720                          | -                                | -  | -                      | 111,720             |
| Net loss   | -                  | -                 | -                                | -                                | -  | (496,752)              | (496,752)           |
| <b>Balance at December 31, 2003</b>  | <b>264,615,280</b> | <b>\$ 264,615</b> | <b>\$15,049,352</b>              | <b>\$ -</b>                      | <b>\$ 3,700</b>                                  | <b>(16,120,525)</b>    | <b>\$ (802,858)</b> |
| Shares issued to consultants in exchange for accrued services fess         | 4,343,582          | 4,344             | 78,056                           | -                                | -  | -                      | 82,400              |
| Shares issued in exchange for expenses paid by shareholders                | 1,004,994          | 1,005             | 14,073                           | -                                | -  | -                      | 15,078              |
| Common stock subscribed in exchange for notes payable and accrued interest | -                  | -                 | -                                | 18,458                           | -  | -                      | 18,458              |
| Capital contributed by related parties                                     | -                  | -                 | 42,875                           | -                                | -  | -                      | 42,875              |
| Net loss   | -                  | -                 | -                                | -                                | -  | (276,551)              | (276,551)           |
| <b>Balance at December 31, 2004</b>  | <b>269,963,856</b> | <b>\$ 269,964</b> | <b>\$15,184,356</b>              | <b>\$ 18,458</b>                 | <b>\$ 3,700</b>                                  | <b>(16,397,076)</b>    | <b>\$ (920,598)</b> |

See accompanying notes to consolidated financial statements

**LARGO VISTA GROUP, LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

|  | 2004          | 2003             |
|--|---------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |               |                  |
| Net (loss) from continuing operations  | \$ (276,552)  | \$ (496,752)     |
| Adjustments to reconcile net (loss) to net cash provided by (used in) operating activities |               |                  |
| Depreciation (Note C)  | 3,047         | 3,094            |
| Common stock issued for services (Note G)  | -             | 321,348          |
| Common stock issued in exchange for debt and expenses paid by shareholders (Note G)        | 15,078        | 663              |
| Changes in assets and liabilities:   |               |                  |
| Accounts receivable  | 46,426        | 101,147          |
| Inventories  | 3,156         | (9,360)          |
| Employee advances  | 35,559        | (49,091)         |
| Prepaid expenses and other   | 20,763        | 14,751           |
| Accounts payable and other liabilities   | 160,796       | (28,586)         |
| Deferred revenue (Note A)  | (5,888)       | 5,888            |
| Customer deposit   | 4,831         | -                |
| <b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>                                 | <b>7,216</b>  | <b>(136,898)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |               |                  |
| Capital expenditures   | -             | (249)            |
| <b>NET CASH (USED IN) INVESTING ACTIVITIES</b>   | <b>-</b>      | <b>(249)</b>     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>   |               |                  |
| Capital contributions from related parties (Note G)  | 42,875        | 111,720          |
| Repayments of notes payable  | -             | (24,156)         |
| Proceeds from related parties, net of repayments   | 36,600        | 46,283           |
| <b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>   | <b>79,475</b> | <b>133,847</b>   |
| <b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>                                     | <b>86,691</b> | <b>(3,300)</b>   |
| Cash and cash equivalents at the beginning of the year                                     | 7,874         | 11,174           |
| Cash and cash equivalents at the end of the year   | \$ 94,565     | \$ 7,874         |
| <b>Supplemental Disclosures of Cash Flow Information</b>                                   |               |                  |
| Cash paid for interest   | \$ -          | \$ -             |
| Cash paid for income taxes   | -             | -                |
| Common stock issued in exchange for services (Note G)                                      | -             | 321,348          |
| Common stock issued in exchange for debt and expenses paid by shareholders (Note G)        | 15,078        | 663              |
| Common stock issued in exchange for accrued service fees (Note G)                          | 82,400        | -                |
| Common stock subscribed in exchange for notes payable to related parties (Note G)          | 15,000        | -                |

|  |       |   |
|--|-------|---|
| Common stock subscribed in exchange for accrued interest to related parties (Note G) | 3,458 | - |
|--|-------|---|

See accompanying notes to consolidated financial statements

**LARGO VISTA GROUP, LTD.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies applied in the preparation of the accompanying consolidated financial statements follows.

**Business and Basis of Presentation**

Largo Vista Group, Ltd. (the "Company") was incorporated under the laws of the State of Nevada. The Company is principally engaged in the distribution of liquid petroleum gas (LPG) in the retail and wholesale markets in South China and in the purchase of petroleum products for delivery to the Far East.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Largo Vista, Inc., Largo Vista Construction, Inc., and Largo Vista International Corp. Largo Vista, Inc. is formed under the laws of the State of California and is inactive. Largo Vista Construction, Inc. is formed under the laws of the State of Nevada and is inactive. Largo Vista International Corp. is formed under the laws of Panama and is inactive. The Company also has operations through DBA (Doing Business As) agreements with Zunyi Jiahong Gas Co., Ltd. ("Jiahong"). Jiahong is registered under the Chinese laws in the Peoples Republic of China.

All significant intercompany balances and transactions have been eliminated in consolidation. All amounts in these consolidated financial statements and notes thereto are stated in United States dollars unless otherwise indicated.

**Foreign Currency Translation**

The financial statements and results of operations of the Company's Chinese subsidiary are measured using local currency as the functional currency. The reporting currency of the Company is the US dollar; accordingly, all amounts included in the consolidated financial statements have been translated into US dollars. The accumulated currency translation adjustment is reflected as a separate component of stockholders' equity on the consolidated balance sheet. Foreign currency translation gains and losses are included in the consolidated results of operations for the period presented. The national currency of the People's Republic of China, the Renminbi (RMB), is pegged to the U.S. dollar. The average rate of exchange for fiscal 2004 and 2003 was 8.28 RMB to the dollar.

**Cash and Cash Equivalents**

For purposes of the Statements of Cash Flows, the Company considers all highly liquid debt instruments purchased with a maturity date of three months or less to be cash equivalents.

**Property and Equipment**

Property and equipment are stated at cost. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition, is reflected in earnings. For financial statement purposes, property and equipment are recorded at cost and depreciated using the straight-line method over their estimated useful lives (Note C).





**LARGO VISTA GROUP, LTD.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Long-Lived Assets

The Company has adopted Statement of Financial Accounting Standards No. 144 ("SFAS 144"). The Statement requires that long-lived assets and certain identifiable intangibles held and used by the Company be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Events relating to recoverability may include significant unfavorable changes in business conditions, recurring losses, or a forecasted inability to achieve break-even operating results over an extended period. The Company evaluates the recoverability of long-lived assets based upon forecasted undiscounted cash flows. Should an impairment in value be indicated, the carrying value of intangible assets will be adjusted, based on estimates of future discounted cash flows resulting from the use and ultimate disposition of the asset. SFAS No. 144 also requires assets to be disposed of be reported at the lower of the carrying amount or the fair value less costs to sell.

