Abstract: Political leaders in China regularly launch anti-corruption campaigns to win public support. But how are anti-corruption signals perceived? We use event study to examine the case of Xi Jinping's anti-corruption campaign – an unprecedented effort in China to fight corruption. Contrary to expectations, we find that for the firms with connected officials later investigated, the initial anti-corruption signals – speeches from the top leadership and earlier crackdowns on other senior officials – did not decrease their stock prices. We argue that the perceived high costs of following through and repeated campaigns in the past paradoxically nurtured cynicism. We exploit the case of Zhou Yongkang and Ling Jihua – the two officials who were alleged to involve in the power struggle and whose downfall had circulated widely since 2012. We find that when the targets of earlier crackdowns were connected to Zhou or Ling, the stock prices of the firms went down only if their connected and later investigated officials were in the same faction; the stock prices of the other firms, however, went up. We interpret the results as investors’ misperceptions of the campaign in the beginning. Our findings suggest that even real efforts in campaign-style enforcement can be dismissed.