

THE 296TH SHARIAH ADVISORY COUNCIL OF THE SECURITIES COMMISSION MALAYSIA MEETING (13 NOVEMBER 2025)

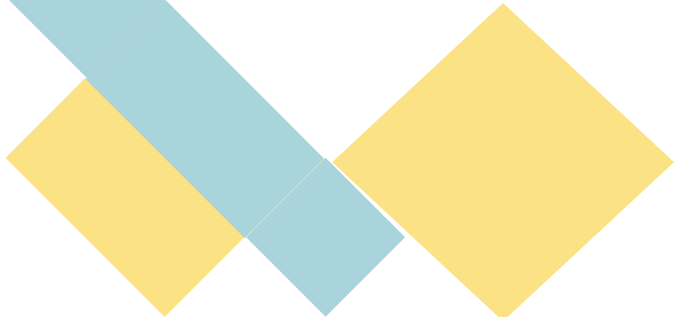
SHARIAH ASSESSMENT ON THE REVENUE COMPONENTS OF CINEMA BUSINESS ACTIVITIES

INTRODUCTION

A cinema is an entertainment venue where newly released films are first showcased before being made available on other platforms. Its attraction lies in providing audiences with a comfortable environment, large screen, high-quality visual and audio systems, and an enhanced overall viewing experience. In Malaysia, all films screened in local cinemas are subject to approval and classification by Lembaga Penapis Filem (LPF) to ensure compliance with *Garis Panduan Penapisan Filem* (2024) and other relevant standards.

In line with the continuous efforts to strengthen the robustness of the Shariah screening methodology for securities listed on Bursa Malaysia, the Shariah Advisory Council (SAC) of the Securities Commission Malaysia (SC) has undertaken a comprehensive review of cinema business activities¹, in view of development in cinema industry and timely effort to streamline the Shariah non-compliant (SNC) benchmark.

¹ The revenue of cinema business activities includes, but is not limited to, income generated from sale of movie tickets, concessions sales, and screen advertising.



The SAC's deliberations were supported by detailed presentations and insights from LPF, particularly on the film content classification procedures and regulatory oversight of cinema operations in Malaysia. In addition, engagement sessions were conducted with key industry players and the relevant stakeholders, including cinema operator, LPF, Jabatan Kemajuan Islam Malaysia (JAKIM), Islamic financial institutions and relevant religious authorities i.e. Mufti and Fatwa Departments. These engagements aimed to gather feedback on business operations and Shariah compliance aspects of cinema business activities.

In reviewing the cinema business activities, the SAC had deliberated on the following:

- (1) Determination of Shariah non-tolerable proportion of income generated from sale of movie tickets;
- (2) Treatment of income generated from sale of food and beverages (F&B) at cinema counters (concessions²); and
- (3) Treatment of income generated from screen advertising related to SNC activities.

² Concessions refer to items sold at cinema counters including food and beverages (e.g. popcorn, hot food, soft drinks, mineral water, snacks) and merchandise.



RESOLUTION

In reviewing cinema business activities, the SAC considered the evolving landscape of the cinema industry in Malaysia, including the new film classification introduced by LPF in 2023. Through a series of meetings, the SAC deliberated comprehensively on the Shariah assessment of cinema business activities, with particular focus on the evaluation of Shariah non-tolerable income arising from sale of movie tickets.

Following a comprehensive review process, including multi-stakeholder engagements, and consideration of data and information provided by relevant stakeholders, the SAC, at its 296th meeting held on 13 November 2025, resolved as follows:

1 Assessment of Income from Sale of Movie Tickets

In assessing income generated from sale of movie tickets, a Shariah non-tolerable threshold of 65% ("65% Threshold") shall be applied. The calculation is as illustrated below:

$$\frac{65}{100} \times \text{Sale of movie tickets} = \text{Shariah non-tolerable income}$$

Income generated from the 65% Threshold shall be calculated in the computation of the total SNC income.