Income Taxes

The Company has implemented the provisions on Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). SFAS 109 requires that income tax accounts be computed using the liability method. Deferred taxes are determined based upon the estimated future tax effects of differences between the financial reporting and tax reporting bases of assets and liabilities given the provisions of currently enacted tax laws.

Net Earnings (Losses) Per Common Share

The Company computes earnings per share under Statement of Financial Accounting Standards No. 128, "Earnings Per Share" ("SFAS 128"). Net earnings (losses) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock and dilutive common stock equivalents outstanding during the year. Dilutive common stock equivalents consist of shares issuable upon conversion of convertible preferred shares and the exercise of the Company's stock options and warrants (calculated using the treasury stock method).

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value of Financial Instruments

Statement of Financial Accounting Standards No. 107, "Disclosures About Fair Value of Financial Instruments," requires disclosure of the fair value of certain financial instruments. The carrying value of cash and cash equivalents, accounts receivable, accounts payable and short-term borrowings, as reflected in the balance sheets, approximate fair value because of the short-term maturity of these instruments.



**LARGO VISTA GROUP, LTD.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Inventories

Inventories consist primarily of LPG. Cost is determined by the first-in, first-out method for retail operations and specific identification method for wholesale operations. (See Note B).

Revenue Recognition

For revenue from product sales, the Company recognizes revenue in accordance with Staff Accounting Bulletin No. 104, REVENUE RECOGNITION ("SAB104"), which superceded Staff Accounting Bulletin No. 101, REVENUE RECOGNITION IN FINANCIAL STATEMENTS ("SAB101"). SAB 101 requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectibility is reasonably assured. Determination of criteria (3) and (4) are based on management's judgments regarding the fixed nature of the selling prices of the products delivered and the collectibility of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded. The Company defers any revenue for which the product has not been delivered or is subject to refund until such time that the Company and the customer jointly determine that the product has been delivered or no refund will be required.

SAB 104 incorporates Emerging Issues Task Force 00-21 ("EITF 00-21"), MULTIPLE-DELIVERABLE REVENUE ARRANGEMENTS. EITF 00-21 addresses accounting for arrangements that may involve the delivery or performance of multiple products, services and/or rights to use assets. The effect of implementing EITF 00-21 on the Company's consolidated financial position and results of operations was not significant.

The Company generally recognizes revenue upon delivery of LPG to the customer. Revenue associated with shipments of petroleum products is recognized when title passes to the customer. There are no significant credit transactions.

In February 2002, the Company entered into an agreement ("Agreement") with Zunyi Municipal Government ("Government") to design and install LPG pipeline systems in residential areas in the city of Zunyi, China on behalf of Government. In exchange for installing the pipeline, the Agreement provides for the Company to be the sole LPG supplier for those households. The Company substantially completed the installation of the LPG pipeline as of December 31, 2002. Pursuant to the Agreement, Government had paid to the Company 50% of the total contracted installation price, and the Company has to collect the remaining 50% of contract price directly from the customers. The Company's management has determined that the collectibility and length of time to collect the amount due from customers can not be reasonably assured. Accordingly, revenues are recognized as collected in connection with the portion of the contracted price to be collected from customers. During the year ended December 31, 2004 and 2003, the Company received and recognized revenues of \$11,171 and \$44,233, respectively, in connection with the installation fees collected from customers.



**LARGO VISTA GROUP, LTD.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenue Recognition (Continued)

In May 2003, the Company entered into its Second Agreement ("Second Agreement") with Government to design and install more LPG pipeline systems in residential areas in the city of Zunyi, China on behalf of Government. In exchange for installing the pipeline, the Second Agreement provides for the Company to be the sole LPG supplier for those households. Pursuant to the Second Agreement, Government is obligated to pay to the Company 50% of the total contracted installation price, and the Company has to collect the remaining 50% of contracted price directly from the customers. During the year ended December 31, 2003, the Company did not receive any payments from Government and thus delayed the installation of pipelines. The Company accounted for installation fees of \$5,888 received from customers during the year ended December 31, 2003 as deferred revenue. During the year ended December 31, 2004, the Company received 50% of the total contracted price, or \$87,258, from Government and additional \$2,264 of payments from customers. The Company substantially completed the installation of the LPG pipeline as of December 31, 2004, and accounted for the total receipt of \$95,410 from Government and customers as of December 31, 2004 in connection with Second Agreement as revenues during the year ended December 31, 2004. The Company also charged to income during the year ended December 31, 2004 the design and installation costs of \$105,903 incurred by the Company for the pipeline project. Additionally, the Company management has determined that the collectibility and length of time to collect the remaining contracted price due from customers can not be reasonably assured. Accordingly, revenues will be recognized as collected in connection with the portion of contracted price to be collected from customers.

Advertising

The Company follows the policy of charging the costs of advertising to expenses as incurred. The Company incurred no advertising costs during the years ended December 31, 2004 and 2003.

Research and Development

The Company accounts for research and development costs in accordance with the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 2 ("SFAS 2"), "Accounting for Research and Development Costs." Under SFAS 2, all research and development costs must be charged to expense as incurred. Accordingly, internal research and development costs are expensed as incurred. Third-party research and developments costs are expensed when the contracted work has been performed or as milestone results have been achieved. Company-sponsored research and development costs related to both present and future products are expensed in the period incurred. The Company incurred no expenditures on research and product development for 2004 and 2003.

Liquidity

As shown in the accompanying financial statements, the Company incurred a net loss from operations of \$276,551 and \$496,752 during the year ended December 31, 2004 and 2003, respectively. The Company's current liabilities exceeded its current assets by \$928,301 as of December 31, 2004.



**LARGO VISTA GROUP, LTD.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Concentrations of Credit Risk

Financial instruments and related items, which potentially subject the Company to concentrations of credit risk, consist primarily of cash, cash equivalents and related party receivables. The Company places its cash and temporary cash investments with credit quality institutions. At times, such investments may be in excess of the FDIC insurance limit. The Company periodically reviews its trade receivables in determining its allowance for doubtful accounts. The allowance for doubtful accounts was \$0 at December 31, 2004 and 2003.

