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CASTELLE \CA\  
Form SC 13G/A  
February 10, 2006

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934  
(Amendment No. 8)\*

Castelle  
-----

(Name of Issuer)

Common Stock, no par value  
-----

(Title of Class of Securities)

147905-10-3  
-----

(CUSIP Number)

December 31, 2005  
-----

(Date of Event Which Requires Filing of This Statement)

Check the appropriate box to designate the rule pursuant to which  
this Schedule is filed:

Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)

\*The remainder of this cover page shall be filled out for a reporting  
person's initial filing on this form with respect to the subject class of  
securities, and for any subsequent amendment containing information which  
would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be  
deemed to be "filed" for the purpose of Section 18 of the Securities Exchange  
Act of 1934 ("Act") or otherwise subject to the liabilities of that section  
of the Act but shall be subject to all other provisions of the Act (however,  
see the Notes).

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|   |  |                              |
|---|--|------------------------------|
| 1 | Name Of Reporting Person                         | H&Q LONDON VENTURES          |
|   | IRS Identification No. Of Above Person           | 94-2966540                   |
| 2 | Check The Appropriate Box If A Member Of A Group | (a) <input type="checkbox"/> |

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|    |   |                   |   |
|----|---|-------------------|---|
| 3  | SEC USE ONLY  |                   | (b) <input checked="" type="checkbox"/> |
| 4  | Citizenship Or Place Of Organization                                  |                   | England                                 |
|    | 5   | Sole Voting Power | -0-                                     |
|    | NUMBER OF   |                   |   |
|    | SHARES  | 6                 | Shared Voting Power                     |
|    | BENEFICIALLY  |                   | 191,992                                 |
|    | OWNED BY EACH   | 7                 | Sole Dispositive Power                  |
|    | REPORTING   |                   | -0-                                     |
|    | PERSON WITH   | 8                 | Shared Dispositive Power                |
|    |   |                   | 191,992                                 |
| 9  | Aggregate Amount Beneficially Owned By Each Reporting Person          |                   | 191,992                                 |
| 10 | Check Box If The Aggregate Amount In Row (9) Excludes Certain Shares* |                   | <input type="checkbox"/>                |
| 11 | Percent Of Class Represented By Amount In Row 9                       |                   | 4.8%                                    |
| 12 | Type Of Reporting Person*   |                   | PN                                      |

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|    |   |   |                          |
|----|---|---|--------------------------|
| 1  | Name Of Reporting Person  | HAMBRECHT & QUIST VENTURE PARTNERS      |                          |
|    | IRS Identification No. Of Above Person                                | 94-2949080                              |                          |
| 2  | Check The Appropriate Box If A Member Of A Group                      | (a) <input type="checkbox"/>            |                          |
|    |   | (b) <input checked="" type="checkbox"/> |                          |
| 3  | SEC USE ONLY  |   |                          |
| 4  | Citizenship Or Place Of Organization                                  | California                              |                          |
|    | 5   | Sole Voting Power                       | -0-                      |
|    | NUMBER OF   |   |                          |
|    | SHARES  | 6                                       | Shared Voting Power      |
|    | BENEFICIALLY  |   | 191,992                  |
|    | OWNED BY EACH   | 7                                       | Sole Dispositive Power   |
|    | REPORTING   |   | -0-                      |
|    | PERSON WITH   | 8                                       | Shared Dispositive Power |
|    |   |   | 191,992                  |
| 9  | Aggregate Amount Beneficially Owned By Each Reporting Person          |   | 191,992                  |
| 10 | Check Box If The Aggregate Amount In Row (9) Excludes Certain Shares* |   | <input type="checkbox"/> |
| 11 | Percent Of Class Represented By Amount In Row 9                       |   | 4.8%                     |
| 12 | Type Of Reporting Person*   |   | PN                       |

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1 Name Of Reporting Person H&Q VENTURE PARTNERS, LLC  
 IRS Identification No. Of Above Person

2 Check The Appropriate Box If A Member Of A Group (a) [ ]  
 (b) [x]

3 SEC USE ONLY

4 Citizenship Or Place Of Organization California

|               |   |                          |         |
|---------------|---|--------------------------|---------|
| NUMBER OF     | 5 | Sole Voting Power        | -0-     |
| SHARES        | 6 | Shared Voting Power      | 191,992 |
| BENEFICIALLY  | 7 | Sole Dispositive Power   | -0-     |
| OWNED BY EACH | 8 | Shared Dispositive Power | 191,992 |
| REPORTING     |   |                          |         |
| PERSON WITH   |   |                          |         |

9 Aggregate Amount Beneficially Owned By Each Reporting Person 191,992

10 Check Box If The Aggregate Amount In Row (9) Excludes Certain Shares\* [ ]

11 Percent Of Class Represented By Amount In Row 9 4.8%

12 Type Of Reporting Person\* 00

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1 Name Of Reporting Person HAMBRECHT & QUIST CALIFORNIA  
 IRS Identification No. Of Above Person 94-2856927

2 Check The Appropriate Box If A Member Of A Group (a) [ ]  
 (b) [x]

3 SEC USE ONLY

4 Citizenship Or Place Of Organization California

|               |   |                          |         |
|---------------|---|--------------------------|---------|
| NUMBER OF     | 5 | Sole Voting Power        | -0-     |
| SHARES        | 6 | Shared Voting Power      | 191,992 |
| BENEFICIALLY  | 7 | Sole Dispositive Power   | -0-     |
| OWNED BY EACH | 8 | Shared Dispositive Power | 191,992 |
| REPORTING     |   |                          |         |
| PERSON WITH   |   |                          |         |

9 Aggregate Amount Beneficially Owned By Each Reporting Person 191,992

10 Check Box If The Aggregate Amount In Row (9) Excludes Certain Shares\* [ ]

11 Percent Of Class Represented By Amount In Row 9 4.8%

12 Type Of Reporting Person\* CO

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Item 1(a). Name of Issuer.