The 65% Threshold shall be subject to review every three years after the date of issuance of this resolution to ensure its continued relevance and alignment with the reality of the cinema industry in Malaysia.



2 Treatment of Income from Sale of F&B at Cinema Counters

Income generated from the sale of F&B without *halal* certification³ or sourced from non *halal*-certified suppliers shall be classified as SNC income and shall be included in the calculation of the total SNC income.

3 Treatment of Income from Screen Advertising Related to SNC Activities

Income generated from screen advertising that involves SNC activities (as specified under the 5% business activity benchmark) shall be classified as SNC income and shall be included in the calculation of the total SNC income.

The total SNC income from the revenue components as described under items (1), (2) and (3) above, including other SNC income of the company (if any), shall be computed over total income and must be less than 5% business activity benchmark stipulated under the Shariah screening methodology.

³ *Halal* certification from Jabatan Kemajuan Islam Malaysia (JAKIM) or any other *halal* certification bodies recognised by JAKIM.

SHARIAH JUSTIFICATION

Islam recognises the human need for recreation, joy, and relaxation, provided that such activities remain within the bounds of the Shariah. There is a hadith about a companion of the Prophet ﷺ named Hanzalah, where he fears that he had become a *munafiq* (hypocrite), for he forgets to remember Allah S.W.T when he is with his family after remembering Allah S.W.T whilst in the company of the Prophet ﷺ. The Prophet ﷺ said:

يَا حَنْظَلَةُ سَاعَةٌ وَسَاعَةٌ وَلَوْ كَانَتْ تَكُونُ فُلُوبِكُمْ كَمَا تَكُونُ عِنْدَ الذِّكْرِ لَصَافَحَتْكُمُ الْمَلَائِكَةُ حَتَّى تُسَلِّمَ عَلَيْكُمْ فِي الطُّرُقِ⁴

"O Hanzalah, there is a time for this (worldly affairs) and a time for that (worship and remembrance). If your hearts were always as they are when you are remembering (of Allah), the angels would shake hands with you and greet you in the streets."

In interpreting this hadith, which is also narrated with a different narration in *Sahih Muslim*, Imam al-Nawawi explained that a person is not always required to be in continuous acts of worship. Hence, when Hanzalah expressed concern that he had become hypocrite for feeling momentarily distracted from remembrance of Allah S.W.T, the Prophet ﷺ clarified that there is a time designated for worship and a time can be devoted to worldly affairs and recreation with one's family.⁵

⁴ Ibn al-Hajjaj al-Qushayri al-Naysaburi, *Sahih Muslim, Kitab al-Taubah*, (Hadith 2750), Bait al-Afkar al-Dawliyyah, Riyadh, Saudi Arabia, 1998, p. 1100.

⁵ al-Nawawi, *Sahih Muslim bi Sharh al-Nawawi*, Muassasah Qurtubah, Cairo, Egypt, 1994, 2nd edition, vol. 17, p. 103-105.


The Prophet ﷺ also permitted expressions of happiness on festive occasions, as reflected in the following narration:

عَنْ عَائِشَةَ رَضِيَ اللَّهُ عَنْهَا قَالَتْ دَخَلَ عَلَيَّ أَبُو بَكْرٍ وَعِنْدِي جَارِيَتَانِ مِنْ جَوَارِي الْأَنْصَارِ تُغَنِّيَانِ
بِمَا تَقَاوَلَتْ بِهِ الْأَنْصَارُ يَوْمَ بُعَاثٍ قَالَتْ وَلَيْسَتَا بِمُغَنِّيَتَيْنِ. فَقَالَ أَبُو بَكْرٍ: أَمِزْمُورِ الشَّيْطَانِ فِي
بَيْتِ رَسُولِ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ؟ وَذَلِكَ فِي يَوْمٍ عِيدٍ. فَقَالَ رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ:
"يَا أَبَا بَكْرٍ إِنَّ لِكُلِّ قَوْمٍ عِيدًا وَهَذَا عِيدُنَا"⁶

Narrated by Aishah (May Allah be pleased with her), she reported that Abu Bakr came to see me, and I had two girls with me from among the girls of the Ansar and they were singing what the Ansar recited to one another at the Battle of Bu`ath. (However), they were not (professional) singers. Upon this Abu Bakr said: What is (the playing of) this musical instrument of Satan in the house of the Messenger of Allah ﷺ? And that was on `Eid (festival) day. And upon this, the Messenger of Allah ﷺ said: "O Abu Bakr, every people have a festival, and this is our festival (so let them play on)."