Comprehensive Income (Loss)

The Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income". SFAS No. 130 establishes standards for the reporting and displaying of comprehensive income and its components. Comprehensive income is defined as the change in equity of a business during a period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. SFAS No. 130 requires other comprehensive income (loss) to include foreign currency translation adjustments and unrealized gains and losses on available-for-sale securities.

Stock Based Compensation

In December 2002, the FASB issued Statement of Financial Accounting Standards No. 148 ("SFAS No. 148"), "Accounting for Stock-Based Compensation-Transition and Disclosure-an amendment of SFAS 123." This statement amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The Company has chosen to continue to account for stock-based compensation using the intrinsic value method prescribed in APB Opinion No. 25 and related interpretations. Accordingly, compensation expense for stock options is measured as the excess, if any, of the fair market value of the Company's stock at the date of the grant over the exercise price of the related option. The Company has adopted the annual disclosure provisions of SFAS No. 148 in its financial reports for the year ended December 31, 2004 and 2003 and will adopt the interim disclosure provisions for its financial reports for the subsequent periods. The Company has no awards of stock-based employee compensation outstanding at December 31, 2004 and 2003.

Reclassifications

Certain reclassifications have been made in prior year's financial statements to conform to classifications used in the current year.





**LARGO VISTA GROUP, LTD.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Segment Information

Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS 131") establishes standards for reporting information regarding operating segments in annual financial statements and requires selected information for those segments to be presented in interim financial reports issued to stockholders. SFAS 131 also establishes standards for related disclosures about products and services and geographic areas. Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision maker, or decision-making group, in making decisions how to allocate resources and assess performance. The information disclosed herein materially represents all of the financial information related to the Company's principal operating segment.

New Accounting Pronouncements

In November 2004, the Financial Accounting Standards Board (FASB) issued SFAS 151, *Inventory Costs— an amendment of ARB No. 43, Chapter 4*. This Statement amends the guidance in ARB No. 43, Chapter 4, "Inventory Pricing," to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). Paragraph 5 of ARB 43, Chapter 4, previously stated that ". . . under some circumstances, items such as idle facility expense, excessive spoilage, double freight, and rehandling costs may be so abnormal as to require treatment as current period charges. . . ." This Statement requires that those items be recognized as current-period charges regardless of whether they meet the criterion of "so abnormal." In addition, this Statement requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. This Statement is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. Management does not believe the adoption of this Statement will have any immediate material impact on the Company.

In December 2004, the FASB issued SFAS No.152, "Accounting for Real Estate Time-Sharing Transactions—an amendment of FASB Statements No. 66 and 67" ("SFAS 152") The amendments made by Statement 152 This Statement amends FASB Statement No. 66, Accounting for Sales of Real Estate, to reference the financial accounting and reporting guidance for real estate time-sharing transactions that is provided in AICPA Statement of Position (SOP) 04-2, Accounting for Real Estate Time-Sharing Transactions. This Statement also amends FASB Statement No. 67, Accounting for Costs and Initial Rental Operations of Real Estate Projects, to state that the guidance for (a) incidental operations and (b) costs incurred to sell real estate projects does not apply to real estate time-sharing transactions. The accounting for those operations and costs is subject to the guidance in SOP 04-2. This Statement is effective for financial statements for fiscal years beginning after June 15, 2005. with earlier application encouraged. The Company does not anticipate that the implementation of this standard will have a material impact on its financial position, results of operations or cash flows.



**LARGO VISTA GROUP, LTD.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

New Accounting Pronouncements (Continued)

On December 16, 2004, the Financial Accounting Standards Board ("FASB") published Statement of Financial Accounting Standards No. 123 (Revised 2004), *Share-Based Payment* ("SFAS 123R"). SFAS 123R requires that compensation cost related to share-based payment transactions be recognized in the financial statements. Share-based payment transactions within the scope of SFAS 123R include stock options, restricted stock plans, performance-based awards, stock appreciation rights, and employee share purchase plans. The provisions of SFAS 123R are effective as of the first interim period that begins after June 15, 2005. Accordingly, the Company will implement the revised standard in the third quarter of fiscal year 2005. Currently, the Company accounts for its share-based payment transactions under the provisions of APB 25, which does not necessarily require the recognition of compensation cost in the financial statements. Management is assessing the implications of this revised standard, which may materially impact the Company's results of operations in the third quarter of fiscal year 2005 and thereafter.

On December 16, 2004, FASB issued Statement of Financial Accounting Standards No. 153, *Exchanges of Nonmonetary Assets, an amendment of APB Opinion No. 29, Accounting for Nonmonetary Transactions* ("SFAS 153"). This statement amends APB Opinion 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. Under SFAS 153, if a nonmonetary exchange of similar productive assets meets a commercial-substance criterion and fair value is determinable, the transaction must be accounted for at fair value resulting in recognition of any gain or loss. SFAS 153 is effective for nonmonetary transactions in fiscal periods that begin after June 15, 2005. The Company does not anticipate that the implementation of this standard will have a material impact on its financial position, results of operations or cash flows.

**NOTE B - INVENTORIES**

Inventories are stated at the lower of cost or market determined by the first-in, first-out (FIFO) method. Inventories consist primarily of liquid petroleum gas available for sale to contract clients and the public. Components of inventories as of December 31, 2004 and 2003 are as follows:

|                      | 2004     | 2003      |
|----------------------|----------|-----------|
| Liquid petroleum gas | \$ 2,860 | \$ 10,418 |
| Packaging bottles    | 4,428    | 1,204     |
| Supplies             | 1,546    | 368       |
|                      | \$ 8,834 | \$ 11,990 |

**NOTE C - PROPERTY, PLANT AND EQUIPMENT**

Property and equipment are stated at cost. For financial statement purposes, property and equipment are recorded at cost and depreciated using the straight-line method over their estimated useful lives of 5 years. The Company's

property and equipment at December 31, 2004 and 2003 consists of the following:

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**LARGO VISTA GROUP, LTD.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004 AND 2003**

**NOTE C - PROPERTY, PLANT AND EQUIPMENT (Continued)**

|                                | 2004     | 2003     |
|--------------------------------|----------|----------|
| Office furniture and equipment | \$ 3,542 | \$ 3,542 |
| Transportation equipment       | 12,679   | 12,679   |
| Total                          | 16,221   | 16,221   |
| Accumulated depreciation       | (9,273)  | (6,226)  |
|                                | \$ 6,948 | \$ 9,995 |

Depreciation expense included as a charge to income amounted to \$3,047 and \$3,094 for the year ended December 31, 2004 and 2003, respectively.

