PAY88
Form 424B3
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REGISTRATION NO. 333-146747

PROSPECTUS

PAY88, INC.

4,042,500 shares of Common Stock issuable pursuant to Secured Convertible Promissory Notes
3,887,000 shares of Common Stock

The prospectus relates to the resale by certain selling security holders of Pay88, Inc. of up to 7,929,500 shares of our common stock in connection with the resale of:

- Up to 2,021,250 shares of our common stock that may be issued pursuant to secured convertible promissory notes that were issued by us in connection with a private placement that closed in September 2007;

- Up to 2,021,250 shares of our common stock that may be issued pursuant to secured convertible promissory notes that will be issued by us at the second closing of the September 2007 private placement; and

- 3,887,000 shares of our common stock.

The selling security holders may offer to sell the shares of our common stock being offered in this prospectus at fixed prices, at prevailing market prices at the time of sale, at varying prices, or at negotiated prices. For a description of the plan of distribution of the shares, please see page 15 of this prospectus.

Our common stock is traded on the National Association of Securities Dealers OTC Bulletin Board under the symbol “PAYI.” On October 15, 2007, the closing sale price of our common stock on the OTC Bulletin Board was $1.34.

Investing in our securities involves significant risks. See “Risk Factors” beginning on page 6.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of the prospectus. Any representation to the contrary is a criminal offense.

Our offices are located at 1053 North Barnstead Road, Barnstead, NH 03225. Our telephone number is (603) 776-6044. Our website can be found at www.pay88.com.

The date of the prospectus is October 31, 2007.

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You should rely only on the information contained in this prospectus. We have not, and the selling security holders have not, authorized anyone to provide you with different information. If anyone provides you with different information, you should not rely on it. We are not, and the selling security holders are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations, and prospects may have changed since that date. In this prospectus, "Pay88," "the Company," "we," "us," and "our" refer to Pay88, Inc., a Nevada corporation, unless the context otherwise requires. In this prospectus, references to "Qianbao" refers to Chongqing Qianbao Technology Ltd., our wholly owned subsidiary.

PROSPECTUS SUMMARY

The following summary highlights selected information contained in this prospectus. Because it is a summary, it does not contain all of the information you should consider before making an investment decision. Before making an investment decision, you should read the entire prospectus carefully, including the "Risk Factors" section, the financial statements, and the notes to the financial statements.

Company Summary

Pay88, Inc. was incorporated on March 22, 2005 under the name "Pay88, Ltd." in the State of New Hampshire. We subsequently decided to reincorporate in the State of Nevada by merging with and into Pay88, Inc., a Nevada corporation formed for such purpose on July 7, 2005. Such merger was effectuated on August 9, 2005.

Initially we focused our business on facilitating money transfers from the United States to China. Prior to September 2006, our operations focused on organizational, start-up, and fund raising activities and entering into an agreement with Chongqing Yahu Information Development Co., Ltd. to provide software to process money transfers. However, we never commenced our proposed business operations or generated revenues in connection with this money transfer business. We presently have no intention to engage in the money transfer business. Nonetheless, we may in the future resume our plans to develop this U.S.-China money transfer business.

We shifted our business focus in September, 2006 as a result of our acquisition of Chongqing Qianbao Technology Ltd. ("Qianbao"), a Chinese limited liability company. Through Qianbao, we are currently engaged in the sale of prepaid telephone and game cards through their internet website, http://www.iamseller.com. We currently offer for sale on such website over 800 software products, including cooking and language software and prepaid game cards for online games.

Our auditor's report for the fiscal year ended December 31, 2006 indicates that certain factors raise substantial doubt about our ability to continue as a going concern.

Recent Developments

Private Placement

On September 12, 2007, we entered into Subscription Agreements with 3 accredited investors for the purchase and sale of $1,155,000 of Secured Convertible Promissory Notes for the aggregate purchase price of $750,000. We received net proceeds from the issuance of the secured convertible promissory notes of $652,237. Pursuant to the terms of the Subscription Agreements, we also issued to these investors Class A warrants and Class B warrants that, in the aggregate, are exercisable to purchase 2,310,000 shares of our common stock, subject to adjustments for certain issuances and transactions. In accordance with the terms of the Subscription Agreements, we will issue additional secured convertible promissory notes in the principal amount of $1,155,000 and an aggregate of 2,310,000 additional warrants on or before the fifth business day after this registration statement containing this prospectus is declared effective by the Securities and Exchange Commission. We plan to use the net proceeds of the secured convertible promissory notes (including the additional notes) to expand our operations.

