The transition from a nomadic, hunting existence to one of farming, with the domestication of plants and animals, is generally taken as defining the beginning of settled lifestyles that culminated in complex civilisations. Such a period, before the use of metal, is known as the Neolithic period and in China it began about 7000BC. In northwest China the principal crop was millet and in the southeast and south it was rice. The pig was the main domestic animal, taking the place of the goat or sheep of the Middle East.

The peoples who lived settled lives farming have left many traces behind: their houses, burials, pottery and tools. The different groups who inhabited the vast land mass of China can be distinguished from one another by such artefacts. As they did not write, we do not know who they were, what languages they spoke or what their social systems were.

In the north the earliest settlements were in Henan, Hebei, eastern Shaanxi and southern Shanxi provinces and are known as the Peiligang and Cishan cultures. In the south even earlier signs of settlement, in the form of pottery and traces of agriculture, have been found in the Guangxi and Guizhou areas. Following these early beginnings, large settlements developed along the rivers and coastal areas. Two main complexes of cultures appeared: a central and western one, along the Yellow River and its tributary the Wei, and an eastern and south-eastern one, along the east coast. Other groups of people also inhabited the area of the Yangzi and its tributaries and along the southern coasts.

In central and western China the Yangshao culture was centred on the Wei River. It is famous for its painted pottery. The early phase is named after Banpo, at Xi'an (c.4800 – 4300BC); a later phase, namely Miaodigou (c.3900BC), extended along the Yellow River eastwards, while western cultures with painted pottery, known as the Majiayao (latter part of fourth millennium BC), Banshan (c.2800 – 2500) and Machang (c.2500 – 2200BC) cultures, have been found in Gansu province.

Along the east coast a series of different cultures came to prominence one after another. The earliest known so far was discovered at Hemudu (c.5000BC) near Hangzhou. Here, rice cultivation supported a village whose wooden houses, built on stilts are still partly preserved in the waterlogged ground. Thereafter, the east coast cultures became intensively specialised, with much effort devoted to jade working and fine ceramics, whose uses may have been ritual or ceremonial. The jades consist of fine versions of everyday weapons, tools and decorative items. The ceramics were elaborately formed, with high pierced stands and lobed bodies. The principal east coast culture centred in Shandong is known as Dawenkou (c.4300 – 2400BC), and a later culture with exceptionally fine jades is identified as the Liangzhu (c.3300 – 2250BC), in the Hangzhou and Shanghai areas. In Shandong the principal late Neolithic culture is the Longshan (c.3000 – 1700BC), renowned for its fine black ceramics.