In today's context, the cinema industry has evolved and become a popular form of entertainment. Many cinema operators have diversified their services beyond traditional film screenings. These include family-friendly and community-based initiatives, such as designated family halls with children's play areas and the use of cinema spaces for activities like family gatherings, nursery graduations, reunions, office meetings, and live sports screenings. Such developments support social interaction and recreation within ethical boundaries.

⁶ Ibn al-Hajjaj al-Qushayri al-Naysaburi, *Sahih Muslim*, Kitab Salah al-`Idaini, (Hadith 892), op.cit., p. 343-344.



From the Shariah perspective, cinema is not inherently prohibited; its ruling depends on the content, purpose, the environment in which the films are screened, and the overall impact of the films produced or shown.

Shariah justifications for the SAC resolution above are as follows:

1 65% Threshold for Income Generated from Total Sale of Movie Tickets


From the Shariah perspective, establishing an accurate understanding of the factual context on a particular matter or issue before issuing its ruling or decision is a necessary imperative. This is supported by the Islamic legal maxim:

الْحُكْمُ عَلَى الشَّيْءِ فَرْعٌ عَنْ تَصَوُّرِهِ⁷

“The ruling of a certain matter depends on the understanding of the issue.”

In determining the applicable threshold, the SAC has taken into account the prevailing operational environment of contemporary cinema. While the ancillary activities associated with cinema operations, as previously outlined, are generally permissible, the films exhibited vary in their levels of Shariah compliance. Some films may be classified as acceptable, and in certain cases, are suitable for family viewing. Conversely, there are films that do not comply with Shariah principles, with the degree of non-compliance differing from one film to another.

⁷ Ahmad ibn Muhammad al-Hamawi, *Ghamz 'Uyun al-Basair fi Sharh al-Ashbah wa al-Naza'ir*, Dar al-Kutub al-'Ilmiyah, Beirut, Lebanon, 1985, vol. 2, p. 314.



In line with the above, the determination of the 65% Threshold for assessing Shariah non-tolerable income from the total sale of movie tickets was derived from comprehensive data and information provided by relevant stakeholders. This approach reflects the SAC's commitment in ensuring that the Shariah screening methodology for securities listed on Bursa Malaysia remains robust, data oriented and aligned with the Shariah principles.

This determination of the 65% Threshold is supported by the following Islamic legal maxim:

الشَّرِيعَةُ مَبْنِيَّةٌ عَلَى الْإِحْتِيَاظِ⁸

"Shariah is founded on the principle of al-ihitiyat (precautionary stand)."


This legal maxim articulates that when *'illah* (effective cause) for a particular ruling could not be determined consistently and no reliable basis exists to address it, such matter reverts to the principle of *al-ihitiyat*, as an established and recognised principle under the Shariah.⁹ In particular, Shariah scholars preferred *al-dalil al-hazir* (prohibiting evidence) over *al-dalil al-mubih* (permitting evidence) and also adopted *dalil al-ihitiyat* (evidence of precaution) in numerous Shariah rulings on this basis.¹⁰

In the context of film classifications as determined by LPF, relying solely on these classifications does not provide a sufficiently reliable basis under the Shariah in determining whether the contents of films comply with Shariah requirements. This is because each classification encompasses a wide range of

⁸ al-Shatibi, Abu Ishaq Ibrahim ibn Musa, *al-Muwafaqat*, Dar Ibn Affan, al-Khubar, Kingdom of Saudi Arabia, 1997, vol. 3, p. 85.

⁹ Ibid., vol. 1, p. 530.