**NOTE D - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities at December 31, 2004 and 2003 are as follows:

|                  | 2004       | 2003       |
|------------------|------------|------------|
| Accrued expenses | \$ 344,165 | \$ 297,166 |
| Accrued interest | 123,467    | 95,528     |
| Total            | \$ 467,632 | \$ 392,694 |

During the year ended December 31, 2003, the Company's Chairman and one of its consultants released the Company's obligation for a total of \$108,000 of unpaid service fees. The Company accounted for the \$108,000 forgiveness of debt as other income during the year ended December 31, 2003.

**NOTE E - NOTES PAYABLE TO RELATED PARTIES**

Notes payable to related parties at December 31, 2004 and 2003 consists of the following:

|   | 2004      | 2003      |
|---|-----------|-----------|
| Note payable on demand to Company shareholder; interest payable | \$ -      | \$ 15,000 |
| monthly at 7% per annum; unsecured (a)                          |           |           |
| Note payable on demand to Company's Chairman; interest payable  | 434,782   | 434,782   |
| monthly at 7% per annum; unsecured.                             |           |           |
| Total   | 434,782   | 449,782   |
| Less: current portion   | (434,782) | (449,782) |
|   | \$ -      | \$ -      |

(a) In December 2004, the Company entered into an agreement with the Company's shareholder to issue an aggregate of 1,230,546 shares of its common stock in exchange for the note payable of \$15,000 and all accrued unpaid interest of \$3,458. The Company accounted for the shares to be issued as stock subscription payable at December 31, 2004

(Note G). The Company has issued the common shares to the shareholder subsequent to the date of the financial statements.

**LARGO VISTA GROUP, LTD.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004 AND 2003**

**NOTE F - RELATED PARTY TRANSACTIONS**

In addition to notes payable to related parties described in Note E, two shareholders of the Company have advanced funds to the Company for working capital purposes. No formal repayment terms or arrangements exist. The net amount of advances due the shareholders at December 31, 2002 was \$1,225. During the year ended December 31, 2003, the Company repaid to the shareholders \$1,019 in cash and also issued 10,323 shares of its common stock in exchange for \$206 of the advances (Note G).

During the year ended December 31, 2002, a consultant (former officer) of the Company has advanced funds to the Company for working capital purposes. No formal repayment terms or arrangements exist. The net amount of advances due the consultant at December 31, 2002 was \$117. During the year ended December 31, 2003, the Company issued 7,312 shares of its common stock in exchange for settlement of the advance (Note G).

A consultant (shareholder and former employee) of the Company has advanced funds to the Company as working capital of its Vietnam representative office. No formal repayment terms or arrangements exist. The net amount of advances due the consultant at December 31, 2003 was \$15,078. In March 2004, the Company issued an aggregate of 1,004,994 shares of common stock to the consultant and former employee in exchange for the \$15,078 of expenses paid on behalf of the Company (Note G). The consultant continued advancing funds the Company as working capital during the year ended December 31, 2004. The net amount of advances due the consultant at December 31, 2004 was \$14,708.

The Company's Chief Financial Officer has advanced funds to the Company for working capital purpose. No formal repayment terms or arrangements exist. The net amount of advances due the Chief Financial Officer at December 31, 2004 was \$11,326.

The Company's Chairman has advanced funds to the Company for working capital purposes. No formal repayment terms or arrangements exist. The net amount of advances due the Company's Chairman at December 31, 2004 and 2003 was \$131,359 and \$105,716, respectively.

During the year ended December 31, 2004 and 2003, the Company Chairman and significant shareholders contributed cash of \$42,875 and \$111,720, respectively to the Company as working capital.

**NOTE G - CAPITAL STOCK**

The Company has authorized 25,000,000 shares of Series A Preferred Stock, with a par value of \$.001 per share. As of December 31, 2004 and 2003, the Company has no Series A Preferred Stock issued and outstanding. The company has authorized 400,000,000 shares of common stock, with a par value of \$.001 per share. As of December 31, 2004 and 2003, the Company has 269,963,856 and 264,615,280 shares of common stock issued and outstanding, respectively.

For the year ended December 31, 2003, the Company issued an aggregate of 18,051,730 shares of common stock to consultants for services rendered in the amount of \$321,348. All valuations of common stock issued for services were based upon the value of the services rendered, which did not differ materially from the fair value of the Company's common stock during the period the services were rendered.





**LARGO VISTA GROUP, LTD.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE G - CAPITAL STOCK (Continued)**

Additionally, the Company issued an aggregate of 17,635 shares of common stock to related parties in exchange for previously incurred debt of \$323 (see Note F) and an aggregate of 18,054 shares of common stock in exchange for \$340 of office expenses paid by shareholders. During the year ended December 31, 2003, the Company Chairman and significant shareholders contributed cash of \$111,720 to the Company as working capital.

For the year ended December 31, 2004, the Company issued an aggregate of 4,343,582 shares of common stock to consultants in exchange for accrued service fees of \$82,400. All valuations of common stock issued for services were based upon the value of the services rendered, which did not differ materially from the fair value of the Company's common stock during the period the services were rendered.

Additionally, the Company issued an aggregate of 1,004,994 shares of common stock to a consultant and former employee in exchange for \$15,078 of expenses paid on behalf of the Company (Note F). During the year ended December 31, 2004, the Company Chairman and significant shareholders contributed cash of \$42,875 to the Company as working capital. In December 2004, one of the Company's significant shareholders agreed to subscribe 1,230,546 shares of common stock in exchange for \$15,000 of notes payable and \$3,458 of accrued interest due to the shareholder (Note E). The Company accounted for the common shares issued subsequent to the date of financial statements as stock subscription payable at December 31, 2004.

**NOTE H - INCOME TAXES**

The Company has adopted Financial Accounting Standards No. 109, which requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statement or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between financial statements and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Temporary differences between taxable income reported for financial reporting purposes and income tax purposes are insignificant.

At December 31, 2004, the Company has available for federal income tax purposes a net operating loss carryforward of approximately \$16,390,000, expiring in the year 2024, that may be used to offset future taxable income. The Company has provided a valuation reserve against the full amount of the net operating loss benefit, since in the opinion of management based upon the earnings history of the Company, it is more likely than not that the benefits will not be realized.

