

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL	
OMB Number:	3235-0287
Estimated average burden hours per response:	0.5

1. Name and Address of Reporting Person* <u>HINES EARL R</u> (Last) (First) (Middle) <u>C/O CHARLES & COLVARD</u> <u>3800 GATEWAY BLVD, SUITE 310</u> (Street) <u>MORRISVILLE NC 27560</u> (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>CHARLES & COLVARD LTD [CTHR]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>VP of Manufacturing</u>
	3. Date of Earliest Transaction (Month/Day/Year) <u>09/03/2003</u>	
	4. If Amendment, Date of Original Filed (Month/Day/Year)	
6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person		

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	09/03/2003		M		8,000	A	\$1.375	29,000	D	
common stock	09/03/2003		M		11,666	A	\$1.08	40,666	D	
common stock	09/03/2003		M		266	A	\$2.16	266	I	spouse
common stock	09/03/2003		M		500	A	\$1.03	766	I	spouse
common stock	09/03/2003		M		200	A	\$1.3	966	I	spouse
common stock	09/03/2003		M		200	A	\$1.04	1,166	I	spouse
common stock	09/03/2003		M		100	A	\$1.08	1,266	I	spouse

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date						Title
stock option (right to buy)	\$1.375	09/03/2003		M		8,000		12/02/2001	12/01/2010	Common Stock	8,000	\$0	0	D	
stock option (right to buy)	\$1.08	09/03/2003		M		11,666		10/18/2002 ⁽¹⁾	10/17/2011	common stock	11,666	\$0	23,334	D	
stock option (right to buy)	\$2.16	09/03/2003		M		266		02/23/2003 ⁽¹⁾	02/22/2012	common stock	266	\$0	534	I	spouse
stock option (right to buy)	\$1.03	09/03/2003		M		500		02/24/2002	02/23/2011	common stock	500	\$0	0	I	spouse
stock option (right to buy)	\$1.3	09/03/2003		M		200		05/14/2002 ⁽¹⁾	05/13/2011	common stock	200	\$0	100	I	spouse
stock option (right to buy)	\$1.04	09/03/2003		M		200		07/18/2002 ⁽¹⁾	07/17/2011	common stock	200	\$0	100	I	spouse
stock option (right to buy)	\$1.08	09/03/2003		M		100		10/18/2002 ⁽¹⁾	10/17/2011	common stock	100	\$0	200	I	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.

Earl Hines

09/03/2003

** Signature of Reporting Person

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.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.