Exquisitely manipulated rod and shadow puppets star in "Cathay: Three Tales of China," Ping Chong's narrative fusing of the old China and the new. In a trio of puppet playlets, this master puppeteer, in concert with the Shaanxi Folk Art Theater of Xian, sews together stories of China in times of both ascendancy and siege, as a prelude to its emergence today as a behemoth of the global economy.

The stitching is indeed beautiful. Along with his design team and a cadre of puppeteers from China and the United States, Chong -- born in Toronto and raised in New York -- unveils the stories in a progression of stage pictures beguiling in their dexterity and delicacy. Though the puppets' faces remain static, the intricate body gestures coaxed from them by their minders can fool you at times into believing that they feel as much as you do.

"Cathay" is something of an anomaly for the Festival of China, which continues through the end of the month at the Kennedy Center. The 90-minute production in the Terrace Theater is the center's single major commission for the festival, and a collaboration of artists from China and the West. (It closed last night and moves later this month to New York's New Victory Theater.) With Chong as director and playwright, the joint effort with the Shaanxi Folk Art Theater, renowned for its shadow puppets, comes across as a fruitful intermingling of artistic talents and temperaments.

As a project, though, with a mission of bridging cultures, "Cathay" feels as if it doesn't want to probe too deeply. The final playlet, "New," is set in the bustling, present-day Xian, but it sidesteps any of the touchier questions -- such as how free is artistic expression in the new China -- that may occur to some theatergoers. It also relies on facile caricature, depicting a Xian in which Westerners are overeager to broker deals and raid souvenir stands. (A couple of boorish American tourists seem to be portrayed as spiriting away one of Xian's famous terra cotta warriors.)

The piece ends with footage of China's gleaming new office buildings and a recorded voice announcing, "China is the center of the world again," a testimonial you might find in a magazine advertorial.

"New" completes a thematic cycle begun in the first play, "The Lady and the Emperor," set during the Tang Dynasty (A.D. 618-907), and continuing in the second, "Little Worm," which takes place on a rice farm during World War II. The first two playlets detail the pain visited on families of different stations after Chinese society is convulsed by fraud or warfare. In "The Lady and the Emperor," which tells of the suicide of the emperor's consort, a royal family is undone by corruption in its ranks. In "Little Worm," which concerns a farm boy separated from his parents after a Japanese bombardment, it's an outside aggressor who rains down chaos and death.

The durability of the Chinese spirit is affirmed in the third piece, as characters from the first two plays reappear: The farm boy and a Japanese soldier of "Little Worm" are now old men, and the lovers of "The Lady and the Emperor" are reincarnated as hotel employees. All the tying up of loose ends is unduly artificial. The effect is akin to a tired fairy tale.

Whatever magic the storytelling lacks, however, is restored in the spell cast by the puppets in their miniaturized China. Most of the puppeteering occurs behind a wall of small, sliding panels that open in various configurations to reveal perfect little three-dimensional landscapes: ancient cottages, modern hotel atriums, the chambers of the consort and the court of the emperor. Throughout, Chong plays with perspective: Disembodied puppet heads gossip conspiratorially in one panel and in another, letting us eavesdrop through a ceiling on the consort and one of her ladies. Shadow puppets, one-dimensional cutouts with movable arms and legs, appear in action sequences, as, for example, a pair of fighting cocks or the horsemen of a cavalry.

Chong uses film clips, too, most stunningly in scenes of Japanese warplanes strafing the Chinese countryside. Occasionally, Chong's agile wit asserts itself, as when a puppet version of NBA basketball star Yao Ming -- a segment of his 7-foot-5 frame, anyway -- fills a panel. Conversely, the "tomb guardians," talking statues employed to introduce each story, are leaden transitional devices that eat up precious stage time.

The production is most satisfying in its evocation of the imperial China of more than a millennium ago. "The Lady and the Emperor" is far better plotted and more inventively assembled than either of the stories set in the 20th century. The dance of the consort, for instance, her long silk sleeves spinning like kite tails, is a virtuoso demonstration of two-fisted acumen. Those hardworking fingers behind the scenes certainly deserve a hand.