My experiences trying to install KDE (a long with xorg) into VPS:

--
vzyum 2050 groupinstall "KDE"
[skipped stuff..]
downloading packages..

Running Transaction Test
Finished Transaction Test

Transaction Check Error: file /sbin/nash from install of mkinitrd-4.2.1.6-1 conflicts
with file from package dummy-centos-4-1.0-3.swsoft
--

So i put following following line into [main] section of
/vz/template/centos/4/i386/config/yum.conf:

exclude=mkinit* up2date* firstboot rhn-applet lockdev udev linuxwacom minicom
system-config-display system-config-soundcard system-config-network-tui gphoto2 linuxwacom
minicom gphoto2 kudzu desktop-printing hal-cups-utils kdegraphics system-config-packages
system-config-network

and added "Provides: udev" to dummy.spec file and recompiled vztmpl-centos4 and reinstalled it.
Recreated the cache, created a fresh VPS again and ran vzyum groupinstall..
Packages installed ok. Jumped into VPS, ran vncpasswd and vncserver .. connected with vnc
client
and saw a screen with terminal, then i didn't know what to run, so just typed kdesktop

--

So from what i see it looks quite anal. Maybe others could comment on what was not needed in
this "trip"

As for trying to do the same on FC3 VPS: i saw that it removes vzdev and dummy packages,
which in the end breaks VPS so you can't even vzctlenter into it. Have to check that one too or
maybe somebody else could do it?

Regards,
Aistis