¹⁰ Ibn Taimiyyah, Sheikh al-Islam Taqiyuddin Ahmad bin Abdul Halim, *Majmu' al-Fatawa*, Majma' al-Milk Fahd li Taba'ah al-Mashaf al-Sharif, Kingdom of Saudi Arabia, 2004, vol. 20, p. 262.




contents and the level of its compliance with Shariah principles may vary significantly. Therefore, relying solely on these classifications does not indicate a clear or conclusive ascertainment of Shariah permissibility.

Based on the above and guided by the principle of *al-ihhtiyat*, the adoption of the 65% Threshold serves as a prudent measure to minimise potential exposure to non-permissible elements where certainty cannot be attained. This Shariah principle emphasizes refraining from doubtful matters until clear and conclusive evidence regarding their status is available. Hence, it provides a practical mechanism to achieve a more reliable and consistent Shariah screening outcomes.

Since income generated from sale of movie tickets may partially originate from movies that do not fully align with Islamic ethical values, and it is difficult to determine the precise proportion of such income, the SAC adopts the 65% Threshold as a precautionary limit. This ensures that Shariah assessments remain prudent, practicable, and consistent with the objective of avoiding doubtful or impermissible income.

In deliberating this matter, the SAC also considered the reality that cinemas have become a common medium of entertainment for families and society at large and are therefore not easily separated from the social fabric. Nevertheless, due caution remains necessary. Within the Malaysian cinema industry, many films - particularly international productions - contain mixed elements, some of which may not be fully aligned with Shariah principles. Although the LPF enforces compliance with national censorship standards, the complete exclusion of such mixed elements is not realistically achievable.



Accordingly, the approach adopted recognises the practical realities of the industry while ensuring that exposure to elements that are inconsistent with Shariah is contained and subject to periodic review and reassessment.

2 Treatment of Income from Sale of F&B at Cinema Counters

The SAC resolution recognises that sale of F&B at cinema counters, when the products are *halal* (lawful), *tayyib* (wholesome) and conducted in accordance with *halal* standards, represent a permissible source of income. From the Shariah perspective, the permissible income depends primarily on the permissibility of the goods traded and the legitimacy of the transaction involved. Allah S.W.T explicitly commands:

يَا أَيُّهَا النَّاسُ كُلُوا مِمَّا فِي الْأَرْضِ حَلَالًا طَيِّبًا¹¹

"O mankind, eat from whatever is on earth [that is] lawful and good."

In addition, this is supported by the hadith where the Prophet ﷺ also emphasised on the importance of purity in earnings:


عَنْ أَبِي هُرَيْرَةَ، قَالَ قَالَ رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ: "أَيُّهَا النَّاسُ إِنَّ اللَّهَ طَيِّبٌ لَا يَقْبَلُ

إِلَّا طَيِّبًا، وَإِنَّ اللَّهَ أَمَرَ الْمُؤْمِنِينَ بِمَا أَمَرَ بِهِ الْمُرْسَلِينَ"¹²

Narrated by Abu Hurairah, he reported Allah's Messenger ﷺ said: "O people, Allah is Good and He therefore, accepts only that which is good. And Allah commanded the believers as He commanded the Messengers."

¹¹ Surah al-Baqarah 2: verse 168.

¹² Ibn al-Hajjaj al-Qushayri al-Naysaburi, *Sahih Muslim, Kitab al-Zakah*, (Hadith 1015), op.cit., p. 391.



This hadith demonstrates that Allah S.W.T. only accepts *ṭayyib* and *halal* income, thus affirming that earnings generated from *halal*-certified F&B sales are permissible. By requiring F&B with *halal* certification or sourced from *halal*-certified suppliers, the SAC prevents any potential involvement of *shubhah* (doubtful) or *haram* (unlawful) elements, such as non-*halal* ingredients based on the principle of *sadd al-zari`ah*¹³.