Castelle (the "Issuer").

Item 1(b). Address of Issuer's Principal Executive Offices.

855 Jarvis Drive, Suite 100, Morgan Hill, CA 95037.

Item 2(a). Names of Persons Filing.

Reference is made to Item 1 of each of the cover pages of this Schedule, which Items are incorporated by reference herein.

Item 2(b). Address of Principal Business Office or, if none, Residence.

The address of each reporting person is 560 Mission Street, 10th Floor, San Francisco, California 94105.

Item 2(c). Citizenship.

Reference is made to Item 4 of each of the cover pages of this Schedule, which Items are incorporated by reference herein.

Item 2(d). Title of Class of Securities.

Common Stock, no par value ("Common Stock").

Item 2(e). CUSIP Number.

147905-10-3

Item 3. Type of Reporting Person.

Not applicable.

Item 4. Ownership.

Reference is made to Items 5-9 and 11 of each of the cover pages to this Schedule, which Items are incorporated by reference herein. According to information furnished to the reporting person by the Issuer, there were 3,986,008 shares of Common Stock issued and outstanding as of December 31, 2005. As of December 31, 2005, the only reporting person that directly owned any shares of Common Stock was H&Q London Ventures, which owned 191,992 shares.

Because voting and investment decisions concerning the above securities may be made by or in conjunction with the other reporting persons, each of the reporting persons may be deemed a member of a group that shares voting and dispositive power over all of the above securities. Although the reporting persons are reporting such securities as if they were members of a group, the filing of this Schedule shall not be construed as an admission by any reporting person that it is a beneficial owner of any securities other than those directly held by such reporting person. H&Q Holdings, Inc. may

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be deemed the beneficial owner of certain shares held by Hambrecht & Quist California because of a Participation Agreement dated as of October 1, 2000, between those two entities. Hambrecht & Quist California is an indirect wholly owned subsidiary of JPMorgan Chase & Co. Inc. which may be deemed to beneficially own any securities held by Hambrecht & Quist California.

Under the definition of "beneficial ownership" in Rule 13d-3 under the Securities Exchange Act of 1934, it is possible that the individual general partners, directors, executive officers, members and/or managers of the foregoing entities might be deemed the "beneficial owners" of some or all of the securities to which this Schedule relates in that they might be deemed to share the power to direct the voting or disposition of such securities. Neither the filing of this Schedule nor any of its contents shall be deemed to constitute an admission that any of such individuals is, for any purpose, the beneficial owner of any of the securities to which this Schedule relates, and such beneficial ownership is expressly disclaimed.

Item 5. Ownership of Five Percent or Less of a Class.

If this statement is being filed to report the fact that as of the date hereof the reporting persons have ceased to be the beneficial owner of more than five percent of the class of securities, check the following [x].

Item 6. Ownership of More Than Five Percent on Behalf of Another Person.

Not applicable.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company.

Not applicable.

Item 8. Identification and Classification of Members of the Group.

Not applicable.

Item 9. Notice of Dissolution of Group.

Not applicable.

Item 10. Certification.

Not applicable.

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Signature

After reasonable inquiry and to the best of their knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct.

DATED: February 10, 2006.

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H&Q LONDON VENTURES

HAMBRECHT & QUIST CALIFORNIA

By: -----/s/-----  
Jackie A. Berterretche  
Attorney-in-Fact

By: -----/s/-----  
Steven N. Machtinger  
General Counsel

HAMBRECHT & QUIST VENTURE  
PARTNERS

By: -----/s/-----  
Jackie A. Berterretche  
Attorney-in-Fact

H&Q VENTURE PARTNERS, LLC

By: -----/s/-----  
William D. Easterbrook  
Member-Manager

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EXHIBIT INDEX

Exhibit A

Joint Filing Undertaking

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JOINT FILING UNDERTAKING

The undersigned, being duly authorized thereunto, hereby execute this agreement as an exhibit to this Schedule 13G to evidence the agreement of the below-named parties, in accordance with rules promulgated pursuant to the Securities Exchange Act of 1934, to file this Schedule and any subsequent amendment jointly on behalf of each of such parties.

DATED: February 10, 2006.

H&Q LONDON VENTURES

HAMBRECHT & QUIST CALIFORNIA

By: -----/s/-----  
Jackie A. Berterretche  
Attorney-in-Fact

By: -----/s/-----  
Steven N. Machtinger  
General Counsel

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HAMBRECHT & QUIST VENTURE  
PARTNERS

By: -----/s/-----  
Jackie A. Berterretche  
Attorney-in-Fact

H&Q VENTURE PARTNERS, LLC

By: -----/s/-----  
William D. Easterbrook  
Member-Manager