Components of deferred tax assets as of December 31, 2004 are as follows:

|                                 |              |
|---------------------------------|--------------|
| Non Current:                    |              |
| Net operating loss carryforward | \$ 5,636,000 |
| Valuation allowance             | (5,636,000)  |
| Net deferred tax asset          | \$ -         |



**LARGO VISTA GROUP, LTD.  
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**NOTE I - EARNINGS (LOSSES) PER SHARE**

Basic and fully diluted losses per share are calculated by dividing net income (loss) available to common shareholders by the weighted average of common shares outstanding during the year. The Company has no potentially dilutive securities, options, warrants or other rights outstanding. The following table sets forth the computation of basic and diluted earnings (losses) per share:

|  | 2004         | 2003         |
|--|--------------|--------------|
| Net income (loss) available to common stockholders                     | \$ (276,551) | \$ (496,752) |
| Basic and diluted earning (loss) per share                             | \$ (0.00)    | \$ (0.00)    |
| Basic and diluted weighted average number of common shares outstanding | 269,072,427  | 257,506,361  |

**NOTE J - COMMITMENTS AND CONTINGENCIES**

Lease Commitments

The Company leases office space on a month-to-month basis at base rent of \$755 per month in Newport Beach, California for its corporate offices. The Company also leases office space on a month to month basis in Ho Chi Minh City, Vietnam at base rent of \$500 per month for an administrative and sales representative.

The Company leases distribution and office facilities in Zunyi City, Province of Guizhou, China. Commitments for minimum rentals under non-cancelable leases at the end of 2004 are as follows.

| Year  | Amount   |
|-------|----------|
| 2005  | \$ 2,922 |
| 2006  | 2,414    |
| 2007  | 2,414    |
| Total | \$ 7,750 |

Rental expense charged to operations was \$17,182 and \$47,995 for the year ended December 31, 2004 and 2003, respectively.

Sublease Agreement

The Company leases an office suite on a month-to-month basis at base rent of \$590 per month in Newport Beach, California and subleases the office to a third party for \$2,000 per month starting May 2003. During the year ended December 31, 2004 and 2003, the Company recorded \$16,180 and \$11,859 of rentals received as other income, net of costs and expenses.



**LARGO VISTA GROUP, LTD.  
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**NOTE J - COMMITMENTS AND CONTINGENCIES (Continued)**

Consulting Agreements

The Company has several agreements with outside contractors to provide organizational services, business development in China and Vietnam, international petroleum, and other products trading consultation services. The agreements are generally for a term of 12 months from inception and renewable from year to year unless either the Company or Consultant terminates such engagement with written notice

Litigation and Contingencies

The Company is subject to other legal proceedings and claims, which arise in the ordinary course of its business. Although occasional adverse decisions or settlements may occur, the Company believes that the final disposition of such matters will not have a material adverse effect on its financial position, results of operations, or liquidity.

**NOTE K - GOING CONCERN MATTERS**

The accompanying statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the financial statements during the years ended December 31, 2004 and 2003, the Company incurred losses from operations of \$276,551 and \$496,752, respectively. The Company's current liabilities exceeded its current assets by \$928,301 as of December 31, 2004. These factors among others may indicate that the Company will be unable to continue as a going concern for a reasonable period of time.

The Company's existence is dependent upon management's ability to develop profitable operations and resolve its liquidity problems. Management anticipates the Company will attain profitable status and improve its liquidity through the continued developing, marketing and selling of its products and additional equity investment in the Company. The accompanying consolidated financial statements do not include any adjustments that might result should the Company be unable to continue as a going concern.

In order to improve the Company's liquidity, the Company is actively pursuing additional equity financing through discussions with investment bankers and private investors. There can be no assurance the Company will be successful in its effort to secure additional equity financing.

If operations and cash flows continue to improve through these efforts, management believes that the Company can continue to operate. However, no assurance can be given that management's actions will result in profitable operations or the resolution of its liquidity problems.



**LARGO VISTA GROUP, LTD.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE L - SUBSEQUENT EVENTS**

On March 18, 2005, Largo Vista signed an Agreement and Assignment of Certain Contractual Rights and Benefits (the "Agreement"), with Shanghai Offshore Oil Group (HK) Co., Ltd. ("Shanghai Oil"). Under the Agreement, Shanghai Oil assigned to Largo Vista all of its rights to receive payments under a prior contract with Asiaticorp Investment Holding Ltd. ("Asiaticorp"), under which Shanghai Oil would purchase from Asiaticorp fuel oil produced in Russia and deliver it to entities in The People's Republic of China at a rate of thirty thousand (30,000) metric tons per month for three (3) months and continue for the following thirty-three (33) months at a rate of two hundred thousand (200,000) metric tons per month, for a total of six million, six hundred ninety thousand (6,690,000) metric tons (the "Asiaticorp Contract"). The Agreement states that deliveries under the Asiaticorp Contract were to begin no later than May 18, 2005.

The Agreement provides that Largo Vista will receive all of the profit realized by Shanghai Oil from the sale of fuel oil it acquires under the Asiaticorp Contract, after the deduction of costs associated with the purchase, transportation and sale of the fuel oil, with a minimum payment of two dollars (\$2.00) per metric ton. In exchange for the assignment of the Asiaticorp contract and subject to the receipt of payment from Shanghai Oil, Largo Vista agreed to issue to Shanghai Oil one hundred million (100,000,000) shares of Largo Vista's common stock, deliverable in three equal increments over the term of the Agreement, which amounts may be reduced based upon the amount, if any, of Shanghai Oil's actual payments from its sale of the fuel oil. Accordingly, the value of the Largo Vista shares that may be issued under the terms of the Agreement approximate \$.13 per share of common stock

Payments received by The Company based upon Shanghai Oil's sale of the fuel oil, if any, will be accounted for as a capital transaction as The Company's transaction with Shanghai Oil represents, in substance, a stock subscription under which The Company would receive approximately \$0.13 per share if the total projected amount of fuel oil is sold and the minimum guaranteed profit margin is paid to The Company.



**Item 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE - None.**

**Item 8A. CONTROLS AND PROCEDURES**

- a) Evaluation of Disclosure Controls and Procedures. As of December 31, 2004, our management carried out an evaluation, under the supervision of our Chief Executive Officer and Chief Financial Officer of the effectiveness of the design and operation of our system of disclosure controls and procedures pursuant to the Securities and Exchange Act, Rule 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.
- b) Changes in internal controls. There were no changes in internal controls over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially effect, our internal control over financial reporting.

**PART III**

**Item 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS, COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT**

| Name               | Age | Position   |
|--------------------|-----|--|
| Albert N. Figueroa | 38  | Director; Principal Accounting Officer                                 |
| Deng Shan          | 53  | Interim Chief Executive officer and Chairman of the Board of Directors |

Directors serve until the next annual meeting of shareholders, or until their successors are elected.

Albert N. Figueroa, Secretary and Treasurer, is in charge of day-to-day business operations of Largo Vista in the United States, as well as being a liaison with all outside service providers, and generally maintains the consistency of information within the Company. Mr. Figueroa joined the Company in July 1991.