The secured convertible promissory notes bear interest at the rate of prime plus 4% per annum, and are payable in either cash or, absent any event of default, in shares of our common stock. Payments of interest and principal commence on March 12, 2008 and all accrued but unpaid interest and any other amounts pursuant to the secured convertible promissory notes are due and payable on March 12, 2009 (or earlier upon acceleration following an event of default).

All of the principal and accrued interest on the secured convertible promissory notes is convertible into shares of our common stock at the election of the investors at any time at the conversion price of $1.00 per share (subject to adjustment for certain issuances and transactions).

The secured convertible promissory notes contain default events which, if triggered and not timely cured (if curable), will result in a default interest rate of an additional 5% per annum. In addition, we have to pay the investors 120% plus accrued interest of the outstanding principal amount if the shares of our common stock cease to be eligible for quotation on the Bulletin Board, we sell substantially all of our assets or Guo Fan ceases to be our Chief Executive Officer.

The obligations under the secured convertible promissory notes are secured by our assets, the assets of our wholly-owned subsidiary Qianbao, a pledge of all the shares we hold in Qianbao and personal guaranties of our Chief Executive Officer and our Chief Operating Officer.

We also issued to each investor 1,155,000 Class A Common Stock Purchase Warrants and 1,155,000 Class B Common Stock Purchase Warrants, which are exercisable at any time until September 12, 2012 at an exercise price of $0.81 and $1.13, respectively. These warrants also include a cashless exercise provision which is triggered after March 12, 2008 as well as "full ratchet" anti-dilution provisions with respect to certain securities issuances.

At the option of each investor, the conversion of the secured convertible promissory notes or exercise of the warrants is subject to the restriction that such conversion or exercise does not result in the investor beneficially owning at any one time more that 4.99% of our outstanding shares of common stock.

We agreed to register for resale all of the shares of common stock underlying the secured convertible promissory notes. If the registration statement we file is not declared effective within 91 days from September 16, 2007, we must pay monthly liquidated damages in cash equal to 2% of the principal amount of the secured convertible promissory notes and purchase price of the warrants. We also granted the investors piggyback registration rights along with certain demand registration rights.

Pursuant to the Subscription Agreements, we also granted the investors a right of first refusal with respect to proposed sales of equity or debt securities we make, subject to certain exceptions. The right is effective until the earlier of one year from the effective date of the Registration Statement or the date which the secured convertible promissory notes are satisfied in full.

As a condition to the issuance of the secured convertible promissory notes, we have entered into Lock up Agreements with Guo Fan, our Chief Executive Officer, and Tao Fan, our Chief Operating Officer, and three other individuals pursuant to which each of them has agreed not to sell any shares of our common stock prior to 365 calendar days after the registration statement which contains this prospectus has been declared effective, or until the secured convertible promissory notes are no longer outstanding.

The secured convertible promissory notes and the warrants were offered and sold in reliance upon exemptions from registration pursuant to Section 4(2) under the Securities Act and Rule 506 promulgated thereunder, as a transaction by us (as the issuer) not involving a public offering.

Issuance of shares to consultants

On September 11, 2007, we issued an aggregate of 6,666,666 shares of our common stock to TVH Limited, a Netherlands limited company, in consideration for services rendered, and 1,333,334 to another consultant who subsequently returned his shares to the Company for cancellation. TVH Limited subsequently transferred its shares to 5 individuals. These issuances were offered and sold in reliance upon exemptions from registration pursuant to Section 4(2) under the Securities Act and Rule 506 promulgated thereunder.

Conversion of Series A preferred stock into shares of common stock

On October 3, 2007, we issued 14,000,000 shares of common stock upon conversion of 5,000,000 shares of our Series A Convertible Preferred Stock that we issued to the two shareholders of Qianbao in September 2006 as consideration for the acquisition of that company. The shares were subsequently distributed in China to the shareholders of one of said shareholders. We were required to cause the conversion of our Series A Convertible Preferred Stock pursuant to the Subscription Agreement we entered into with the investors on September 12, 2007. As a result of the conversion of the Series A Convertible Preferred Stock into our common stock, and the issuance to TVH Limited as described above, we now have 30,766,666 shares issued and outstanding as of the date of this prospectus. The issuance of our common stock upon the conversion of the Series A Preferred Stock was exempt from registration pursuant to an exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended.

