## FORM 4

[ ] Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

## UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940 OMB APPROVAL

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|   |          |  |  |                                | Tiodis per response 0.5                                      |  |  |
|---|----------|--|--|--------------------------------|--|--|--|
| Name and Address of Reporting Pers<br>Hines, Earl                 | son*     | Issuer Name     and Ticker or Trading Symbol           | Statement for (Month/Day/Year                            | 6. Relationship                | of Reporting Person(s) to Issuer<br>(Check all applicable)   |  |  |
| (Last) (First) C/O Charles & Colvard 3800 Gateway Blvd, Suite 310 | (Middle) | Charles & Colvard, Ltd. CTHR  3. I.R.S. Identification | 02/14/2003   | _ Director _ 1 X Officer (give |  |  |  |
| (Street)<br>Morrisville, NC 27560                                 |          | Number of Reporting Person, if an entity (voluntary)   | 5. If Amendment,<br>Date of Original<br>(Month/Day/Year) | 7. Individual or               | <b></b>  |  |  |
| (City) (State)  | (Zip)    |  |  | X Form filed                   | by One Reporting Person<br>by More than One Reporting Person |  |  |

| Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned |   |   |      |   |  |     |       |  |  |   |  |  |
|--|---|---|------|---|--|-----|-------|--|--|---|--|--|
| 1. Title of Security<br>(Instr. 3)   | 2.Transaction<br>Date<br>(Month/Day/Year) | 2A. Deemed<br>Execution Date,<br>if any<br>(Month/Day/Year) |      |   | 4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4, and 5) |     |       | 5. Amount of<br>Securities<br>Beneficially<br>Owned<br>Following<br>Reported | 6. Owner-<br>ship<br>Form:<br>Direct (D)<br>or<br>Indirect (I) | 7. Nature of<br>Indirect<br>Beneficial<br>Ownership<br>(Instr. 4) |  |  |
|  |   |   | Code | ٧ | Amount   | A/D | Price | (Instr. 3 and 4)   | (Instr. 4)   |   |  |  |

|  | Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities) |   |   |                              |   |                                    |   |            |            |   |  |   |   |  |   |
|--|--|---|---|------------------------------|---|------------------------------------|---|------------|------------|---|--|---|---|--|---|
| 1. Title of<br>Derivative<br>Security<br>(Instr.<br>3) | 2. Conversion or Exercise Price of Derivative Security   | 3.<br>Transaction<br>Date<br>(Month/<br>Day/<br>Year) | 3A. Deemed Execution Date, if any  (Month/ Day/ Year) | 4.<br>Transa<br>Code<br>(Ins |   | 5. Number of Derivative Securities |   |            |            | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) |  | 8. Price<br>of<br>Derivative<br>Security<br>(Instr.5) | 9. Number of<br>Derivative<br>Securities<br>Beneficially<br>Owned<br>Following<br>Reported<br>Transaction(s)<br>(Instr.4) | 10.<br>Owner-<br>ship<br>Form of<br>Deriv-<br>ative<br>Securities:<br>Direct (D)<br>or<br>Indirect (I) | 11. Nature of Indirect Beneficial Ownership (Instr.4) |
|  |  |   |   | Code                         | V | А                                  | D | DE         | ED         | Title   | Amount<br>or<br>Number<br>of<br>Shares |   |   | (Instr.4)  |   |
| stock<br>option<br>(right to<br>buy)                   | \$4.46   | 02/13/2003  |   | А                            |   | 20,000                             |   | 02/13/2003 | 02/13/2013 | common<br>stock   | 20,000                                 |   | 20,000  | D  |   |
| stock<br>option<br>(right to<br>buy)                   | \$4.46   | 02/13/2003  |   | А                            |   | 1,000                              |   | (1)        | 02/13/2013 | common<br>stock   | 1,000                                  |   | 1,000   | ı  | spouse  |

## **Explanation of Responses:**

(1) These options vest and become exercisable in three equal installments on the first, second, and third anniversary of the date of grant.

/s/ Earl Hines 02/14/2003

\*\* Signature of Reporting Person SEC 1474 (9-02)

Date:

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
  \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
  Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.
  Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.