Deng Shan, Chairman of the Board of Directors, is well versed in the business practices of China. Early in his career Mr. Deng was a lecturer in Wuhan Chemical Engineering School. Later he advanced to associate professor at Huazhong University of Science and Technology. In 1989, Mr. Deng became the Director, Science and Technology Commission, Nanshan District Government, China. In 1994, Mr. Deng was appointed Chief Executive Officer/Chairman of the Board of four commercial companies. Mr. Deng joined the Company in April 1997.

The Company does not have an audit committee and consequently the entire Board of Directors serves in that capacity. The Board's pre-approval policy regarding professional services provided by the Company's principal accountant is to pre-approve the engagement of the principal accountant for the performance of all professional services. The policy does provide a waiver of pre-approval in the event that such services, in the aggregate, will be less than 5% of the audit fee, such services are not recognized as non-audit fees at the time of the engagement, and pre-approval is obtained from a designated member of the Board prior to the engagement. Until such time as an audit

committee is appointed, the designated individual is the Principal Executive Officer, currently the President of the Company. 100% of the 2003 non-audit fees were pre-approved by the designated Board member and subsequently approved by the Board.

Section 16(a) of the Securities Exchange Act of 1934, as amended, and the rules thereunder require the Company's officers and directors, and persons who own more than 10% of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission and to furnish the Company with copies. Based solely on its review of the copies of the Section 16(a) forms received by it, or written representations from certain reporting persons, the Company believes that, during the last fiscal year, all Section 16(a) filing requirements applicable to its officers, directors and greater than 10% beneficial owners were complied with.

The Company has adopted a Policy Statement on Business Ethics and Conflicts of Interest, which was approved by the Board of Directors, applicable to all employees, which is attached as an exhibit to this report.

**Item 10. EXECUTIVE COMPENSATION**

The following table sets forth all compensation paid or accrued by the Company during the last three years to its executive officers.

| Name<br>And<br>Principal<br>Position  | Year | Salary<br>(\$) | Bonus<br>(\$) | Other<br>Annual<br>Compen-<br>sation(\$) | Restricted<br>Stock<br>Awards(\$) | Securities<br>Underlying<br>Options/<br>SARs (#) | LTIP<br>Payouts<br>(\$) | All other<br>Compen-<br>sation<br>(\$) |
|---------------------------------------|------|----------------|---------------|--|-----------------------------------|--|-------------------------|--|
| Deng Shan,<br>Interim CEO             | 2004 | 0              | 0             | 0  | 0                                 | 0  | 0                       | 0                                      |
|                                       | 2003 | 0              | 0             | 0  | 0                                 | 0  | 0                       | 0                                      |
|                                       | 2002 | 0              | 0             | 0  | 100,000                           | 0  | 0                       | 0                                      |
| Albert<br>Figueroa,<br>Secretary      | 2004 | 54,000         | 0             | 0  | 0                                 | 0  | 0                       | 0                                      |
|                                       | 2003 | 33,500         | 0             | 0  | 0                                 | 0  | 0                       | 0                                      |
|                                       | 2002 | 30,512         | 0             | 0  | 0                                 | 29,488   | 0                       | 0                                      |
| Daniel<br>Mendez,<br>Ex-President     | 2004 | 0              | 0             | 0  | 0                                 | 0  | 0                       | 0                                      |
|                                       | 2003 | 0              | 0             | 0  | 0                                 | 0  | 0                       | 0                                      |
|                                       | 2002 | 3,814          | 0             | 0  | 0                                 | 104,685  | 0                       | 0                                      |
| Edward<br>Deese,<br>Ex-Interim<br>COO | 2004 | 0              | 0             | 0  | 0                                 | 0  | 0                       | 0                                      |
|                                       | 2003 | 6,000          | 0             | 0  | 0                                 | 0  | 0                       | 0                                      |
|                                       | 2002 | 30,000         | 0             | 0  | 0                                 | 0  | 0                       | 0                                      |

## Notes:

(1) The officers listed above were paid their salary in a combination of registered stock options, unregistered stock and/or cash. Any issuance of unregistered common stock was valued at market, generally determined by the closing price on the first day of trading of the following month.

(2) Albert N. Figueroa, Secretary/Treasurer, serves under a semi- annual consulting contract renewed effective January 1, 2004 at annualized compensation of \$54,000 that may be terminated upon 30 days written notice of either party.

(3) Deng Shan, Interim CEO, serves under a semi- annual Agreement for Services renewed effective January 1, 2004 at annualized compensation of \$84,000 that may be terminated upon 30 days written notice of either party.

(4) Daniel Mendez, President, served under an annual Agreement for Services for an annual compensation of \$120,000. He resigned his position as president August 1, 2002. Effective August 2, 2002, Mr. Mendez agreed to provide consulting services as the Company required. Mendez also served as a member of the Board of Directors until his resignation October 17, 2002

(5) Edward Deese, Interim Chief Operating Officer, served under a semi-annual Agreement for Services for an annualized compensation of \$72,000. His agreement terminated as of January 31, 2003. Deese also served as a member of the Board of Directors from August 1, 2002 to January 17, 2003

(6) James DeOlden, Director served on the Board of Directors from September 12, 2002 to October 17, 2002

(7) The members of the Company's Board of Directors receive no additional compensation for serving as directors.

# **Item 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The following table sets forth information regarding beneficial ownership as of April 14, 2004 of the Company's common stock by any person who is known to the Company to be the beneficial owner of more than 5% of the Company's voting securities and by each director and officer of the Company.

|   | Beneficial | Percentage |
|---|------------|------------|
| Name and Address (1)                          | Ownership  | of Class   |
| Shanghai Offshore Oil Group (HK) Co., Ltd (1) | 33,333,333 | 8.89%      |
| Albert Figueroa (2)                           | 6,354,107  | 1.69%      |
| Deng Shan (2), (3)                            | 81,150,285 | 21.63%     |
| All directors/officers as a group (2 persons) | 87,504,392 | 24.76%     |

(1) The address for Shanghai Offshore Oil Group (HK) Co., Ltd. is 35/F Bund Center, 222 Yan An Road East, Shanghai, China

(2) The address for Messrs. Figueroa and Deng is 4570 Campus Drive, Newport Beach, CA 92660. Mr. Figueroa owns 5,425,607 shares (1.44%) personally and his spouse owns 928,500 shares (0.25%), which may be deemed to be beneficially owned by Mr. Figueroa. Mr. Figueroa disclaims beneficial ownership of such shares.