Our offices are located at 1053 North Barnstead Road, Barnstead, New Hampshire 03225. Our telephone number is (603) 776-6044. Our website can be found at www.pay88.com.

THE OFFERING

Key Facts of the Offering

Shares of common stock being registered	7,929,500
Total shares of common stock outstanding as of the date of this prospectus	30,766,666
Total proceeds raised by us from the disposition of the common stock by the selling security holders or their transferees	We will receive no proceeds from the disposition of already outstanding shares of common stock by the selling security holders or their transferees or the disposition of the shares of common stock issuable pursuant to the secured convertible promissory notes.

Summary Financial Data

The following summary financial information for the fiscal year ended December 31, 2006 was taken from our audited financial statements and unaudited financial information for the quarter ended June 30, 2007, includes balance sheet and statement of operations data. The information contained in this table should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and accompanying notes included in this prospectus.

Statement of Operations Data:	**Pay88, Inc. For the Period April 24, 2006 (Inception) to December 31, 2006**	**Pay88, Inc. for the quarter ended June 30, 2007 (unaudited)**
Net Sales	1,199,927	1,242,455
Total Operating Expense	321,436	155,174
Loss from Operations	(294,773)	(125,119)
Net Loss	(297,764)	(137,709)
Loss per Share - Basic	($0.03)	(0.01)
Loss per Share - Diluted	($0.01)	(0.01)

Balance Sheet Data:	**December 31, 2006**	**June 30, 2007 (unaudited)**
Working Capital	(140,018)	(409,755)
Total Assets	728,119	1,232,041
Current Liabilities	381,137	1,148,744
Total Stockholders' Equity	266,597	2,912

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking information. Forward-looking information includes statements relating to future actions, future performance, costs and expenses, interest rates, outcome of contingencies, financial condition, results of operations, liquidity, business strategies, cost savings, objectives of management, and other such matters of the Company. Forward-looking information may be included in this prospectus or may be incorporated by reference from other documents filed with the Securities and Exchange Commission by us. You can find many of these statements by looking for words including, for example, “estimate,” “project,” “intend,” “forecast,” “anticipate,” “plan,” “plann “expect,” “believe,” “will,” “will likely,” “should,” “could,” “would,” “may,” or words or expressions of similar meaning in th prospectus or in documents incorporated by reference in this prospectus. Except as otherwise required under applicable law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or future events.

We have based the forward-looking statements relating to our operations on management's current expectations, estimates, and projections about us and the industry in which we operate. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that we cannot predict. In particular, we have based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. Accordingly, our actual results may differ materially from those contemplated by these forward-looking statements. Any differences could result from a variety of factors, including, but not limited to general economic and business conditions, competition, and other factors.

RISK FACTORS

Investing in us entails substantial risks. Factors that could cause or contribute to differences in our actual results include those discussed in the following section. You should consider carefully the following risk factors, together with all of the other information included in this prospectus. Each of these risk factors could adversely affect our business, operating results and financial condition, as well as adversely affect the value of our common stock.

Risks Relating To Our Business

Our limited operating history makes it difficult to evaluate our future prospects and results of operations.

We have a limited operating history. We were organized in March 2005, and in September 2006 we acquired Chongqing Qianbao Technology Ltd. which operates a website for the sale of prepaid telephone cards and online video games in China. Qianbao has only operated that website since April 2006. Accordingly, you should consider our future prospects in light of the risks and uncertainties experienced by early stage companies in evolving markets such as the growing market for Internet-based sales in China. Some of these risks and uncertainties relate to our ability to:

- increase awareness of our brand and the development of customer loyalty;
- respond to competitive market conditions;
- respond to changes in regulatory environment of our business in China;
- manage risks associated with intellectual property rights;
- maintain effective control of our costs and expenses;
- raise sufficient capital to sustain and expand our business;
- attract, retain and motivate qualified personnel; and
- upgrade our technology to support additional research and development of new prepaid card products.