Since the F&B sold at cinema counters are verified as *halal*-certified or sourced from *halal*-certified suppliers, the generated income is permissible. Conversely, any income generated from the sale of F&B without *halal* certification or sourced from non-*halal* certified suppliers shall be classified as SNC income and shall be included in the calculation of the total SNC income.

3 Treatment of Income from Screen Advertising Related to SNC Activities

Income from screen advertising constitutes part of the overall revenue generated by cinema operations. In Malaysia, cinema activities are subject to approval by LPF, which plays an important role in ensuring that films and advertisements screened in cinema comply with the relevant guidelines. LPF also prohibits advertisements containing immoral or socially harmful elements, such as those promoting liquor, gambling, cigarettes and its related products, pork and pork-related products,¹⁴ all of which are not permitted for public screening in cinema. However, advertisements related to financial institutions' products and services, including conventional banking are still permitted for public screening under the current LPF guidelines, provided that such

¹³ *Sadd al-zari`ah* refers to the approach used to curtail anything that can cause a Muslim to do the forbidden. It is considered an early preventive measure to prevent a Muslim from doing what is forbidden by Allah S.W.T. Refer to Resolutions of the Securities Commission Shariah Advisory Council, 2nd Edition, 2006, p. 11.

¹⁴ Lembaga Penapis Filem, Garis Panduan Penapisan Filem, 2024, p. 28-29.



advertisement for the services of licensed financial institutions must obtain approval from the relevant authorities.¹⁵

From the Shariah perspective, advertisements that promote or support activities contrary to Shariah principles - such as conventional banking - are not permissible, even if such advertisements are approved by LPF for cinema screening. This is because the screening by LPF on the advertisements do not include such consideration as per the Shariah perspective.

Therefore, income generated from such screen advertising shall be classified as SNC income and included in the computation of total SNC income in accordance with the SAC's Shariah screening methodology. This position is supported by the guidance of the Quran, where Allah S.W.T commands:

وَلَا تَعَاوَنُوا عَلَى الْإِثْمِ وَالْعُدْوَانِ¹⁶

"...And do not cooperate in sin and aggression."

This verse serves as the fundamental basis prohibiting any form of cooperation that supports sinful or prohibited activities. In the context of promoting SNC activities such as conventional banking, even though the role of a cinema operator is screening films, the screen advertising contributes to the dissemination and promotion of SNC activities involving *riba* (interest). Since *riba* is prohibited and regarded as one of the sins in Islam, this act falls under the prohibition of co-operation in sin, as it supports and promotes actions that are explicitly prohibited in Islam.

¹⁵ Ibid, p. 28.

¹⁶ Surah al-Ma'idah 5: verse 2.

Furthermore, the Prophet ﷺ said:

إِنَّ الْحَلَالَ بَيِّنٌ، وَإِنَّ الْحَرَامَ بَيِّنٌ، وَبَيْنَهُمَا أُمُورٌ مُشْتَبِهَاتٌ، لَا يَعْلَمُهُنَّ كَثِيرٌ مِنَ النَّاسِ، فَمَنْ

اتَّقَى الشُّبُهَاتِ اسْتَبْرَأَ لِدِينِهِ وَعَرْضِهِ¹⁷

"What is lawful is clear and what is unlawful is clear, but between them are certain doubtful things which many people do not know. So, he who guards against doubtful things keeps his religion and his honour blameless."

The above hadith highlights that Islam provides clarity on Shariah rulings concerning matters of *halal* and *haram*. It emphasizes the importance of adhering to permissible practices and avoiding prohibited actions.¹⁸

In the context of cinema business activities, advertisements that promote SNC products or services fall under the category of *haram* activities. Therefore, the income generated from such advertisements is regarded as SNC income.

¹⁷ Ibn Rejab, *Jami' al-'Ulum Wa al-Hikam fi Sharh Khamsin Hadithan min Jawami' al-Kalim*, (Sahih al-Bukhari, Hadith 52 and Sahih Muslim, Hadith 1599), Dar Ibn Kathir, Beirut, Lebanon, 2008, p. 172.

¹⁸ Ibid, p. 173.