(3) Mr. Deng Shan owns 2,892,396 (0.77%) shares personally, and 78,257,889 (20.86%) shares through his majority owned corporation, Proton Technology Corporation Limited.

## **Item 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

Notes payable to related parties at December 31, 2004 and 2003 consists of the following:

|  | 2004      | 2003      |
|--|-----------|-----------|
| Note payable on demand to Company shareholder; interest payable monthly at 7% per annum; unsecured (a) | \$ -      | \$ 15,000 |
| Note payable on demand to Company's Chairman; interest payable monthly at 7% per annum; unsecured.     | 434,782   | 434,782   |
| Total  | 434,782   | 449,782   |
| Less: current portion  | (434,782) | (449,782) |
|  | \$ -      | \$ -      |

(a) In December 2004, the Company entered into an agreement with the Company's shareholder to issue an aggregate of 1,230,546 shares of its common stock in exchange for the note payable of \$15,000 and all accrued unpaid interest of \$3,458. The Company accounted for the shares to be issued as stock subscription payable at December 31, 2004 (Note G). The Company has issued the common shares to the shareholder subsequent to the date of the financial statements.

Two shareholders of the Company have advanced funds to the Company for working capital purposes. No formal repayment terms or arrangements exist. The net amount of advances due the shareholders at December 31, 2002 was

\$1,225. During the year ended December 31, 2003, the Company repaid to the shareholders \$1,019 in cash and also issued 10,323 shares of its common stock in exchange for \$206 of the advances.

During the year ended December 31, 2002, a consultant (former officer) of the Company has advanced funds to the Company for working capital purposes. No formal repayment terms or arrangements exist. The net amount of advances due the consultant at December 31, 2002 was \$117. During the year ended December 31, 2003, the Company issued 7,312 shares of its common stock in exchange for settlement of the advance.

A consultant (shareholder and former employee) of the Company has advanced funds to the Company as working capital of its Vietnam representative office. No formal repayment terms or arrangements exist. The net amount of advances due the consultant at December 31, 2003 was \$15,078. In March 2004, the Company issued an aggregate of 1,004,994 shares of common stock to the consultant and former employee in exchange for the \$15,078 of expenses paid on behalf of the Company. The consultant continued advancing funds the Company as working capital during the year ended December 31, 2004. The net amount of advances due the consultant at December 31, 2004 was \$14,708.

The Company's Chief Financial Officer has advanced funds to the Company for working capital purpose. No formal repayment terms or arrangements exist. The net amount of advances due the Chief Financial Officer at December 31, 2004 was \$11,326.

The Company's Chairman has advanced funds to the Company for working capital purposes. No formal repayment terms or arrangements exist. The net amount of advances due the Company's Chairman at December 31, 2004 and 2003 was \$131,359 and \$105,716, respectively.

During the year ended December 31, 2004 and 2003, the Company Chairman and significant shareholders contributed cash of \$42,875 and \$111,720, respectively to the Company as working capital.

As of April 14, 2004, other than issuances of common shares to executive officers as compensation or in satisfaction of cash advances and transactions described above, there have been no transactions to which the Company was a party involving \$100,000 or more and in which any director, executive officer, or holder of more than five percent of our common stock had a material interest.

### Item 13. EXHIBITS

|       |  |
|-------|--|
| 3.1*  | Articles of Incorporation of Largo Vista Group, Limited (filed Form 10SB, 11/2/99)   |
| 3.2*  | Bylaws of Largo Vista Group, Limited (filed Form 10SB, 11/2/99)  |
| 3.3*  | Articles of Incorporation of Largo Vista Inc. (filed Form 10SB, 11/2/99)   |
| 3.4*  | Bylaws of Largo Vista Inc. (filed Form 10SB, 11/2/99)  |
| 3.5*  | Articles of Incorporation of Everlasting International Limited (filed Form 10SB, 11/2/99)  |
| 3.6*  | Bylaws of Everlasting International Limited (filed Form 10SB, 11/2/99)   |
| 3.7*  | Articles of Incorporation of Kunming Xinmao Petrochemical Industry Co., Ltd. (filed Form 10SB, 11/2/99)  |
|       |  |
| 10    | Material Contracts   |
|       |  |
| 10.1* | Contract. Largo Vista Group, Ltd. and Sentio Corporation, December 28, 1998, (filed Form 10SB, 11/2/99)  |
| 10.2* | Contract. Hong Kong De Xiang Tuo Yi Industrial Company, August 28, 1992 (filed Form 10SB, 11/2/99)   |
| 10.3* | Plan and Agreement of Reorganization between Largo Vista Group, Ltd., Proton Technology Corporation, Ltd. and Everlasting International, December 21, 1996 (filed Form 10SB, 11/2/99)                                    |
| 10.4* | Joint Venture Agreement of Kunming Xinmao Petrochemical Industry Co., Ltd., August 8, 1992 (filed Form 10SB, 11/2/99)  |
| 10.5* | Approval Certificate of Enterprise with Foreign Investment in the People's Republic of China (filed Form 10SB, 11/2/99)  |
| 10.6* | Business License of Enterprise in the Peoples Republic of China (filed Form 10SB, 11/2/99)   |
| 10.7* | Business Permit to Engage in LPG Business in Yunnan Province (filed Form 10SB, 11/2/99)  |
| 10.8* | Notice of Subsidiaries of the Agriculture Bank of China, Yunnan Provincial Branch, Acting as Agents for Collection and Receipt of Payment for Kunming Xinmao Petrochemical Industry Co., Ltd. (filed Form 10SB, 11/2/99) |

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|        |  |
|--------|--|
| 10.9*  | Agreement of Supply of Liquefied Petroleum Gas, March 18, 1996 (filed Form 10SB, 11/2/99)  |
| 10.10* | Method of Insurance for LPG Credit, August 26, 1997 (filed Form 10SB, 11/2/99)   |
| 10.11* | Memorandum of Understanding Kunming Xinmao Petrochemical Industry Co., Ltd. and Wuhan Minyi Fuel Gas Petrochemical Company Limited, March 14, 1999 (filed Form 10SB, 11/2/99)  |
| 10.12* | Memorandum of Understanding Kunming Xinmao Petrochemical Industry Co., Ltd. and Guilin Municipal Garden Fuel Gas Pipelines Limited, March 29, 1999 (filed Form 10SB, 11/2/99)  |
| 10.13* | Approval Certificate of Enterprisees with Foreign Investment in the Peoples Republic of China, August 21, 1992 (filed Form 10SB, 11/2/99)  |
| 10.14* | Contract. Enterprise Ownership Transfer Agreement "Ten Year Leasing Contract", Seller Chen Mao Tak, Purchaser Everlasting International, Ltd., third party Kunming Fuel General Company, November 8, 1995 (filed Form 10SB-A1, 1/14/2000 as EX-10.D) |
| 10.15* | Joint Venture Agreement. , Largo Vista with the United Arab Petroleum Corporation ("UAPC"), known as Largo Vista/UAPC Partners (filed Form 10SB-A1, 1/14/2000 as EX-10.F)  |