If we are unsuccessful in addressing any of these risks and uncertainties, our business may be materially and adversely affected.

We are dependent on third parties for the supply of pre-paid phone and game cards that we resell and any interruption in the production and/or delivery of those pre-paid cards or any increase in the manufacturer's costs may have a material adverse effect on our revenues and our results of our operations, which may cause our stock price to decline.

Our Chinese subsidiary, Qianbao, purchases prepaid cards from third-party suppliers and thereafter resells them on its website. Since Qianbao does not manufacture any of the cards that they sell and, consequently, it is dependent on the ability of its suppliers to deliver pre-paid cards on a timely basis. Qianbao's suppliers may also pass on increases in their cost of producing pre-paid phone and game cards, such as higher energy costs or higher raw material costs. If Qianbao's suppliers pass on those costs or cannot meet Qianbao's needs for prepaid cards, Qianbao's revenues and profitability would be negatively affected. If we experience lower revenue and/or lower profitability, our stock price may decline as investors may perceive weakness in our business.

We may be unable to anticipate changes in consumer preferences for prepaid telephone cards or prepaid online video game cards, which may result in decreased demand for our products and may negatively affect our revenues and our operating results.

Our continued operation in the prepaid card market is in large part dependent on our ability to anticipate selling prepaid cards that appeal to the changing tastes, spending habits and preferences of customers. If we are not able to anticipate and identify new consumer trends and sell new products accordingly, demand for our products may decline and our operating results may be adversely affected. In addition, we may incur significant costs relating to identifying new consumer trends and marketing new products or expanding our existing product lines in reaction to what we perceive to be a consumer preference or demand. Such development or marketing may not result in the level of market acceptance, volume of sales or profitability anticipated. For example, we are seeking to offer for sale on our website prepaid study cards, which allow the holder thereof to use online software that assists in the learning of various subjects including Chinese, English and cooking. However, we cannot be sure that such a new product will be popular with our current or potential customers, which would negatively affect our revenues.

If the market for prepaid telephone cards and/or the online video game markets in China does not grow as we expect, our results of operations and financial condition may be adversely affected.

We believe that prepaid telephone cards, online video games and other prepaid products have strong growth potential in China and, accordingly, we have continuously focused our efforts on selling these products. If the prepaid card and online video game market in China does not grow as we expect, our business may be harmed, we may need to adjust our growth strategy and our results of operation may be adversely affected.

The loss of senior management or key personnel or our inability to recruit additional personnel may harm our business.

We are highly dependent on the senior management of Qianbao to manage our prepaid card and online video gaming business and operations and our key marketing personnel for the identifying prepaid cards and Internet technologies to expand our sales and enhance our existing products. In particular, we rely substantially on our chief operating officer, Mr. Tao Fan, to manage Qianbao’s operations and our chief executive officer, Mr. Guo Fan, to manage our overall operations and financing. We do not maintain key man life insurance on any of our senior management or key personnel. The loss of any one of them, Mr. Tao Fan or Mr. Guo Fan, would have a material adverse effect on our business and operations. Competition for senior management, marketing and technical personnel in China is intense and the pool of suitable candidates is limited. We may be unable to locate a suitable replacement for any senior management or key marketing or technical personnel that we lose. In addition, if any member of our senior management or key marketing or technical personnel joins a competitor or forms a competing company, they may compete with us for customers, suppliers and/or business partners and other key professionals and staff members of our company. Although each of our senior management and key marketing and technical personnel has signed a confidentiality and non-competition agreement in connection with their employment with us, we cannot assure you that we will be able to successfully enforce these provisions in the event of a dispute between us and any member of our senior management or key marketing and technical personnel.

We compete for qualified personnel with other prepaid telephone card and online video gaming companies, marketing firms and software and Internet companies. Intense competition for these personnel could cause our compensation costs to increase significantly, which could have a material adverse effect on our results of operations. Our future success and ability to grow our business will depend in part on the continued service of these individuals and our ability to identify, hire and retain additional qualified personnel. If we are unable to attract and retain qualified employees, we may be unable to meet our business and financial goals.

We may require additional financing in the future and our operations could be curtailed if we are unable to obtain required additional financing when needed.