|        |  |
|--------|--|
| 10.16* | Memorandum of Association Limited Liability Company. Largo Vista Group, Ltd., LLC, Dubai, UAE, October 12, 1999, Largo Vista Group, Ltd., UAPC, and Sheik Al Shabani, named Largo Vista Group Limited, Limited Liability Company of the UAE (filed Form 10SB-A1, 1/14/2000 as EX-10.G) |
| 10.17* | Contract: Mekong Petroleum Joint Venture Co., Ltd. (PETROMEKONG) Buyer, and United Arab Petroleum Corporation Seller, November 25, 1999 (filed Form 10SB-A1, 1/14/2000 as EX-10.H)   |
| 10.18* | Contract: Mekong Petroleum Joint Venture Co., Ltd. (PETROMEKONG), Buyer, and United Arab Petroleum Corporation Seller, December 18, 1999 (filed Form 10SB-A1, 1/14/2000 as EX-10.H)  |
| 10.19* | Employment Agreement Daniel J. Mendez 1999 (filed Form 10SB-A1 as Ex-3.iv, 1/14/2000)  |
| 10.20* | Consultant Agreement Deng Shan 1999 (filed Form 10SB-A1, as Ex-3.v 1/14/2000)  |
| 10.21* | Contract. "Enterprise Ownership Transfer Agreement", November 8, 1995, new translation (filed Form 10SB-A2, 3/20/2000 as EX-10.E.1)  |
| 10.22* | Contract. "Agreement on Payment", November 8, 1995 (filed Form 10SB-A2, 3/20/2000 as EX-10.E.2)  |
| 10.23* | Contract. "Agreement on Supply of Liquefied Petroleum Gas", March 18, 1996 (filed Form 10SB-A2, 3/20/2000 as EX-10.E.3)  |
| 10.24* | Employment Agreement Albert N. Figueroa 1999 (filed as Ex-3.vi 3/21/2000)  |
| 10.25* | Agreement on Zunyi Pipeline Project No.1 Largo Vista Group, Ltd - Proton Enterprise (Wuhan) LTD., China (Agent Agreement)  |
| 10.26* | Zunyi Pipeline #1 Contract Proton Enterprise (Wuhan) LTD. & Construction Headquarters of Zunyi Municipal Government, Dated February 2, 2002  |
| 10.27* | Gas Supply Contract Between Proton Enterprise (Wuhan) LTD. and Zunyi Government Administration Construction Team, Dated October 15, 2002 40 Years Exclusive Right  |
| 10.28* | Zunyi Jiahong Gas Co., Ltd. & Largo Vista Group, Ltd. Lease Agreement No.JHLGOV0802 Dated August 27, 2002  |
| 10.29* | Policy Statement on Business Ethics and Conflicts of Interest  |
| 10.30* | Agreement and Assignment of Certain Contractual Rights and Benefits between Largo Vista Group, Ltd. and Shanghai Offshore Oil Group (HK) Co., Ltd.   |
| 31.1** | Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - Chief Executive Officer.   |
| 31.2** | Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - Chief Financial Officer  |
| 32.1** | Certification of Deng Shan Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.  |
| 32.2** | Certification of Albert Figueroa Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002   |

\* Previously filed with the Securities and Exchange Commission \*\*Filed herewith

#### ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth fees billed to the Company by our auditors during the fiscal years ended December 31, 2004 and 2003:

DECEMBER 31, 2004    DECEMBER 31, 2003

|                       |           |           |
|-----------------------|-----------|-----------|
| 1. Audit Fees         | \$ 56,400 | \$ 36,289 |
| 2. Audit Related Fees | --        | --        |
| 3. Tax Fees           | --        | --        |
| 4. All Other Fees     | --        | --        |
| Total Fees            | \$ 56,400 | \$ 36,289 |

Audit fees consist of fees billed for professional services rendered for the audit of the Company's consolidated financial statements and review of the interim consolidated financial statements included in quarterly reports and services that are normally provided by Russell Bedford Stefanou Mirchandani LLP in connection with statutory and regulatory filings or engagements.

Audit-related fees consists of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements, which are not reported under "Audit Fees." There were no Audit-Related services provided in fiscal 2004 or 2003.

Tax fees consists of fees billed for professional services for tax compliance, tax advice and tax planning.

All other fees consist of fees for products and services other than the services reported above. There were no management consulting services provided in fiscal 2004 or 2003.

#### **Audit Committee's Pre-Approval Policies and Procedures**

-----

The Company currently does not have a designated Audit Committee, and accordingly, the Company's Board of Directors' policy is to pre-approve all audit and permissible non-audit services provided by the independent auditors. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The independent auditors and management are required to periodically report to the Company's Board of Directors regarding the extent of services provided by the independent auditors in accordance with this pre-approval, and the fees for the services performed to date. The Board of Directors may also pre-approve particular services on a case-by-case basis.

#### **Item 15. SUBSEQUENT EVENTS**

In August 2005, the staff of the Los Angeles office of the Securities and Exchange Commission advised Largo Vista that it had initiated a formal, non-public inquiry. Largo Vista and its officers have received document subpoenas seeking documents related to the previously announced contract between Largo Vista and Shanghai Oil and trading in the securities of Largo Vista, among other things.

While the Company is confident in its practices, there is a risk that an enforcement proceeding will be recommended by the staff of the Commission as a result of this formal investigation. An enforcement proceeding could include allegations by the SEC that the Company and/or its officers violated, among others, the anti-fraud and books and records provisions of federal securities laws, and the rules thereunder. It cannot be predicted with certainty what the nature of such enforcement proceeding would be, the type of sanctions that might be sought, or what the likelihood would be of reaching settlement. The Company has been and expects to continue to cooperate with the ongoing SEC investigation.

#### **SIGNATURES**

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LARGO VISTA GROUP, LTD.

| Signature             | Title               | Date              |
|-----------------------|---------------------|-------------------|
| /s/Albert N. Figueroa | Secretary/Treasurer | November 21, 2005 |

|                    |             |                   |
|--------------------|-------------|-------------------|
| Albert N. Figueroa |             |                   |
|                    |             |                   |
| /s/Deng Shan       | Interim CEO | November 21, 2005 |
| Deng Shan          |             |                   |