In the notes to our financial statements for the year ended December 31, 2006 and for the quarter ended June 30, 2007 both disclosed going concern issues. Additionally, our registered independent auditors have a going concern exception to its audit report, dated March 27, 2007, regarding our financial statements for the 2006 fiscal year. Consequently, we will need to obtain additional debt or equity financing to fund operations and to execute our business plan. Additional equity may result in dilution to the holders of our outstanding shares of capital stock. Additional debt financing may include conditions that would restrict our freedom to operate our business, such as conditions that:

- limit our ability to pay dividends or require us to seek consent for the payment of dividends;

- increase our vulnerability to general adverse economic and industry conditions;

- require us to dedicate a portion of our cash flow from operations to payments on our debt, thereby reducing the availability of our cash flow to fund capital expenditures, working capital and other general corporate purposes; and

- limit our flexibility in planning for, or reacting to, changes in our business and our industry.

We cannot guarantee that we will be able to obtain any additional financing on terms that are acceptable to us, or at all.

We derive all of our revenues from sales in China and any downturn in the Chinese economy could have a material adverse effect on our business and financial condition.

All of our revenues are generated from sales in China. We anticipate that revenues from sales of our products in China will continue to represent a substantial proportion of our total revenues in the near future. Any significant decline in the condition of China economy could, among other things, adversely affect consumer buying power and discourage consumption of our products, which in turn would have a material adverse effect on our revenues and profitability.

Our largest stockholder has significant influence over our management and affairs and could exercise this influence against your best interests.

At October 15, 2007, Mr. Guo Fan, our Chairman, Chief Executive Officer and our largest stockholder, beneficially owned approximately 24.7% of our outstanding shares of common stock, and our other executive officers and directors collectively beneficially owned an additional 4.5% of our outstanding shares of common stock. As a result, pursuant to our By-laws and applicable laws and regulations, our controlling shareholder and our other executive officers and directors are able to exercise significant influence over our Company, including, but not limited to, any stockholder approvals for the election of our directors and, indirectly, the selection of our senior management, the amount of dividend payments, if any, our annual budget, increases or decreases in our share capital, new securities issuance, mergers and acquisitions and any amendments to our By-laws. Furthermore, this concentration of ownership may delay or prevent a change of control or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us, which could decrease the market price of our shares.

If we fail to develop and maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud; as a result, current and potential shareholders could lose confidence in our financial reports, which could harm our business and the trading price of our common stock.

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. Section 404 of the Sarbanes-Oxley Act of 2002 requires us to evaluate and report on our internal controls over financial reporting and have our independent registered public accounting firm annually attest to our evaluation, as well as issue their own opinion on our internal controls over financial reporting, beginning with our Annual Report on Form 10-KSB for the fiscal year ended December 31, 2008. We plan to prepare for compliance with Section 404 by strengthening, assessing and testing our system of internal controls to provide the basis for our report. The process of strengthening our internal controls and complying with Section 404 is expensive and time consuming, and requires significant management attention. We cannot be certain that the measures we will undertake will ensure that we will maintain adequate controls over our financial processes and reporting in the future. Furthermore, if we are able to rapidly grow our business, the internal controls that we will need will become more complex, and significantly more resources will be required to ensure our internal controls remain effective. Failure to implement required controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations. If we or our auditors discover a material weakness in our internal controls, the disclosure of that fact, even if the weakness is quickly remedied, could diminish investors’ confidence in our financial statements and harm our stock price. In addition, non-compliance with Section 404 could subject us to a variety of administrative sanctions, including the suspension of trading, ineligibility for listing on one of the Nasdaq Stock Markets or national securities exchanges, and the inability of registered broker-dealers to make a market in our common stock, which would further reduce our stock price.

Risks Relating To Conducting Business in China

Substantially all of our assets and operations are located in China, and substantially all of our revenue is sourced from China. Accordingly, our results of operations and financial position are subject to a significant degree to economic, political and legal developments in China, including the following risks:

Changes in the political and economic policies of China government could have a material adverse effect on our operations.

Our business operations may be adversely affected by the political and economic environment in China. China has operated as a socialist state since 1949 and is controlled by the Communist Party of China. As such, the economy of China differs from the economies of most developed countries in many respects, including, but not limited to:

- structure
- government involvement
- level of development
- capital re-investment
- allocation of resources
-